

Retirement Plan Options

As a community college, you are required to offer, to all personnel, faculty, and other employees of the community college, membership in PSERS and the State Employees' Retirement System (SERS). Additionally, you may sponsor an alternate retirement plan (e.g., TIAA). Before offering membership in the alternate retirement plan, however, the alternate retirement plan must be approved by SERS to ensure compliance with SERS' rules and regulations, which require a minimum employer contribution rate.

New employees generally* have the right to elect PSERS, SERS, or an alternate retirement plan upon active employment. The right to elect in PSERS, SERS, or an alternate retirement plan is a choice personal to the employee, not within the authority of the community college or the union to collectively bargain for current or future hires. Whether such employee is eligible to enroll in PSERS

or SERS by rendering the requisite number of hours or days is a matter determined wholly by the respective systems. If the employee is not eligible to elect SERS or the alternate retirement plan, they are required to be **reported** to PSERS.

If an employee was required to be enrolled in PSERS and did not have an opportunity to elect into SERS or the alternate retirement plan, then the employee may be permitted to elect into SERS or the alternate retirement plan for prospective service only, following a promotion, appointment, or change in job classification. Once an election is made by the employee, the employee cannot change membership unless the employee experiences a break in service. Following a bona fide break in service, employees may be given an opportunity to elect membership in PSERS, SERS, or, if offered, an alternate retirement plan.

Regarding employees who are members of SERS or an alternate retirement plan:

- If your employee is already a member of SERS, then the employee must be enrolled with SERS.
- If your employee is concurrently employed by another community college or an employer with whom the employee was permitted to elect membership, then the employee must participate in the elected plan. If the employee elected membership in an alternate retirement plan, but you do not sponsor an alternate retirement plan, then the employee must elect membership in PSERS or SERS.
- If your employee is concurrently employed by an employer with whom the employee defaulted into a plan, then the employee may have the right to elect PSERS, SERS, or an alternate retirement plan.

**Assuming the new employee: (1) has never been a member of PSERS, SERS, or an alternate retirement plan; (2) is a refunded PSERS or SERS member; (3) is a returning PSERS non-vestee; (4) a returning PSERS vestee; or (5) a returning alternate retirement plan member/annuitant.*

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The following examples represent possible employment scenarios:

- Lynne is a PSERS member who works for a public school district, a mandatory employer. Simultaneously, she works part-time at a community college and is enrolled in PSERS because she does not qualify for SERS or the alternate retirement plan. Later, she receives a promotion to a full-time position with the community college, which makes her eligible for membership in SERS and the alternate retirement plan. Lynne may elect SERS or the alternate retirement plan, if such plans will permit her to join, or choose to remain with PSERS. If she joins SERS or the alternate retirement plan, her service at the community college before her enrollment remains credited with PSERS.
- Taylor is a PSERS member through her employment at a public school district. Simultaneously, she is employed at a community college that offers PSERS, SERS, and an alternate retirement plan. If she does not qualify for SERS or the alternate retirement plan, she would default into PSERS for her community college employment. She would be enrolled in PSERS for purposes of both her school district *and* community college salary and service.
- Patty is a PSERS member through her employment at a public school district. She begins working for a community college without a break in service. As a result of her employment with the community college, Patty qualifies for PSERS, SERS, and the alternate retirement plan. Patty has one opportunity to elect PSERS, SERS, or the alternate plan regardless of whether she experienced a break in service with the public school district.
- Stephen works for Community College A and was eligible to elect PSERS, SERS, or an alternate retirement plan. He elected PSERS and later has a break in service. He then begins employment with Community College B. Because he had a bona fide break in service, Stephen has a right to elect membership in PSERS, SERS, or an alternate retirement plan for his employment with Community College B. His service with Community College A remains credited with PSERS.
- Robert elected SERS when he began his job at Community College A. Without a break in service, he started working for a charter school. Because the charter school only offered PSERS, Robert enrolled into PSERS. Robert then began working for Community College B without a break in service. Because Robert has not had a bona fide break in service, his original election of SERS with Community College A still applies to his employment with Community College B. Robert must enroll with SERS for his employment with Community College B.
- Lisa begins working for Charter School A that offers PSERS and an alternate retirement plan. She elects membership in the alternate retirement plan. Without a break in service, Lisa begins working for Community College A that offers PSERS, SERS, and an alternate retirement plan. Lisa has the right to elect membership with Community College A regardless of whether she experienced a break in service because Community College A is a different type of employer. Lisa elects the alternate retirement plan with Community College A. Without a break in service, she then begins service with Community College B. Lisa must enroll in the alternate retirement plan with Community College B.

If you have any questions or concerns, please contact your ESC representative.

Reporting Part-Time Employees

School employees who are part-time, even if they have yet to qualify for membership in PSERS, **must** be reported to PSERS unless they have enrolled with SERS or an alternate plan or waived 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.

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

Your part-time employees may 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 accurately determine if and when part-time employees become eligible for membership. Unfortunately, members may 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. We recommend 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, the salary and service must still be reported to PSERS.

If member contributions are withheld at the start of employment from the compensation of part-time per diem and part-time hourly employees who are expected to qualify for membership in the current school year, the member contributions are made using pre-tax dollars deducted from the salary as it is earned. If, however, member contributions are not withheld from the employee's compensation and the employee later qualifies, a purchase of service bill for those contributions will be sent to the member to be paid using post-tax dollars.

Part-time per diem and part-time hourly employees who are not expected to qualify for membership in the school year may prefer not to withhold contributions from the start of employment to avoid a reduction in their take-home pay for non-qualifying service. 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 do not qualify, 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 and you actually begin to withhold contributions.

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."

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

Did you know?

If your employee receives payment for teaching a non-credit class, he or she should still be reported to PSERS! The Retirement Code does not differentiate between credit instruction and non-credit instruction when crediting service to a school employee. The fact that a student does not receive credit for taking a course does not make it non-school service rendered to the employer.

Impact of Late Reporting and Late Payments

Submitting work reports late will delay the mailing of member *Statements of Account* and prolong the processing of your employees' refunds and benefits. Failure to timely pay or pay in full Member (Employee) Contributions, Member Purchase of Service Installment Payments, or Employer Contributions (Employer Share) may result in an interest charge of six percent (6%) on all outstanding amounts. To prevent unnecessary delays and penalties, you must submit the following on time:

- Work Reports
- Member (Employee) Contributions
- Employer Contributions (Employer Share)
- Member Purchase of Service Installment Payments

The *Employer Statements of Account* are available on the first of each month as a reminder to pay promptly to avoid interest charges. Your business office will be notified via email if there is a past due balance that requires immediate payment to avoid interest penalties. Please check your *Statements* regularly to ensure that **your work reports and payments are submitted to PSERS in a timely manner.**

Account Administration: PSERS recommends that you have at least two staff members with administrative permissions for your PSERS account. You can create an administrator account for an additional employee by simply completing and submitting a *PSERS Employer Security Administrator Authorization* (PSRS-1270) form.

When an employee with administrative permissions terminates employment, you must submit two PSRS-1270 forms: (1) one form to remove the terminated employee's permissions; and (2) one form to grant another employee administrative permissions.

Retention of Records

You are responsible for keeping your payroll records in event of an audit. Payroll records document work history for purchases of service and provide continuity for your administration when data discrepancies are questioned.

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