DC FAQs—Revised Spring 2022

Membership Classes and Contribution Rates

Class T-G (Default Option)
- Highest total contribution rate going toward retirement savings
- Highest DB contribution rate which provides the highest guaranteed monthly payment in retirement
- Guaranteed 4% on member contributions and interest into DB

Class T-H (Elective)
- Lower total contribution rate (same as Class DC) going toward retirement savings
- Lower DB contribution rate and lower guaranteed monthly payment in retirement compared to Class T-G
- Guaranteed 4% on member contributions and interest into DB

Class DC Only (Elective)
- Lower total contribution rate (same as Class T-H) going toward retirement savings
- No DB contribution rate
- Member assumes all investment risk in DC Plan with no guaranteed DB monthly payments in retirement

Membership class	Defined Benefit (DB) Member Contribution	Defined Contribution (DC) Member Contribution	DC Plan Employer Contribution Rate	DB Employer Contribution Rate
Class T-G (default)	Base rate 5.50% Current Rate 6.25% (+ .75% for Shared Risk/Gain)	2.75%	2.25%	Actuarially Determined
Class T-H (elective)	Base Rate 4.50% Current Rate 5.25% (+ .75% for Shared Risk/Gain)	3.00%	2.00%	Actuarially Determined
Class DC (elective)	0.00%	7.50%	2.00%	Actuarially Determined

What is shared risk? Shared Risk/Shared Gain provisions only apply to the DB component and went into effect for the first time in fiscal year 2022.

Every three years, with the annual actuarial valuation, PSERS will compare the actual investment rate of return, net of fees, to the actuarial assumed rate of return for the previous ten-year period. The next review period will be for the 10-year period ending on June 30, 2023. Any impact of the review will be effective July 1, 2024.

Shared Gain: If the investment rate of return exceeds the assumed rate of return by 1.00% or more, then the member's contribution rate for Class T-G and Class T-H members will decrease by 0.75%.

Shared Risk: If the investment rate of return is less than the assumed rate of return by 1.00% or more, then the member's contribution rate for Class T-G and Class T-H members will increase by 0.75%.

Reporting to PSERS vs Reporting to Voya

Question	Reporting to PSERS (Defined Benefit—DB)	Reporting to Voya (Defined Contribution—DC)
Who should be on the reporting file?	ALL eligible employees reported on work report files for all membership classes	Only <u>qualified</u> members with a DC component (Class T-G, T-H or DC) *PT members must qualify before DC contributions are withheld.
When are files due?	Due the 20th of the following month. Ex: May work report due June 20th	DC files are due <u>by</u> the payroll date. The DC Plan contributions need to be posted to the participant's account on or as close to the payroll date as possible. Voya will process the contributions for files received in good order as follows: ¬Files loaded by 4:00 p.m. ET on a normal stock market day will be processed that same business day. ¬Files loaded after 4:00 p.m. ET (or on a non-stock market day) will be processed the next business day.
What format should my files be in?	.txt, .v3d See Chapter 18 for File Format Troubleshooting	.txt See DC File Format documents on the PSERS website under Employer tab, DC/Voya Resources subtab
What should the employer code field contain on my file?	The PSERS file format requires a 6-digit employer code.	The DC file format requires a 4-digit employer code.
Where do I upload my work reporting files?	PSERS' Employer Self-Service (ESS) system	Voya Sponsor Web using the Voya Data Gateway payroll tool
How are payments made?	All DB payments are made through the PNC Cash Concentration system. Member contributions are due the 10th of the month. Employer contributions are due quarterly around the	Mandatory employee and employer contributions and any after-tax contributions (ATC) should be reported each pay period to Voya. Payments will be automatically debited from the ACH account your employer has

	23rd in the months of March, June, September and December. . Employer POS bills are due by the date stated on the bill.	on file at the time of submission for the entire file. Payments will be reflected in your account within 24 to 48 hours.
Who can I contact for help?	**DB Reporting questions:** Employer Service Center Toll Free: 866-353-1844 Fax: 717-772-3860 Email your ESC rep directly **For questions about DB/DC reconciliation:** Contact the Participant Account Review (PAR)Unit: RA-PSPARUNIT@pa.gov **For questions about DB credits/payments:** Contact the Employer Accounting Unit: RA-PSERSEMPACCT@pa.gov	**Help uploading DC work orders** VOYA PSERS Employer HelpLine: 877-806-5652 **For assistance with:** - General payroll inquiries, requests for adjustments to files, negative contributions or corrections needed. Please reference your 4-digit Employer Code and the topic of correspondence in the subject line Email: ID-PSERSS@voya.com

File Layouts, File Uploads and Remittances

DC File Format: DC File Layout.pdf (pa.gov)

1. **Does the due date actually mean the pay date?** Yes.
2. **Can the submission of this file be automated via SFTP or does the client have to manually upload the file to the Voya website? F**iles must be manually uploaded and submitted through the Voya Data Gateway using the Voya Sponsor Web. The Voya Data Gateway has ACH funding instructions and validation programming that will pass or fail the file upload.

   Each system user at a school will have their own ID and password that they will use to log into Voya's secure website. Once logged into the Voya Sponsor Web, schools will upload their DC payroll file to Voya. These files must be loaded by the individual employer and can NOT come directly from the vendor.
3. **Is there a specific 'Name' for the file that is created and uploaded to Voya? We know it's a .TXT file.** There is no specific name required for the file. We suggest naming it something that will distinguish it from other files so you can identify which pay date the file is for.
4. **Which file do I load from my payroll software provider for my pay for my work order?** Please check with your software provider for the DC formatted file and instructions. If your software does not format a DC file, you can request a manual file template to upload or you can manually enter the work order on the Voya Data Gateway
5. **The DC file allows negative amounts. If a check is issued then voided using the same pay date, what is the expectation in the file?** The file can only accommodate one line per SSN per pay

date. The net total for that pay date is what would be expected on the file. The result of issuing/voiding may be negative or positive for the record, as long as the overall file total for the work order remains positive. If the check is issued, then voided to create a zero amount, no record would remain on the file for that member.

6. **If a check is issued then voided using a different date, if the dates are both within the same pay date range there would be two records with different dates. How is this reported?** The expectation is that the information for a participant will be provided by pay date. If the date is all for one pay date, then a net amount should be sent. If the date is for two different pay dates, then separate records should be sent on separate files.

7. **Will a DC file need to be submitted even if there are no employees with DC contributions being withheld for that pay date?** No. An employer does not need to load a payroll file to Voya if there are no employee contributions to report for that pay date. NOTE: If there is already a pre-populated work order for that pay date that is not needed, please contact ID-PSERSS@voya.com to request to have this work order deleted.

8. **Can an employer send a change as a one-off if the amount is positive?** Yes. The Voya system allows for one-off files.

9. **Can an employer send a change as a one-off if the amount is negative?** No, net negative amounts may not be submitted. Please direct negative file questions to the payroll team at ID-PSERSS@voya.com for assistance.

10. ~~Is there an option for employers who do manual reporting and do not upload files?~~ Yes, you may manually enter individual records into the system or may request from Voya a manual file template from Voya to store your payroll date to be able to upload the information into the system.

11. **What if a payroll date is changed by 1 day because there is a holiday and the date does not match Voya's pre-populated work order date?** Please change the date of the work order rather than creating a new work order. Otherwise, the pre-populated work order will still appear as pending and it will cause Late Contribution email notices to go out to your contact persons, even though you have actually submitted a payroll file.

12. **If we are away on vacation over the due date, how far ahead can we submit the file with a future-dated pay date with a status of awaiting posting?** Voya will create the next work order per your payroll frequency schedule approximately 7 business days before the due date.

13. **When is the latest that a file can be submitted?** Work orders will be considered late if not processed by the stock market close on your payroll date (4 p.m. E.T. unless there is an early maker close.) Late work orders for all employers will be included in Late Contribution email notices to contacts for that employer until the work order is satisfied in the system.

IT Questions

14. **Is there a preferred browser to use for Voya's website?** All of the standard browsers will work as long as you have a current version. PSERS' ESS portal prefers Google Chrome, but also will work with standard browsers provided you are using a current version of the product.

15. **My computer will be a registered user to upload the Voya payroll DC file. Do I need a STATIC IP ADDRESS? If our IP address changes building to building, do you need a whitelist?** If your device is not recognized during the log in process, you will be sent an email with a one-time

password that will provide you access to the Voya site and you will be asked if you want to the register the device. If you change devices, you will be asked to register that new device.

16. **Does my school need to whitelist Voya as a contact?** Yes. To ensure that employers receive PSERS DC Plan communications from Voya in a timely manner, and are not blocked by security firewalls, please ask your IT staff to allow the following Voya IP ranges and server domains.

    IP Ranges:

    •216.205.154.64/26

    •208.82.208.0/22

    Server Domains:

    •@nmgingmail.com

•@bounce.nmgingmail.com

17. **Will each user at a district be able to see all work orders for the district, including a manual file that has been created by another user at the district?** Yes. However, multiple users may not edit the same work order.

18. **If our schools requires that there be multiple users with access to the system, does each person need to have their own ID or can it be a shared account?** Each person must have their own individual log in. Access can be requested using the PSERS Employer Reporting Systems User form (PSRS 1270) to acquire or delete access for both PSERS and Voya's reporting systems. **https://www.psers.pa.gov/FPP/Forms/Documents/f1270.pdf**

Contributions

19. **If there is a record where the wrong contributions were withheld, how do we submit the wrong amount since that was actually what was withheld?** The system will require you to submit the correct contribution percentage for each participant based on the membership class on file in Voya's system. Employers will need to correct withholding within their payroll system and refund or recoup from the participant as necessary.

20. **If there are rounding issues between our file and the Voya calculation, will the file be accepted?** Voya will accept contributions with a rounding difference of up to five cents.

21. **How do I know that contributions were submitted/received by PSERS for my DC payroll files?** Payment via ACH is made at the time of submission for your DC payroll files. Payment information comes from Voya to PSERS on a financial file each Friday. By Monday, you will be able to see your "DC Credit Payment" transactions with the pay date to show what was credited to your PSERS employer account. This is visible on your Transactions Page in ESS. This DC Credit will offset your overall employer contribution rate at the end of the quarter because it is money already paid.

22. **We are supposed to withhold the default contribution rate for Class T-G while employees have an election timeframe to choose a new class. How do we make a correction on an employee when they choose another class?** From when you are notified on the CROQ Report that a class election has been made, you must change the rate with the next available payroll.

There is a grace period in both systems that will enable you to report the remainder of the Class T-G rate prior to the system requiring you to report at the new Class T-H or DC rates. Any previously reported contributions that belong to the DC plan due to a class election will be transferred by PSERS to Voya for each participant after the grace period expires. Any additional DB funds that are in excess will be refunded directly to the member. Members will receive a 1099-R from PSERS for any refunded excess DB contributions.

23. **If an employee has a Voluntary After-tax deduction, should this deduction value be added to the field # 5 total for "After-tax Cont."?** Yes. After-tax contribution is the same as "Voluntary After-Tax."

24. **How do employees make a Voluntary After-tax deduction?** Participants will make voluntary after-tax deferral elections through Voya's sponsor web or by calling Voya directly. Participants can make election updates as frequently as they wish and the ATC election information will be shared on a financial file from Voya to PSERS each Friday. This information will be communicated to employers on the CROQ Report the following Monday after the election is made. Elections must be made in full percentages. Employers are to withhold and report using the new ATC with the next available payroll.

25. **If someone had qualified for PSERS membership under a previous class, for example, Class T-E, and then returned after 7/1/2019, so they retain their original membership class?** If someone has qualified for membership in Class T-E,- left employment, and then returns to work at a PSERS participating school in 2022, that employee would retain their Class T-E membership. Likewise, if an active member decides to work for another employer after 7/1/2019, they also retain their membership class.

26. **For the DC Plan, does the employee determine where the contributions are invested after we upload the file?** Initially contributions will default to the appropriate T Rowe Price Target Date Investment based on the participant's age. Once qualified in the DC plan, participants have the ability to select any of the investment options available within the plan. Elections may be completed by logging into a member's MSS account and following the link to the Voya site or by contacting Voya directly. Employers have no ability to direct what funds the employees' contributions go to.

Demographic/Contract Records

27. **Let's assume we hire a new employee on August 1 who gets paid on August 15. PSERS will not get the information until after August 31. How will PSERS know the employee was hired and how will Voya be able to accept the contributions?** Member Demographic and Contract Record information MUST be submitted to PSERS by the employee's start date. In this scenario, please submit this information as close to August 1 as possible. PSERS will send new hire and newly qualified member information to Voya each Monday. Employers must enter new hire records in ESS before COB the previous Friday to be sure that employee's information will be on the next Monday file.

If Voya does not have the information in time and the employer attempts to report the employee on the compensation file, the record on the DC file will be rejected and will not be able to be submitted until an employee record is created in Voya's system.

28. **Can we collect the employee's personal information and manually enter it directly into Voya's system?** No. All demographic and contract information must be entered through the PSERS ESS system. This may be done manually using the Member New Hire wizard for individual employees, or by uploading multiple demographic/contract record files per month in ESS.

29. **Does PSERS just upload demographic information to Voya or are contract records included also?** Voya will only receive the demographic data needed to add an eligible employee to the PSERS DC Plan. Contract information is not sent to Voya. PSERS requires both the demographic and contract record information to be fully enrolled because qualification is derived from the wage type and the full-time or part-time status of the position.

30. ~~**Are the new hires added into Voya's system on Monday morning?**~~ Voya has stated that after 10 a.m. on Monday mornings employers should be able to report against new participant records. In the event of a system issue or you realize that your new records are not yet available, please try again later in the day or wait until Tuesday. REMEMBER that only qualified members can be reported to the DC Plan. Hourly or per diem part-time employees who have not qualified will not have a record at Voya until they have reached qualification. DC contributions are not retroactive to the member's original start date; only once a part-time hourly/per diem member has qualified are DC contributions eligible and required to be withheld.

31. **Can an Employee that participates in Class T-G or T-H not have a DB PSERS plan?** No. Class T-G and Class T-H are membership classes that require both retirement components. There is no ability to opt out of either component.

32. **Can an Employee that participates in Class DC participate in the PSERS DB plan too?** No. Class DC members contribute to the DC plan only. If a member elects Class DC, the DB contributions that had been reported during their Class T-G membership period are credited to their DC account by PSERS.

33. **Could an employee be reported to Voya if they are not reported to PSERS? Is it a requirement to be reported to PSERS before you're eligible to report to Voya?** All school employees are required to be reported to PSERS. Employees cannot be reported to Voya for the DC plan component until they have qualified for membership.
    Qualification Rules:
    A full time work status or salaried wage type (full time or part time) in the contract record will qualify these employees from day one and both DB and DC contributions should be withheld from the beginning of employment. When PSERS receives a contract record with these criteria, Voya receives notice that these individuals are qualified and creates a participant record in their system to accept DC reporting.
    The part time (hourly or per diem) qualification threshold for PSERS is 500 hours or 80 days. When a part time member qualifies for membership, you will be notified on the CROQ Report and Voya will be notified to create a participant record in their system. You must begin to withhold DC contribution with the next available payroll for newly qualified members.

34. **We're a Charter School. Any new employees who have not been previously enrolled in PSERS will default to our alterative plan. Is there anything we need to do if we do not have any current PSERS members that are part of these DC classes?** No. All eligible schools were asked to submit bank account information and payroll frequencies in 2019 in preparation for the implementation of the DC plan, and as a school that had the potential for new PSERS

employees, your information should be saved in the database. Should the time come where you must report to the DC plan, you may want to reach out to Voya to confirm these details are still current prior to reporting.

Reporting

35. **Employers receive error messages from PSERS that need to be corrected. Will Voya provide similar error messages?** Yes. Voya Data Gateway will provide messages if errors are detected. There will be a real-time review as the file is uploaded so employers will be notified immediately if there are any issues with the file.
Multiple error types are possible.
   - ➢ An error loading the file will require the employer to fix the file and reload it if the formatting is not correct.
   - ➢ A validation error related to a member's contribution amount will be displayed after the file is loaded. The employer will be able to correct just that member's contributions within the Voya site. A new file would not need to be loaded but the member's contribution data will need to be fixed for the member (or members) with error messages before the file and funding is approved.

36. **If someone does not have a participant record available in the system, what do I do with that record?** Records that are not found because they have not yet been created or because there is an error that needs to be researched may be moved to an exception (child) work order. The main file is then able to be processed. When the record becomes available and/or the errors have been resolved, the exception(child) work order may be processed. If there is no longer the need for the records, please delete them from the exception work order so the work order does not appear to be unsatisfied in the system. An unsatisfied work order will trigger late contribution email notices to be sent daily to your contacts until resolved.

37. **If someone is in one of the new classes as a part time employee, and their pay amount varies, contribution amounts will vary. Does the actual dollar amount of employee DC, employer DC, and after-tax contributions have to be entered into Voya's system each and every pay, or only when they are different from the prior pay?** DC payroll files are due to Voya each pay period. The amount of Retirement-Covered Compensation (RCC) paid to each employee in Class T-G, T-H, and DC must be on each payroll file submitted. If you are choosing to manually enter data into Voya's system, the fields required are the same. There is not a way to "store" someone's salary in the event that it is the same from week to week.

38. **Please confirm: DC Class Participants will be reported on the DC payroll file with all salary and contribution data AND will also be reported on the DB MONTHLY PSERS work report with the Base Wages and service days, but the DB Contribution amount will be 0.00%?** Yes. Class DC members must remain on the PSERS monthly work report to compare compensation values and to assist PSERS in calculating the overall employer contribution rate.

39. **Please confirm: T-G and T-H participants will be reported on the DC payroll file with the salary and DC contribution rate appropriate for their membership class AND will also be reported with the appropriate percentage of PSERS DB contribution information in the DB MONTHLY Work Report?** Yes. Class T-G and Class T-H are both classes that have a DB and DC component, meaning members will contribute to both components at the specified class contribution rates.

If the participant elects an after-tax contributions deferral, this information would also be provided on the DC file to Voya.

40. **We see that "compensation associated with the contributions" needs to be sent to Voya. Does this mean the gross pay for that pay period?** The DC participant contribution rate is a percentage of the gross RCC salary. Not all compensation paid by an employer is considered RCC; payments in lieu of healthcare, bonuses, expenses, etc., should not be included when withholding retirement contributions for either the DB or DC components. For more information on what is or is not considered RCC, please reference Chapter 8 of the PSERS Employer Reference Manual under the Employer Tab on the PSERS website.

41. **Can anyone confirm if they list Voya code 1856 on the W2 under PENSION codes Box #14b?** There is no Box 14b on Form W-2, only box 14. The W-2 instructions to Box 14 are pretty general and state the following:

    Box 14—Other. If you included 100% of a vehicle's annual lease value in the employee's income, it must also be reported here or on a separate statement to your employee. You may also use this box for any other information that you want to give to your employee. Label each item. Examples include state disability insurance taxes withheld, union dues, uniform payments, health insurance premiums deducted, nontaxable income, educational assistance payments, or a minister's parsonage allowance and utilities. In addition, you may enter the following contributions to a pension plan: (a) nonelective employer contributions made on behalf of an employee, (b) voluntary after-tax contributions (but not designated Roth contributions) that are deducted from an employee's pay, (c) required employee contributions, and (d) employer matching contributions. If you are reporting prior year contributions under USERRA (see the TIP above Code D under Box 12—Codes and Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) make-up amounts to a pension plan), you may report in box 14 make-up amounts for nonelective employer contributions, voluntary after-tax contributions, required employee contributions, and employer matching contributions. Report such amounts separately for each year. Railroad employers, see Railroad employers for amounts reportable in box 14.

Based on this, we do not see any reason why a Voya code needs to be included on a customer's payroll W-2 and would recommend against it.

42. **If the status is "Awaiting Posting" can changes still be made to the file?** No. At that point the file has been accepted and the file can no longer be updated. If you realize an error was made, contact Voya and the work order can be reset for you to upload a new file.

43. **What do I do if I submit a file that results in an error because Voya does not have participant accounts on file?** These records must be moved to a Child Work Order and must be re-submitted to Voya.

    Things to consider:

    ➢ Ensure you have entered Member Demographic and Contract Record information for these employees through PSERS' ESS system to enroll the employee. This should be done as close to the start date of the employee as possible to ensure that the record is available when you are ready to report their first payroll.

- ➢ Demo and Contract information must be entered into ESS prior to a weekend, in order for PSERS to provide participant information to Voya for the creation of the participant account. If you did not enter the information in time, you will need to go back into the Voya Data Gateway after the weekend has passed and resubmit the Exception (child) Work Order when the participant's record has been created.
- ➢ Part time hourly employees must be reported to PSERS for 500 hours in a fiscal year and part time per diem employees must be reported for 80 days in a fiscal year before being sent to Voya by PSERS. If you have not received notice through the CROQ Report that these members are qualified, they are still ineligible to be participate in the DC Plan.
- ➢ The process is the same for submitting an Exception (child) Work Order as when you are submitting your regular Payroll File. You will again select your bank account to be debited and submit the file.

44. **What does the PSERS PAR Unit do?** The PAR Unit, or Participating Account Review Unit, monitors that salary reported in both systems matches for each member. The Retirement Covered Compensation should be the same whether reported to PSERS (DB) or to Voya (DC). The PAR Unit reviews accounts for discrepancies and ensures that if adjustments must be made, they are made timely and in the correct system. You may receive email notifications from PAR when you omit a participant, or they have identified a mismatch in money reported. These notifications will provide you with further direction for what steps are next to resolve the issue.