



Public School Employees' Retirement System

Questions from Payroll Providers

1. We currently send 401k files to Voya. Will we be able to use this same FTP protocol to send these files?

The upload must be done through the sponsor web tool. This upload can be done by the school or their authorized agent (including the payroll provider if that is the arrangement with the school).

2. To be clear, the employer match will be either 2 or 2.25% which is a significant drop from the 33+% that it is this school year.

The employer contribution rate is the same per member/per participant regardless of their membership class and is applied across total payroll.

It is not a match of contributions, but a required additional contribution by the employer. A Class T-G participant is required to pay 2.75%, Class T-H 3% and DC 7.5% of pay. The required employer DC contribution of 2% for Class T-H and DC participants or 2.25% for Class T-G participants will be paid each pay period to satisfy requirements that these funds be in the participant's DC account as early as possible.

There is still one blended employer contribution rate that will be provided to employers annually. The difference between what has been paid by employers through their payroll submissions to Voya will be deducted from the total amount owed and that information will be supplied to employers through their employer statement of account provided by PSERS.

3. I wanted to make sure I understand, the Schools will continue to submit their existing PSERS Retirement Files as they do today. However as of July 1, 2019 new hires are eligible for the DC plans managed by you. Therefore an additional file will be submitted to Voya for the new DC plans only?

Schools will continue to submit their existing defined benefit PSERS Retirement files as they do today for all classes, including new hires.

All new hires that become new members of PSERS after July 1, 2019 will be DC participants. All current PSERS members active on July 1, 2019 will have a one-time election opportunity to change their prospective membership to one of these new membership classes from January 1, 2020 forward. You are correct that a new file will be submitted to Voya for the new defined contribution component and with it will have the Class T-G, Class T-H, DC Only, after-tax and/or employer contributions along with compensation associated with the contributions. These files will be created by your payroll provider every pay period and uploaded by the school or authorized agent to Voya using the sponsor web tool.

4. This will be submitted on a biweekly basis or per pay period. Is that correct?

DC files must be submitted to Voya per pay period. There are no changes to the monthly frequency of when you send DB files and payments to PSERS.

5. Sites currently submit contract and new hire reporting to PSERS. Will Voya need new hire, contract files, etc. for the DC participants? If yes, what frequency? Or will this be combined with the existing PSERS reporting?

No, you will not submit separate contract and new hire reporting to Voya. You must continue reporting all contracts and new hires to PSERS, regardless of membership class. PSERS will send a weekly file to Voya with all of the new hire and demographic information.



Public School Employees' Retirement System

- 6. What types of plans are allowed for the additional optional contributions? I read in one of the documents that it may be a 401(a). Is that correct and are there any other options? We need to be able to handle reporting to both Voya and on the W2 if needed and possibly a TPA if included in options we currently provide for 403(b) or ROTH plan reporting. So any information on reporting these optional plans would be helpful. Additionally since 401(a) plans are not required on the W2 are you going to be providing employees with a statement since they may need this information when filing their taxes?**

This question was not entirely clear. To the extent that you are referring to after-tax contributions, all contributions are being deposited into the participant's account and invested based on the choices selected by the participant for the account as a whole. The new plan is a 401(a).

- 7. Can you please explain what was meant by the Note included in the document? I read this to mean that there would be variations of the new classes by the way this is stated which is not anything that was communicated earlier. This is of great concern to have clear.**

It is believed this question is in regards to this note: *Note: Existing Class TC-TF members that elect to participate in the new classes will have different percentages than in the table above. The rates above may change in the future at PSERS direction.* Current members who elect in to one of these three new membership classes must contribute at their current rate. These members will have different DB contribution rates than new members after July 1, 2019. Any changes to a member's class or contribution rate will be reported by PSERS through the weekly Class Rate or Qualification (CRoQ) Report as PSERS does today for members who elect Class T-F.

- 8. In the file layout the 3rd field states that the file it is to store the file creation time (I assume that means we time stamp it when our client creates the file) however the notes state it to be (the time file was sent for processing) which to me identifies something external on your end. Can you please clarify if this is when we create the file or when it is sent and if sent means to Voya how are we to capture that information? Field 2 just states that it is when the file is created, so that says to me that when our software creates the file it is that date. That is clear to me. Please clarify the intent of field 3.**

Field 3 should have the time the file was created. Field 2 contains the date.

- 9. As soon as you can, provide information on adjustments that happen outside of a payroll and what the requirements will be for reporting those adjustments will be appreciated.**

We will certainly provide more information regarding the adjustment process as we move along in the stages of the implementation of the new PSERS DC plan.

- 10. Just for clarification since nothing I read spoke directly to this. We will be creating a file for Voya each pay with 100% of DC employee and employer contributions and no DB contributions. There is a note that PSERS work report may have changes for adjustments but are we to assume that other than for adjustments we will report all contributions DB and DC to PSERS on the monthly work report?**

There are no changes to the creation or delivery of the defined benefit file to PSERS. Employers will continue to report all member salaries and service, but only the DB contributions, to PSERS. The DC contributions will only be reported to Voya. PSERS is finalizing the potential requirement for additional information to be submitted to PSERS with any adjustments. Once complete, more information will be provided.

- 11. What will be the format of the files: TXT, V3D, TAB, etc.?**

The PSERS DC financial file format should be a fixed text file '.txt'



Public School Employees' Retirement System

- 12. In the Header Record, Field 5, "ER Location ID" - Is this a new 4-digit number that will be given to each district by PSERS or is this referring to each district's current 4-digit Employer Code?**

The district's current 4-digit PSERS Employer Code should be entered into this field.

- 13. Is the 4-digit "ER Location ID" used in Field 5 of the Header Record different from the "PSERS ER Location #" in the Detail Record, Field 3, or are they the same number?**

The ER Location ID on the Header Record is the same as the PSERS ER Location # on the Detail Record.

- 14. After reviewing this appears to be a request for a 401k File Feed setup. However, PALCS does not currently have our 401k File feed setup. Also, I will need more specific information on what will need to be changed on the account based on the current setup. Could we set up a meeting to go over the policy and what changes may need to be made?**

The PSERS defined contribution plan is a mandated new 401(a) plan. Membership Class rates are currently stored by payroll providers. With the new classes and rates having a defined contribution component, we request that payroll providers provide the new file format to Voya on a per-pay period basis for mandatory and after-tax contributions to the defined contribution plan.



Public School Employees' Retirement System

Questions from the Pennsylvania Association of School Business Officials (PASBO)

- 1. Will the Voya submission process be a 2-part submission process like PSERS, one system for reporting and one system for cash payment? Or, will Voya be a single processing system where the reporting is done at the beginning and the process ends by scheduling a payment for the amount needed by the end of the reporting process?**

Employers will use a sponsor web tool to submit their payroll files to Voya. Employer training for the sponsor web is slated for June 2019 with "Just in Time" training. Unlike PSERS, Voya will automatically debit the ACH account each school has provided at the time those DC work reports are submitted. No payments will be scheduled for Voya submissions. Also keep in mind that, because Voya automatically debits the ACH account, all file submissions must have a net positive total. For example, a one-off negative adjustment won't be able to come in on its own—there is no way to credit an employer's account through Voya's system. Instead, that negative adjustment will need to come in on a larger file with other positive amounts.

PSERS will continue to require monthly work reports that will contain all members, regardless of class, and defined benefit payments will continue to be set up through the PNC Cash Concentration system to support member contributions and the remaining balance of employer contributions will continue to be due quarterly.

- 2. I know PSERS is expecting a Contract Record to be entered before a person receives their first check. I do not remember them discussing the timeframe (# of days) that the contract record needed to be entered by before a DC submission can be made to Voya. We have those instances where a hire is made at the last possible moment as the payroll process begins.**

How do we handle these individuals that should be making a DC contribution day 1? Do we hold the money until the person appears in Voya and make that contribution through a manual adjustment? I have a similar issue with our Health Savings Accounts where there is a time lag from when I enroll the person in the Highmark system until they appear in the Health Savings Account contribution software. I hold that money until they appear in the contribution system and have to do a manual submission for just that employee to get them caught up.

For new hires, PSERS will need the demographic record and contract record entered into the PSERS ESS system as close to when the employee actually starts work as possible. Voya and PSERS will be exchanging weekly informational feeds. The file information to alert Voya that there are new participants will be run over the weekend and forwarded to Voya on Mondays. Voya will create the participant records electronically so they are set up shortly after they receive the PSERS file. For all FT hires and PT salaried new hires, the DB and DC contributions should be withheld from day 1. For PT Hourly and Per-Diem hires, defined contributions should not be withheld until the employer is notified that the employee has qualified for PSERS membership. As long as the participant record is set up in Voya, the DC contributions will be accepted when that first payroll file is sent over. Because Voya reporting is by pay period, the Voya submission will be received before PSERS would receive a full monthly work report.

In the event that there is a time lag, Voya will share how they want employers to catch up contributions but the goal is for schools to enter contract information as soon as they know rather than waiting to upload all files at the same time (demo, contract, work report) like some do now. This will be communicated prior to July 2019.



Public School Employees' Retirement System

3. Our main concerns are the reporting expectations and what information is going to be communicated with which reporting file. The hope was that everything was going to be sent to PSERS to be the keeper of all information (earnings and withholdings) and that Voya could get just the information that they need and that PSERS and Voya would do their reconciliations possibly on a monthly basis with information that was sent to both. Based on who is going to receive what and some new information that was shared in the conference call with the part time staff the questions remain mostly unanswered regarding what information PSERS will be receiving. So if you can answer the main question that would be a huge help.

1. Will PSERS accept the full amount of contributions withheld from all staff who are PSERS Eligible?
2. Will PSERS only accept the amount of the DB contributions?

If you are going to be accepting the full amount, I really do still need to know if PSERS is going to expect the DB and DC amounts to be separately reported. This is going to make a difference on how we must store the information moving forward. Our biggest concern is what we will need to provide to users who have those adjusting entries and need to manually update their payroll information so we provide what they need to store it properly. (Once we know how that is handled, we will be able to know how we will process and store the information during a normal payroll process.) So again, if we can get these answers as soon as you have them will help us a lot. I did hear that both the employer and the staff contributions will be reported to Voya in their payroll submission file so I believe I have the answer on the employer part of the reporting.

This question asks what the reporting and remitting process will be after July 1, 2019. Due to a number of factors, DC Plan contributions from members and employers must be reported and remitted to Voya on a pay-period basis, while PSERS will continue to receive monthly work reports and DB contributions for all members. There are NO changes to the reporting and remittance of DB contributions for members and employers. PSERS is finalizing the potential requirement for additional information to be submitted to PSERS with any adjustments. Once complete, more information will be provided. Otherwise, the PSERS monthly file format is not changing and will continue to be due on the 20th of the following month. ALL members, including any DC Only plan participants, must be on this report. The only change is the sending of the DC contributions to Voya. When you report, however, is important. Please note the following:

- All new FT members and salaried members who are also hybrid classes will begin contributing to the DB plan and the DC plan beginning with their first pay.
- All new PT hourly and PT per diem must be reported to PSERS on the PSERS monthly work report as soon as they are hired but will only contribute (or be reported through WNC) to the DB plan at the 5.50% DB contribution rate. Once the PT hourly and PT per diem employees reach PSERS qualification for membership, PSERS will notify the employers through the CROQ report and Voya through a file feed that a participant record with Voya needs to be created for them to begin contributing to the DC plan. PSERS will also at that time notify the member of their right to elect one of the other classes of membership. Beginning no later than the first pay period following the month of notification by PSERS, the defined contributions must begin to be withheld and remitted to Voya. No retroactive DC contributions will be collected. If the employer did not withhold DB contributions, the employer must collect DB contributions at the correct Class rate for the DB class only and remit it to PSERS.

The DB PSERS monthly file will not contain DC contribution information. Because of the blended one-rate for the overall employer contribution rate percentage, PSERS needs the salary information for all classes, included DC Only, on the PSERS file. PSERS only needs to receive payments for DB member contributions, DB employer contributions, and any lump sum POS money from employers.

The DC Voya file requires salary information, the correct DC participant contribution rate, employer rate, and after-tax contributions based on the rate the participant elected. Voya will debit the ACH account for each employer directly for any defined contributions. The DC file format sent out to vendors on October 18 and updated with this document may help clarify what information needs to be on which reporting file.



Public School Employees' Retirement System

PSERS has access to all of Voya's files and will be provided with a weekly file feed of DC payroll information reported by the employer to Voya. This will include the contribution amount that each employer paid to Voya. The Voya contributions will be itemized transactions on the Employer Statement of Account and, if the employer reported properly, deducted from the overall contribution rate due to PSERS in the standard quarterly employer payment. PSERS will continue to accept adjustments for DB accounts, but not for DC accounts. Employers will need to adjust future payroll submissions to Voya to adjust DC mistakes in contributions remitted. Details on adjustments and corrections will be providing in the upcoming months. The Employer Reference Manual will be updated to reflect these new procedures and training material will be provided. Our first step, however, is communicating the file formats with the software providers and employers.



Public School Employees' Retirement System

Questions from Schools

1. Will there be information for those of us who manually report and do not upload any files?

Yes, training will be available in June 2019 to either upload a file through Voya's sponsor web tool or manually enter the contribution and compensation information.

2. Does the defined contribution file need to be sent on a biweekly basis, whereas the defined benefit files will be sent on a monthly basis? Is it possible to submit the defined benefit on a biweekly basis as well to PSERS?

The defined contribution file must be sent per pay period to Voya. The defined benefit file to PSERS must continue to be reported on a monthly basis.

3. Will the payment be made to PSERS or VOYA for the defined contribution? What are the banking details if the payment is to be made to VOYA – ABA and account number for VOYA?

No payments will be scheduled for Voya submissions. Unlike PSERS, Voya will automatically debit the ACH account each school has provided at the time those DC work reports are submitted. Also, because Voya automatically debits the ACH account, all file submissions must have a net positive total. For example, a one-off negative adjustment won't be able to come in on its own. There is no way to credit an employer's account through Voya's system. Instead, that negative adjustment will need to come in on a larger file with other positive amounts.

In Spring 2019, schools will be given a secure website to confirm or update ACH information for Voya to debit their school's ACH account. More information about this will be shared next year.

4. Will there be any changes to defined benefit file? If so, when can we expect to get these changes?

Currently, there are no expected changes to the monthly work report file submitted to PSERS. If changes are later deemed necessary, they will be communicated directly to you by PSERS.

5. I noticed in the instructions that Voya would be uploading from the payroll company. Our school does not have that feature on our payroll account. We are considered a small business so we have limited features.

Schools (or their authorized agent) will upload the financial file to Voya through their sponsor web. Training will be available to schools in June 2019.

6. ADP keeps asking if the deferred contributions are 403b and I assume they are but not sure. You said something about a 401a but I need to know which deferred contributions are 403b and which are 401a.

The PSERS DC plan is a 401(a), not a 403(b). Member contributions are mandatory and elections cannot change, except for voluntary after-tax contributions.

7. We have employees that were hired previous to this point that are still with PALCS. They were grandfathered in and still contribute to PSERS, to which we pay the corresponding contribution, but anyone after July 14th, 2014 is on a separate 403(b). Prior to making any changes to our system and/or setting up "Feeds," I want to make sure that this actually applies to us in the sense that even though it would be mandatory for anyone hired after the specified date for schools that do offer PSERS is the question of whether it is something that employees that are on the "old" system can voluntarily contribute to. If they cannot, then this would not be applicable.

Current PSERS members who are active on July 1, 2019 will be eligible to elect into one of the new classes. If a member chooses one of the new classes, the employers must be able to report and provide the deductions to Voya.