



# Employer's Reference Manual – Chapter 12

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## *Public School Employees' Retirement System*

5 N. 5th Street  
Harrisburg PA 17101-1905  
Phone 1.866.353.1844  
Fax 717.772.3860  
Email [ContactESC@pa.gov](mailto:ContactESC@pa.gov)  
[www.psers.pa.gov](http://www.psers.pa.gov)



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# Chapter 12

## Payments – Remitting to PSERS

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There are three types of payments you, as an employer, must make to PSERS during each fiscal year:

- **Member (Employee) Contributions:** pick-up contributions withheld from your school employee's salary/wages
- **Member (Employee) Purchase of Service (POS) Installments:** contributions deducted from your school employee's payroll check to satisfy a debt established by PSERS to purchase service, eliminate the effects of a frozen present value, or correct a rate discrepancy
- **Employer Contributions including Purchase of Service Payments:** contributions remitted by the employer to help fund the member's retirement benefits. Employer Contributions are made up of two parts:
  - Employer Share – this represents the standard actuarial rate to ensure benefits can be paid to the member
  - Employer Premium Assistance – this represents the contributions to fund the healthcare premium offset

Note: See Chapter 15: *Purchase of Service – Employer Responsibilities* for more information about Employer Purchase of Service.

**You must remit all payments to PSERS by the due dates described below using ACH with the exception of Employer Lump Sum POS (i.e., *Employer Statement of Amount Due* or the *Employer Statement of Amount Due for Qualified WNC Service value*; hereafter referred to as *Statement of Amount Due*).**

Use the Internet remittance method described under *Methods of Remittance*. Details about each type of payment and the interest charges that may apply to delinquent payments are provided later in this chapter.

PSERS will calculate the amount due using the Employer and Member Contribution Rates based on the fiscal year the member earned the funds regardless of the process used to notify PSERS of the administrative error (i.e., a Work History Adjustment or a purchase of service application).

Example 1: Member earned and was paid \$2,000 in Fiscal Year 2017; employer did not report the wages until Fiscal Year 2019. The member and the employer would be charged the contribution rate in effect in Fiscal Year 2017.

Example 2: Member was paid a contract settlement in Fiscal Year 2017 for wages that were earned in Fiscal Year 2015. The employer reported the wages upon contract settlement. The member and the employer would be charged the contribution rate in effect in Fiscal Year 2015.

## Due Dates

The Due Dates for the remittance of contributions are set by the Retirement Code. PSERS realizes that a Due Date set by the Code could fall on a weekend or holiday (i.e., PSERS, school, or bank). If a Due Date falls on a weekend or holiday, you must initiate a transaction at least two business days in advance of the due date (the system will not accept weekends and bank holidays as receipt of payment date).

Example: If the Due Date is Saturday, October 10, then you must initiate payment by Thursday, October 8 so that PSERS has the funds on Friday, October 9 (the last business day before the Due Date).

**Member (Employee) Contributions:** Remit no later than 10 days after the close of the month for which deductions were withheld. Example: For Contributions withheld from payroll in the month of March, remit contributions no later than April 10.

**Member (Employee) Purchase of Service (POS) Installments:** Remit no later than 10 days after the close of the month for which deductions were withheld. Example: POS Installments were deducted from a school employee's paycheck in the month of September. Remit payment no later than October 10.

### Employer Contributions:

- **Standard Share** – Payments for actual billings are due quarterly. Payment must be received at PSERS five business days after the Commonwealth pays their retirement contribution subsidies.
- **Employer Purchase of Service** – Payments are due no later than 90 days from the creation date of the *Employer Statement of Amount Due*. Payment should be remitted:
  - by check made payable to PSERS and mailed to 5 N 5th Street, Harrisburg, PA 17101-1905
  - with a copy of the *Statement of Amount Due*, which identifies the debt to be satisfied.

Quarter	Employer Contribution Due Date
3 <sup>rd</sup> (July-September)	5 business days after the December Subsidy Payment
4 <sup>th</sup> (October- December)	5 business days after the March Subsidy Payment
1 <sup>st</sup> (January-March)	5 business days after the June Subsidy Payment
2 <sup>nd</sup> (April-June)	5 business days after the September Subsidy Payment

**Note: For the specific date the Commonwealth pays the retirement contribution subsidies, see the *Employerpedia (Employer Resources)* on the PSERS Website.**

## Member (Employee) Contributions

These are your employees' portion of their retirement contributions. PSERS will calculate the amount due each month from the salaries you report in your monthly Work Reports and Work Report Adjustments based on each employee's contribution rate.

In most cases, the charges PSERS calculates and the amount of contributions you will have withheld from your employees' paychecks will match. If your withholdings do not match the amount that PSERS calculates is due, you must review your report for the discrepancy. The charges for each school employee are itemized on the report. The discrepancy may be caused by rounding, addition error, incorrect withholdings (retirement-covered compensation multiplied by Member Contribution Rate) or a rate error.

- If the discrepancy is caused by rounding or an addition error, correct the value before approving your report.
- If the discrepancy is caused by incorrect withholdings, you may correct the problem by deducting or refunding the difference in the next payroll cycle and report the money on the next monthly Work Report.
- If the discrepancy is caused by a rate error, contact your ESC representative immediately to determine if your rate or PSERS' rate is correct. Once the correct rate is determined, if applicable, you can rectify the difference.

PSERS will charge your account with the calculated amount, not your reported value. It is important to ensure differences are corrected early in the process.

You must remit Member (Employee) Contributions to PSERS as follows:

- Member (Employee) Contributions are **due at PSERS by the 10<sup>th</sup> of each month for the previous month.**
- PSERS applies your payment of Member (Employee) Contributions based on your payment designation outlined below in the Payment Designation Method section.
- Member (Employee) Contribution receivables include:
  - Monthly Member (Employee) Contributions amount calculated by PSERS using the reported member's salary/wages (Work Report / Work Report Adjustment fields: Base, URCC, OT, and SUP) from your month's Work Report and in any Work Report Adjustments released during the month multiplied by the Member Contribution Rate.
  - Employer Purchase of Service Debts, as reported in the *Statement of Amount Due* sent to you to satisfy an employee's purchase of qualifying full-time, part-time, approved leave of absence, or USERRA leave where the employer is in possession of the Member (Employee) Contributions. These situations are rare and usually discussed in advance of the transaction.

- If payments are not received by the due date, PSERS may charge delinquent interest at a rate of 7.25% per annum on any remaining due amount.

## Member (Employee) Purchase of Service (POS) Installments

At any given time, some of your employees may be purchasing service credit through payroll deductions. In this case, you must include these deductions in your monthly Work Reports, and you must remit these installment payments to PSERS as follows:

- Member Purchase of Service (POS) Installment payments are [due at PSERS by the 10th of each month for the previous month](#).
- All Member POS Installment payments will be applied based on your payment designation outlined below in the Payment Designation Method section.
- Member POS Installment receivables include. The value of each month's Member POS Installment amount, as reported in that month's Work Report and in any Work Report Adjustments approved during the month.
- If payments are not received by the due date, PSERS may charge delinquent interest at a rate of 7.25% per annum on any remaining due amount.

## Employer Contributions

You must pay your (the employer) share of retirement contributions on a quarterly basis. The amount due is based on the total salaries (fields: Base, URCC, OT, and SUP) you reported for that quarter in your monthly Work Reports and Work Report Adjustments released during the quarter.

PSERS will post the *Employer Statements of Account* on the web the first of each month so you can see the amount due for each quarter as that quarter progresses and after it has ended. See Chapter 14: *How PSERS Responds to Work Reports and Payments* for details on this statement.

- You must pay your Employer Contributions to PSERS by the due dates described earlier in this chapter.
- All Employer Contribution payments you make will be applied based on your payment designation outlined below in the Payment Designation Method section.
- Employer contribution receivables include the PSERS total reported within a quarter for all salary/wages reported (fields: Base, URCC, OT, and SUP) and multiplies the sum by the Employer Contribution Rate for the fiscal year and posts the Employer Contributions due amount to your account.
- If payments are not received by the due date, PSERS may charge delinquent interest at a rate of 7.25% per annum on any remaining due amount.

## Payment Designation Methods

- You may designate payments to be applied in one of three ways:
  - Payments can be applied to a specific Transaction Number
    - within Fund/Unit
    - enter Payment Amount
    - select Transaction Type,
    - enter Trans# or Work Report MMYYYY
  - Payments can be applied to a specific Transaction Type paying the oldest due amount with the Transaction Type. [If you choose this method of payment, it will only apply the remittance to this Transaction Type.](#) Example: If you have multiple Transaction Types of Work Report and Work History Adjustment, and you select “Work Report” as the Transaction Type, the payment will only be applied to the open receivable where the Transaction Type is equal to Work Report.
    - within Fund/Unit
    - enter Payment Amount
    - select Transaction Type,
    - enter 0 (zero) in the Trans# or Work Report MMYYYY
  - Payments can be applied at a Fund level paying the oldest due amount within the Fund. [This option will pay multiple Transaction Types with one payment.](#) Example: If you have multiple Transaction Types of Work Report and Work History Adjustment, and you select “Oldest Open Receivables(s)” as the Transaction Type, the payment will be applied to the open receivable until all moneys referenced in this Payment Transactions are applied regardless of the Transaction Type.
    - within Fund/Unit
    - enter Payment Amount
    - select “Oldest Open Receivable(s)” in the Transaction Type,
    - enter 0 (zero) in the Trans# or Work Report MMYYYY

[Note: Payments for Employer Lump Sum \(i.e., Statement of Amount Due\) must be remitted by check, made payable to PSERS, and mailed to 5 N 5th Street, Harrisburg, PA 17101-1905.](#)

## Employer Share Income Aid Ratio & Reimbursements – Act 29 of 1994

With the passage of Act 29, all PSERS employers that are designated as school entities (i.e., public school districts, intermediate units, vocational – technical institutes, and charter schools) are subject to the following:

- The school entity is billed for 100% of the Employer Contribution due amount.
- The Commonwealth reimburses the school entity (except Charter Schools) for 50% of the Employer Contributions due amount for their **EXISTING** employees.
- The Commonwealth reimburses the school entity (except Charter Schools) for the Employer Contributions multiplied by the employer’s income/aid ratio (or 50%, whichever is greater) for their NEW employees. All Aid Ratios are calculated by the Department of Education.
- With the Passage of the 2014-15 Commonwealth Budget, legislation was passed that eliminates the Retirement Subsidy Reimbursement to all Charter Schools. The sponsoring school reimburses the Charter School through their regular per student rate.
- **The date used to determine “new” and “existing” employees is the initial date of PSERS membership.** This can be found on your approved work reports.
  - Existing – Initial PSERS Membership date is earlier than 07/01/1994
  - New – Initial PSERS Membership date is equal to or later than 07/01/1994

## **Administering Act 29 Subsidies**

The Pennsylvania Department of Education is responsible for administering subsidies. Please contact the Department of Education regarding all subsidy inquiries.

## **Income Aid Ratio**

All questions related to the income aid ratio formula should be directed to:

Benjamin Hanft  
 Department of Education  
 Division of Subsidy Data & Administration  
 717.787.5423

## **Subsidy Distribution**

Questions pertaining to retirement subsidy distributions and their payment should be directed to:

Evan Doyle  
 Comptroller's Operations Office  
 717.425.6568

Questions pertaining to PSERS member salaries used in subsidy distributions should be directed to:

## Non-School Entities

This change in billing and reimbursement of the employer's share of retirement contributions does not affect non-school entities (e.g., State System of Higher Education). Non-School Entities and the Commonwealth will continue to be billed for 50% of the Employer Contributions.

## Tips To Maintain a Balanced Employer Statement of Account

- **Always check the amount you remit against your monthly *Employer Statement of Account, Work Reports, and Work Report Adjustment charges*.** An *Employer Statement of Account* is available on the web the first of each month so you can see any discrepancies between the amount you remitted to PSERS and the amount that was due. For details on this statement, see Chapter 14: *How PSERS Responds to Work Reports and Payments* for more details.
- **Correct your employees' contribution rates promptly if you are notified of a mismatch.** If your withholdings do not match the PSERS calculated due amount, you will see a message (exception) displayed when you upload your monthly Work Report Records itemized for each employee. The discrepancy may be caused by rounding, addition error, incorrect withholdings (retirement covered compensation multiplied by Member Contribution Rate) or a rate error.
  - If the discrepancy is caused by rounding or an addition error, correct the value before approving your report.
  - If the discrepancy is caused by incorrect withholdings, you may correct the problem by deducting or refunding the difference in the next payroll cycle and report the difference on the next monthly Work Report.
  - If the discrepancy is caused by a rate error, contact your ESC representative immediately to determine if your rate or PSERS' rate is correct. Once the correct rate is determined, you can rectify the difference.
    - If you receive this message and the discrepancy is caused by an incorrect member contribution rate, correct the contribution rate in your accounting software after determining the correct rate.
    - You will need to work directly with the employee to collect or refund the extra contributions.

- Submit your monthly Work Reports before the 10<sup>th</sup> of the month. This allows you to check the total amount of your Member (Employee) Contributions and Member Purchase of Service Installments before you remit any payments to PSERS.

## **When Your *Employer Statement of Account* Shows a Different Due Amount Than What You Remitted**

***It is your responsibility to reconcile differences.*** Compare all contributions posted by PSERS and displayed on the monthly *Employer Statement of Account* to the contributions actually withheld from your employees' paychecks. Review your Work Report or Work Report Adjustment Details and compare the *Mem Savings* and *CONTR* columns, this will help in reconciling the differences.

## **If the Total Amount Remitted is Lower Than the Charge**

This indicates you have under-withheld contributions from one or more employees. [You are responsible for collecting those contributions from the employee\(s\).](#)

- [If the employee wants to pay the difference by a personal check](#), the employee's personal check should be made payable to you, the employer.
- [If the employee wants to pay the difference by payroll deductions](#), remit the difference immediately to avoid delinquency interest charges and report the difference as you collect the money. As long as you are reporting the difference, you will receive the Member Contribution Rate does not Match Exception Message.

Note: You should include the extra amount with your next Member (Employee) Contributions payment to PSERS, or sooner, to avoid interest charges.

## **If the Total Amount Remitted Exceeds the Charge**

Examine your records to determine if contributions were withheld from employees at too high a rate. You should return to the employee(s) any excess contributions withheld. The credit amount can be deducted from your next payment amount due.

If your withholdings were correct, you may have under-reported salaries and contributions in your monthly Work Reports. In this case, submit a Work Report Adjustment to correct the error(s).

## Method of Remittance

### Payment by Automated Clearing House (ACH)

ACH is PSERS only method of payment where funds from your (the employer's) bank account are transferred directly to PSERS through the Federal Reserve System. Complete an *Authorization Agreement for Restricted (ACH) Debits* (PSRS-610) form to be issued a password and user name. If you change banks or account numbers, please complete a new *Authorization Agreement for Restricted (ACH) Debits* (PSRS-610) form and keep your old account open until the first transfer is approved from your new account.

### Internet Method

To make a payment via the Internet Method, you must log on to PNC Bank's Cash Concentration website. This web address is included with the instructions that are sent along with your authorization to use the ACH method. For detailed instructions on the usage of the PNC Cash Con system, see PSERS Employer Web site Employerpedia page.

### ACH Assistance

For information about submitting payments via ACH, contact the PSERS Employer Accounting Section at RA-PSERSEMPACCT@pa.gov

### Payment by Check for Employer Lump Sums

You must include a copy of the *Statement of Amount Due* with the check. The copy is needed by PSERS to process the payment and apply the payment to the correct open receivable. Mail the check to:

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

## If Payments Are Not Received by PSERS

### School Districts

Unpaid contributions and subsequent interest charges may be recovered from your Basic Education Subsidy and/or Retirement Subsidy distribution(s) from the Department of Education.

### Charter Schools

Unpaid contributions and subsequent interest charges may be recovered from your Basic Education Subsidy distribution from the Department of Education.