

Employer Service Center Staff

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Retention of Records

Payroll records are necessary to have when you are audited because they document work history for purchases of service and provide continuity for your administration when data discrepancies are questioned. It is your responsibility to ensure that your management company preserves your payroll records both during the term of your contract and when your contract with them ends. If your contract does not require your management company to retain your records once you are no longer their client, you should arrange for the immediate transfer of all payroll records to you.

Alternate Retirement Plans for Your Employees

As a charter school, you may offer PSERS and/or a PSERS-approved alternate retirement plan to your employees. You may offer such plans to different classes of employees (i.e., employees hired after a certain date, instructional vs. non-instructional staff, etc.). Once employees are enrolled in a retirement plan, however, they must remain in that plan until they have a break in service.

An election by a charter school employee to participate in PSERS or an alternate retirement will be effective until he or she has a break in service. For example, a charter school employee will not have a second opportunity to elect membership if both of the following conditions pertain to the employee:

- He or she begins concurrent service (without a break in service) with a charter school employer that also offers a right to elect an alternate plan or PSERS.
- The initial charter school employer has given the employee the right to elect membership in PSERS or an alternate plan.

The charter school employee must participate in the plan the employee elected with the first charter school employer.

If a charter school employee is **required** to participate in a plan with a charter school employer and later begins concurrent employment with another charter school that offers a right to elect PSERS or an alternate plan, then the employee will be given a one-time opportunity to elect membership in the alternate plan or PSERS.

Following a bona fide break in service, employees may be given an opportunity to elect membership in an alternate plan or PSERS, if offered. Following a bona fide break in service, employees may also be required to participate in an alternate plan. If an employee is employed by more than one type of employer (e.g., school district and charter school), the employee may have an opportunity to make an election even without a break in service.

Employees who do not qualify for membership in the alternate plan but do qualify for membership in PSERS must be enrolled in PSERS regardless of whether the charter school offers PSERS.

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Alternate Retirement Plans...(continued from page 2)

The following examples represent possible employment scenarios:

- Bill is employed by Charter School A which only offers PSERS so he is enrolled in PSERS. He later accepts a position with Charter School B which offers both PSERS and an alternate plan. Although there is not a break in service or a change in employer type, Bill has the right to elect the alternate plan or PSERS because he was not given a right to elect at Charter School A.
- Kimberly works for Charter School A that offered her a right to elect membership in PSERS or an alternate plan. She elected PSERS and later terminates service. She then begins employment with Charter School B. Charter School B also provides Kimberly a right to elect membership in PSERS or an alternate plan. Because she experienced a break in service, Kimberly has a right to elect membership in either PSERS or an alternate plan.
- Jane is a PSERS member who works for a public school district, a mandatory employer. She begins working for a charter school without a break in service. Because she begins employment with a different type of employer and, for the first time, is given an opportunity to elect either PSERS or an alternate plan, Jane may elect either PSERS or an alternate plan regardless of whether she experienced a break in service.
- Roger had a right to elect when he began his job at Charter School A and elected an alternate plan. He then began working for Charter School B with no break in service. Because Charter School B only offered PSERS, Roger defaulted into PSERS. Roger then began working for Charter School C without a break in service. Charter School C offers PSERS and an alternate plan. Because Roger has not experienced a bona fide break in service, his original election of an alternate plan applies to his employment with Charter School C even though the alternate plan offered by Charter School C may be different than the alternate plan offered by Charter School A.
- John is an active, contributing member of PSERS through his employment at a public school district. Simultaneously, he is employed at a charter school that offers both PSERS and an alternate retirement plan. If he does not qualify for the alternate plan, he would default to PSERS for his charter school employment. Service must be reported, and contributions must be paid to PSERS for his work at the charter school.

If you have any questions or concerns, please do not hesitate to contact your employer service representative.

Providing Alternate Plans to Employees

If you wish to offer an alternate retirement plan, then you must submit the plan documents to PSERS for review and approval, which should be done before enrolling any employees into the alternate plan. The PSERS legal department will review all alternate plans to ensure compliance with the law. If the plan does not meet the legal requirements, then existing employees may be required to be enrolled into PSERS.

Acceptance of the alternate retirement plan in lieu of PSERS membership does not relate to the tax qualification requirements under the Internal Revenue Code. Neither the employer nor the employees may rely on PSERS' acceptance as evidence that the plan is tax qualified.

You must resubmit the alternate retirement plan to PSERS for approval if you modify any of the following:

- Sponsoring charter school (e.g., school name change, merger)
- Mandatory contributions
- Included and/or excluded employees

If you have any questions regarding alternate plans, contact PSERS.

Reporting Part-Time Employees

Unless an employee waives membership with PSERS, you are responsible for reporting to PSERS the position, wage, and number of days and/or hours that your school employees work. School employees who are part-time, even if they have yet to qualify for membership in PSERS, **must** be reported to PSERS.

Why do I have to report part-time employees if they have not qualified for PSERS membership?

Some part-time employees work for more than one employer. It is possible that the combined days and/or hours worked may qualify these employees for membership in PSERS. PSERS reviews information reported by all employers, collectively, to determine each school employee's service credits in a fiscal year.

When information is not reported, PSERS cannot determine if and when part-time employees become eligible for membership. PSERS cannot provide guidance to part-time school employees who wish to learn more about their retirement benefits and, unfortunately, members miss out on a very valuable benefit to which they are entitled.

When do I start withholding retirement contributions from my employees?

You must withhold contributions for full-time employees, regardless of their Wage Type (i.e., Salaried, Per Diem, or Hourly), and part-time salaried employees on their first day of work.

You must also withhold contributions for part-time per diem and part-time hourly employees who are already members of PSERS, as well as those who have not waived membership in PSERS and have worked 500 hours or 80 days in the current school year.

PSERS recommends that you withhold retirement contributions for your part-time per diem and part-time hourly employees when they begin work if it is likely that they will work more than 500 hours or 80 days in the current school year and qualify for membership in PSERS, and that you not withhold retirement contributions if it is unlikely that your part-time per diem and part-time hourly employees will qualify for PSERS membership, or if they have waived membership. Regardless of whether contributions are withheld or not, the salary and service must still be reported to PSERS.

Benefits to withholding contributions from the start of employment for those part-time per diem and part-time hourly employees who end up qualifying for membership in the current school year include using

pre-tax dollars for the contributions as the salary is earned and not receiving a purchase of service bill for those contributions later, after the employee qualifies.

Benefits for not withholding contributions from the start of employment for those part-time per diem and part-time hourly employees who are not likely to qualify for membership in the school year include eliminating unnecessary reductions to their take-home pay. Please note, however, that these employees must still be reported to PSERS with their salary reported in the Wages No Contributions (WNC) field on the work report.

When reporting part-time per diem and part-time hourly employees who have not qualified, keep the following in mind:

- If contributions are withheld, wages should be reported in the base salary column.
- If contributions are not withheld, wages should be reported in the WNC (Wages No Contributions) column until you receive notification that they have met eligibility for PSERS membership.

How do I know when my part-time employees qualify for PSERS so that I can begin withholding retirement contributions?

Part-time employees will not establish membership until they have worked 500 hours, 80 days, or an equivalent combination. They are still considered **“potentially eligible”** for PSERS membership during this time. PSERS will monitor the information you report for your part-time employees throughout the school year. You will be notified through a Work Report exception or error message and the Employer Notification of Change in Member Class / Rate or Obtaining Qualification (CROQ) Report **every Monday** once the employees qualify for PSERS membership.

Additional References:

To learn more about membership eligibility, refer to Chapter 2 of the *Employer Reference Manual*, “Membership – Mandatory, Optional, and Prohibited.”

To learn more about reporting your employees, refer to Chapter 9 of the *Employer Reference Manual*, “Reporting – Service Time.”

To learn more about information specific to charter schools, refer to Chapter 16 of the *Employer Reference Manual*, “Charter Schools.”

All chapters of the *Employer Reference Manual* are available under “Employers” on the PSERS website.