Employer Contribution Rate FY 2017-2018

The employer contribution rate for fiscal year 2017-2018 will be 32.57%. This rate applies to retirement-covered compensation earned from July 1, 2017, through June 30, 2018. The rate was certified by the PSERS Board of Trustees at its meeting on December 7, 2016. Of this total amount, 31.74% accounts for the funding of the overall pension obligation; consisting of 7.70% for payment of the normal cost and 24.04% for payment toward the outstanding unfunded liability. The balance of the total rate, 0.83%, represents the obligation for premium assistance payments.

USERRA Leave of Absence

The Uniformed Services Employment and Reemployment Rights Act (USERRA) protects the job rights of individuals who voluntarily or involuntarily leave employment positions to undertake military service. USERRA requires PSERS to grant eligibility points* to those school employees who return to school service from USERRA leave even if they do not buy the service for benefit accruals. Therefore, school employees automatically receive eligibility points upon return from, or in the event they pass away while on, USERRA leave. Neither an employer nor employee is permitted to make contributions for USERRA leave until the employee has returned to school service and the leave in question has been deemed eligible for purchase.

If you have an employee taking USERRA leave, please contact the Employer Service Center before reporting it to PSERS.

* Eligibility points are used to determine superannuation date and eligibility for premium assistance, vesting, and regular (normal or early) retirement. Eligibility points will not be used when determining service eligibility for disability retirement. Once purchased, the school service credits are used in the calculation of the benefit.
One Year to Purchase Non-Qualifying Part-Time Service

Non-qualifying part-time (NQPT) service is part-time employment in a Pennsylvania public school where the school employee worked less than 80 days (if hired on a per diem basis) or 500 hours (if hired on an hourly basis) within a single school year and did not qualify for PSERS membership in that year.

Employees with more than one part-time position must work a combination of days and/or hours where the service credit calculation is equal to 0.44 to become eligible for membership. An application to purchase NQPT service credit must be received by the specified deadline and while the school employee is an active contributing member.

All newly-qualified members of PSERS have a one-year window of opportunity from the date that PSERS notifies them of their eligibility to purchase NQPT service.

For administrative purposes, PSERS strongly encourages you to submit the applications you receive from members to PSERS within six months of the receipt date in case additional information is needed. PSERS will then confirm with the member that the application(s) has/have been received. Employers are not to decide if the member is still within their window to apply to purchase this service. That is strictly for PSERS to determine.

If the wages and/or service information has been purged or lost, send the document to us with an explanation of why the information cannot be obtained. PSERS will communicate directly with the member and explain that the he or she may request the information from the Social Security Administration (SSA). SSA charges a fee for this service. On average, the research and response may take six months. Even if information is pending from SSA, all applications should be submitted to PSERS promptly. PSERS will instruct the member that once they receive the information from SSA, they must bring the document(s) to the associated employer for completion of the purchase application.

Member Statements of Account

PSERS mailed nearly 300,000 annual member Statements of Account for the 2015-2016 school year by December 2016. The success was, in large part, due to your timely submission of monthly work reports and reviewing your annual Summary Report for accurate account data. We greatly appreciate the time that many of you have spent to ensure that our member records are as up to date and accurate as possible.
Payment in Lieu of Benefits and Expense Reimbursements are not Retirement-Covered Compensation

Payment to an employee in lieu of a benefit the employee is eligible to receive or any reimbursement received by the employee cannot be reported as retirement-covered compensation. These payments do not need to be reported to us, but if you choose to report them, they should be reported as non-retirement-covered compensation in the “NRCC” field and not in either the “Base Salary” or “Supplemental” fields.

Examples of this type of non-retirement-covered compensation include:

- Payment in lieu of an employer-sponsored medical, vision or dental plan
- Payment in lieu of an employer-supplied cell phone
- Payment relating to insurance payouts, union dues, or annuity.

Payments made to school employees as reimbursement for expenses incidental to their employment are not retirement-covered compensation. Examples of such expenses include:

- Car allowance reimbursement (for lease or purchase of vehicle)  Note: Car allowance may also be a fringe benefit if the employer pays the expense directly. Whether considered an expense or a fringe benefit, the income is non-retirement-covered compensation
- Conference or seminar fees (including registration, housing, and meals)

If you have a situation where you are unsure whether payments should be reported as retirement-covered compensation, please provide PSERS with detailed information (often a copy of the collective bargaining agreement or employment contract) and we will confirm the reporting rule for you.

For more information on retirement-covered compensation, please refer to the Employer Reference Manual, Chapter 8: “Reporting - Retirement-Covered Compensation.”

Employer-Self Service Portal

PSERS will be launching a new Employer Self-Service (ESS) portal in 2017. ESS is a browser-based portal that will replace the Employer Web.

Before ESS launches, be sure to have the following information:

- The password to your current employer reporting account—you must manually enter this password when logging into your new ESS account.
- Saved reports—reports that you may have saved under your current employer reporting account will not be available on ESS. We suggest that you save the reports for future reference.

ESS contains many functions similar to the ones in the Employer Web. You will, however, also find several key differences that streamline the reporting process. In ESS:

- You will easily be able to search and review Work Reports (WR) and Work History Adjustments (WHA).
- WR and WHA are initially approved from the File History window and then approved again from the Account page.
- You may void unwanted files instead of deleting them in order to keep a complete history of uploaded files.
- When a WR or WHA is created and processed, they will have the Initial status.

We thank you for your cooperation as we transition to ESS. More information will be provided to you in the coming months.
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.