



## Total Contribution Rate

The Employer Contribution Rate (ECR) is the same per member/ participant, regardless of their Membership Class, and it is applied across total payroll. The ECR is comprised of the final contribution amount for active members, the Premium Assistance amount, and the employer defined contribution amount.

### EXAMPLE:

If the Employer Contribution Rate is 34.79%, then

- the ECR for Class T-C and Class T-D members is 34.79%,
- the ECR for Class T-E and Class T-F members is 34.79%,
- the ECR for Class T-G and Class T-H members is 34.79%, and
- the ECR for DC participants is 34.79%

If total payroll is \$10,000,000. Total contributions or "Employer Share" due is \$3,479,000.

For new members hired after July 1, 2019, both the DB component and the DC component are based on the same salary.

### Example:

*Mary is a Class T-G Member. When Mary's salary and DC contributions are reported to Voya on pay date, the DC employer share of 2.25% will also be paid.*

Voya will notify PSERS of the DC employer contributions that Mary's employer paid to Voya. This amount will be credited against the overall Employer Share due to PSERS.

## Recordkeeping

PSERS has selected Voya Financial® (NYSE: VOYA) as the third-party administrator and recordkeeper of the DC plan. Voya is a leading provider of retirement products and services in the U.S. and is focused on guiding Americans to greater retirement readiness.

In September and October, Voya began collecting contact information for each payroll vendor that services our reporting units. As explained below, Voya will be sharing the new file requirements for DC reporting directly with vendors. This communication will also be shared with employers. **You and your software provider must work cooperatively with Voya so each school is prepared with the right file format for go-live on July 1, 2019.** If the Business Manager for your reporting unit has not received this information from Voya, please contact your ESC Representative.

This bulletin will briefly summarize the changes in each area of reporting and provide a timeline leading up to July 1, 2019.

## Enrollment

Timing for uploading member demographic information to PSERS matters now more than ever. **To ensure prompt notification to Voya of a participant record, you must enter member demographic information and the contract record with PSERS in the first week of employment.** Without this information, PSERS will not notify Voya of a new participant, which will result in Voya rejecting your payroll. Also, member email will become a **required** field when entering member demographic information for new hires. A personal email is preferred.

Unlike a work report, which may only be uploaded once a month, Demographic and Contract files may be uploaded as soon as information is available. If you are a district that has many new hires throughout the month, uploading more than one file per month may be easier than adding new demographic and contract information manually.

PSERS will notify you if an employee elects a membership class that changes their DB and DC contribution rate. Upon notification, you must change the contribution rate in your payroll system so that the new rate will be effective in the next pay period after you are notified of the class change. (See "Election").

## Work Reporting

Work reporting is one of the most important tasks you do for PSERS members. With Act 5, you must pay special attention to the **accuracy and timing** of your work reports to PSERS and Voya.

Starting July 1, 2019, you will be required to submit two separate work reports. Your current monthly work report to PSERS will contain wages for all employees, even if they later elect the DC-only plan. You will also be required to report to Voya the wages and contributions for the DC component for employees who are part of the new membership classes. The Voya file will be reported on a **pay date basis** and employer deductions will also be withdrawn via ACH transfer at this time. Validations will be in place to ensure that the correct percentage of the salary is submitted for both work report files.

Your PSERS monthly work report should include all employees. The file format for monthly work reports to PSERS will remain the same. Defined benefit member contributions will continue to be due the 10<sup>th</sup> of the month to PSERS and employer contributions will continue to be due quarterly to PSERS.

***You must ensure continued staff coverage for PSERS reporting. With the new reporting requirements for the DC plan, missing or late work reports may financially impact the member and the employer.***

***Make sure to resolve errors and invalids prior to submitting your work report.***

If there is a mistake in either work report, it must be corrected so that reported totals for both reports match.

## Election

You will receive a CROQ report when an employee makes an After Tax Election\* or a Class election, similar to what you receive when an employee elects Class T-F.

***You must update the contribution rate in payroll after receiving notification from PSERS that an employee elected a different class of service or after-tax percentage to ensure that the new contribution rate is in effect prior to the start of the next pay period following notification of change. It may be helpful to create a schedule or set a calendar alert to remind you to review the CROQ report to update the contribution rate and after tax percentages in payroll.***

*\*After Tax Election: With the implementation of DC plans, participants have the opportunity to contribute more than the mandatory amount to their DC plan on an after tax basis.*

## Employer Service Center Staff

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## Terminating Employees

For all employees, termination dates should be entered when you are sure of:

- The date the employee is terminating and
- The date when the employee will receive their last pay.

Because reporting will be going to two different places for new membership class participants, the Balance of Contact flags submitted on the termination contract must accurately identify when the final payment will occur. It is important to report these dates accurately to ensure participants can timely request a distribution from the DC plan.

## Timeline

Timeline Event	Date
PSERS introduces Voya as partner for DC component of new membership classes	September 2018
Voya obtains vendor contact information	Sept-Oct 2018
Communication sent to vendors and employers related to DC work reporting file format	Mid October 2018
Testing requirements sent to vendors related to DC work reporting file format	December 2018
PSERS Employer Bulletin	January 2019
PASBO Conference in Hershey, PA—PSERS and Voya in attendance	March 6, 7, 8, 2019
Testing of files from Vendors / Employers	March 2019
PSERS Employer Spring Workshops	April-May 2019
Voya Interface Employer Training for DC work reporting	June 2019

More information about Act 5 will follow. Please be sure to read and if necessary, take action on correspondence from PSERS for Voya. As always, your ESC representative will be available to help you with the transition into this new world of reporting.