

2016



Employers' Reference Manual – Chapter 16

Public School Employees' Retirement System

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Charter Schools

The Charter School Law requires that all employees of a charter school be enrolled in PSERS unless the charter school employer sponsors another approved retirement plan that covers the employees.

A charter school employer can choose to enroll some of its employees in PSERS and enroll others into another plan. In this case, the employer would be considered a “participating” charter school.

The term “non-participating” is used for charter schools that have opted to provide another approved retirement plan for all their employees and do not have any PSERS members on their staff.

If the employee of a charter school is not eligible to participate in another approved retirement plan, or is given the option of participating in another approved retirement plan and chose not to, then the employee must be enrolled in PSERS.

Example: If an hourly employee is required to render 750 hours to be eligible for another approved retirement program in the first year and does not render at least 750 hours then the employee must be enrolled as a mandatory member in PSERS if they meet the minimum service requirements of 500 hours.

What Qualifies as an Approved Retirement Plan?

Other retirement plans may be offered by any of Pennsylvania’s charter schools.

Another retirement plan:

- Can be a defined contribution plan.
- Must require contributions by the employer and/or the member to the plan.
- Must be sponsored and maintained by the employer (for example, an IRA account established solely by the employee would not qualify).

PSERS Office of Chief Counsel (OCC) makes the determination of whether or not a proposed retirement plan is acceptable. All public school employees default into PSERS if no other approved program is available.

Who has the Authority to Choose an Alternate Retirement Plan?

A charter school can enroll some or all of its employees in PSERS, provided those not enrolled in PSERS are enrolled in another approved retirement plan. The choice of what plans to offer to which employees is controlled exclusively by the employer (i.e., the employee can only choose from the retirement plans that the charter school offers to that employee).

A charter school may not switch an employee's retirement plan without a break in service. For more information on the break in service rules, see Chapter 7: "Determining Member Contribution Rates."

A charter school, which has joined PSERS, cannot decide to withdraw entirely from PSERS and offer another approved plan to its employees who are already being reported to PSERS. To withdraw completely from PSERS, the charter school must formally dissolve and re-incorporate as a new entity with the PA Department of Education. The newly created charter school would then be able to hire the employees of the prior charter school and enroll them in an alternate retirement plan approved by PSERS.

Can a Charter School Employee elect participation in an Approved Retirement Plan if the Employee is a Member of PSERS?

Any charter school employee who first begins employment and meets the membership requirements for PSERS is required to be enrolled in PSERS unless the employee:

- Is eligible to elect another approved retirement plan offered by the employer. If given a choice of membership, once an employee elects to enroll in PSERS or another approved retirement plan, the employee must remain in that type of retirement plan for any concurrent service with a new employer of the same type until there is an actual break in service with all employers of that employment type.
- Has a break in service and subsequently qualifies for and enrolls in an approved retirement plan offered by the charter school employer.
- Is required to enroll in an approved retirement plan sponsored by the charter school.
- Is an annuitant who returns in an approved emergency or extra-curricular capacity.

Can a Charter School Employee Hold Multiple Positions?

An administrator of a charter school may not be employed by or receive compensation from another charter school or a company that provides management or other services to the same or another charter school.

The term "administrator" includes the chief executive officer of a charter school and all other employees of a charter school who by virtue of their positions exercise management or operational oversight responsibilities.

A charter school employee who does not hold an administrative position is subject to the standard rules of employment with multiple school entities.

Can a Charter School Employee Purchase Service from a Charter School?

The answer depends on whether or not the member was enrolled in another retirement plan. An employee is not permitted to purchase service credit with PSERS if the employee was participating in another retirement plan of the charter school employer during that same time.

If an employee is not eligible to participate in another retirement plan, or elects not to participate, then participation in PSERS is mandatory. See Chapter 15: “Purchase of Service (POS) – Employer Responsibilities” for more information about school employees purchasing service and the employer’s responsibilities.

Can a PSERS Retiree Work for a Charter School without Impacting the Retiree’s PSERS Pension?

A PSERS retiree may work for a charter school and continue to receive his or her PSERS benefit if he or she is enrolled in another approved retirement plan. An employee who is enrolled in another approved retirement plan, however, cannot obtain concurrent service credit in PSERS for this time nor is such time eligible for purchase later.

A PSERS retiree who is employed with a Pennsylvania charter school that is deemed to be a:

1. **Non-Participating charter school IS NOT** considered to be a return to service or subject to the employment emergency, personnel shortage, and extracurricular activities requirements; therefore, employment would not impact the PSERS pension.
2. **Participating charter school:**
 - a. **IS NOT** considered to be a return to service or subject to the employment emergency, personnel shortage, and extracurricular activities requirements *if the annuitant enrolls in the alternate retirement plan offered by the charter school*; therefore, employment would not impact the PSERS pension.
 - b. **IS** considered to be a return to service and the PSERS annuity will stop unless the return to service falls under the emergency, personnel shortage, and/or extracurricular activities exception and any of the following applies:
 - i. The retiree is required to participate in PSERS because there is no alternate plan.
 - ii. The retiree does not qualify to be enrolled in the alternate retirement plan; and therefore must be enrolled in PSERS.
 - iii. The retiree defaults into PSERS.