



Public School Employees' Retirement System

PSERS Payroll Q&A as of 4/1/2019

1. 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 should be on each payroll file submitted. If you are choosing to manually enter data into Voya's system, the fields required would still be the same. There is not a way to "store" someone's salary in the event that it is the same from week to week.

2. 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.

3. What would be an example of "unpaid retirement covered compensation?"

Unpaid Retirement Covered Compensation (URCC) is a reporting bucket that would be used if someone is on a Sabbatical or on an approved Contributing Leave. Per PSERS, members on these types of contributing leaves must be paid at least 50% of their salary (base) while on leave, but both (members and employers) will contribute upon the entire (100%) contracted salary. The remaining 50% that is not paid is reported in the Unpaid Retirement Covered Compensation (URCC) bucket. The base and URCC totals should equal the member's normal salary and contributions will be withheld from both buckets to equal their normal monthly contributions.

Schools/Vendors can reference [Chapter 10](#) --Leaves of Absences in the Employer Reference Manual for additional details on how the reporting is handled for different leave types which may assist with developing test cases.

<https://www.pasers.pa.gov/Employers/Pages/EmployerManual.aspx>

4. Based on what I read the % looks to be unique per staff is that true or does there exist a max % that we should be using?

Technically, unique per staff. It is after the mandatory deductions for the employee and then the employer calculates the ATC on the RCC less pick-up salary for that person. See pg. 4 of the recent Employer Bulletin.

5. What is Voya calling these contributions? I see "RCC" referenced at times. I don't know what that stands for. Can you please advise what terminology Voya is using?

The RCC stands for "Retirement Covered Compensation." Voya is using the term "After tax contributions."

6. What is the right position for the PSERS Employer 4 digit code in the header record?

The first requirements document sent out in October 2018 had a typo in the header position for this field. The correct starting position for the PSERS Employer 4 digit code is 45.



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7. The file layout says “Left-justified and Not zero filled” however the example file contained in the Vendor document shows the amounts zero filled and appear to be right-justified. Which is correct?

There is a difference between the layout requirements and the sample file. This discrepancy was an error in the sample file. The requirement of left justified and no zero fill should be what is programmed.

8. The file allows negative amounts. If a check is issued then voided using the same pay date, what is the expectation in the file?

- a. Two records – one negative and one positive with the same pay date
- b. The net result of the two records

The net result of the two records should be sent.

9. If a check is issued then voided with the same pay date and the same amounts, which is correct?

- a. Two records – positive and negative
- b. Net result is zero so NO records

No record because the net result is zero.

10. Please verify: 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 record with different dates.

The expectation is that information for a participant will be provided by pay date. If the data is all for one pay date than a net amount should be sent. If the data is for two different pay dates than separate records should be sent.

11. Can the submission of this file be automated via SFTP or does the client have to manually upload the file to the Voya website?

The file submission process must be uploaded through the employer’s sponsor portal.

The payroll upload tool on the employer’s sponsor portal has ACH funding instructions and validation programming that will pass or fail the file upload.

If you choose to send your files directly to a school (or schools) via SFTP, that would have to be coordinated with them directly.

The new Defined Contribution (DC) plan component that Voya is recordkeeping for PSERS Membership Class T-G, Class T-H and Class DC will be in addition to the existing Defined Benefit (DB) plan that PSERS schools (your clients) are already participating in. Your programs should already be creating files for your clients that they upload to the PSERS website. The way you send those files to the schools today is how you should send the new DC files as well. Voya has detailed the layout you will need to provide to the PSERS school(s) you currently service.

Each individual 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 PSERS schools and can NOT come directly from the vendor.

12. 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.



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13. In field # 4 of the Header Record it asks for a File Name. What value are we entering here? Is it the just the name of the file we create?

Yes. This field is for the file name you create.

14. The PSERS Employer code is 6 digits according to the file specifications. For the ER Location ID are we just reporting the last 4 digits of the PSERS Employer Code since the first 2 digits are zeros?

The file specifications state that the PSERS Employer code is a 4-digit number, not 6. The most recent version of the file specifications is attached for your review.

15. We'd like further clarification to the question and answer below. According to the PSERS Employer Manual > File Formats currently posted on the PSERS Website it states the Employer Code is 6 digits? So do we continue to submit a 6 digit code to PSERS and a 4 digit code to Voya?

Yes. We have confirmed with PSERS that you should continue to submit 6 digits to them for the DB and 4 digits to Voya for the DC plan.

16. Since districts may be reporting 'Voluntary After Tax' deductions for employees, should the value of this deduction be added to the field # 5 total for 'After-tax Cont.'

The after-tax contribution is the same as "Voluntary After Tax." Please place the after-tax contributions in this field.

17. Field # 9 for the 'URCC' is listed as an 'Alphabetic' field, but the description gives the impression the value is numeric? What value are you expecting in this field?

This is a numeric field. If it originally stated alphabetic, that has been corrected in updated versions of the file specifications. This field reflects the unpaid retirement covered compensation amount.

18. Can you tell us which fields are *Required* to be populated and which ones can be submitted as either blank or zero depending on format?

All fields are required. However if you do not have a value to enter for a field it should be zeros for any numeric field and blank for any alpha-numeric field.

19. DC Class Participants ONLY: This employee will report in the Voya file with the necessary contribution data AND they will report in the MONTHLY PSERS work report with the Base Wages and service days and other PSERS fields EXCEPT for the Retirement 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.

20. T-G and T-H participants must have a DB (current PSERS): This employee will report in the Voya file with the necessary 401a Deduction information AND report the existing PSERS DB contribution information in the MONTHLY PSERS file?

Yes. Class T-G and Class T-H are both hybrid classes, meaning members will contribute to both the DB and DC Plan components at the specified class rates. If the participant elects an after-tax contributions deferral, this information would also be provided on the DC file to Voya.

21. Can an Employee that participates in the T-G or T-H not have a DB PSERS plan?

No. Class T-G and Class T-H are both hybrid classes. There is no ability to opt out of either component.



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22. Can the Employee that participates in Class DC participate in the PSERS DB plan too?

No. Class DC members contribute to the DC plan only. Class T-G is the default class when new members join PSERS effective 7/1/2019. If a member elects Class DC, the DB contributions that had been reported during their Class T-G membership period.

23. Is “TG Class example that is negative values” the type of record intended for reporting voided paychecks to Voya?

Yes. The expectation is that a payroll adjustment would be the cause of sending Voya a file with a negative amount.

24. For those in PSERS prior to 7/1/19, does the footprint rule apply if they change PSERS employers?

Yes. If someone had qualified for membership in Class T-D, for example, left employment, and then returns to work at a PSERS participating school in 2021, that employee would retain their Class T-D membership. If someone is an active member and decides to work for another school after 7/1/2019 they also retain their membership class.

25. As far as communications, when will PSERS be sending something out to current participants?

Current members will be notified through PSERS member newsletters. It will be mentioned as an upcoming item in the April edition and fully addressed in the August newsletter with details for how a current member would make their election.

26. What is the timeframe of the opt-in period for current PSERS participants? And is the start date for them if they do 1/1/20?

Current members will be given a 90 day window between September 1, 2019 and December 1, 2019 to make an election if they wish. The effective date of the election is January 1, 2020. All January 2020 payroll should be withholding contributions at the newly elected rate for any members who choose to elect. No action is required for a member who would like to remain in their current class.

27. 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?

No. An employee cannot be reported to Voya if they are not reported to PSERS. PSERS notifies Voya when an employee has qualified for PSERS membership. Employees cannot be reported to Voya for the DC plan component of the three new Classes until they are qualified. The qualification threshold for PSERS is 500 hours or 80 days or by components in the contract. A Full Time work status or salaried wage type in the contract record will qualify these employees from day one. In these cases, when PSERS receives a contract with this criteria, they notify Voya that these individuals are qualified and to expect reporting.

28. Will the employees that are hired AFTER July 1, 2019 still enroll in the existing PSERS DB plan AND elect to enroll in the Voya T-G and T-H.

Effective July 1, 2019 new incoming employees who have not been part of PSERS before are automatically enrolled into Class T-G. Class T-G is the default class, similar to Class T-E now before members can elect into Class T-F. Once a new employee qualifies for membership on or after July 1, 2019, he or she will be given the opportunity to elect Class T-H or Class DC instead of Class T-G.

Class T-G is a hybrid class, so the employee will contribute 5.50% in member DB contributions to PSERS and 2.75% in participant DC contributions to Voya, which will be reported on separate work reporting files. The PSERS monthly work report will contain compensation for all members and only the DB member contributions. There is not a DC contribution column on the PSERS file. That information should be sent to Voya on the DC file layout with the supporting retirement covered compensation.

29. For the PSERS monthly Work File: will these EE report in the PSERS work file for the existing PSERS DB plan with heir DB Base Wages, OT, Ret contrib, work days/hours etc?

Members in Classes T-C, T-D, T-E and T-F will continue to only be reported to PSERS. The same information is needed for the incoming T-G members to report the DB member contributions. These same Class T-G members will also be on a **(continued)**



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separate file sent to Voya to report DC contributions. The DC file does not require service, just compensation and the DC contributions withheld (and any after-tax percentage they may have voluntarily elected to have withheld).

30. Do they also have another record in the PSERS Work file for the Voya plan but with a 0.00 contribution amount? Just like the DC only plan participants?

All members on your PSERS work report will only have one record. PSERS only needs the DB member contributions. For Class DC participants, the DB contribution rate will be equal to zero. The compensation reported should be the same for both files per member.

31. For the Class DC participants, you are asking for a 0 contrib line item in the PSERS Monthly Work File – which fields should be populated?

Yes. Class DC will have 0% for the DB contribution column of the PSERS work report. The rest of the fields can be filled out as normal. The PSERS system will still require a contract record to drive the status of the member, and the service days/hours and compensation will be pulled in as they are now.

32. Also there was mention of an adjustment file. Is this an existing PSERS adjustment file? Currently that is not a file that we produce.

Most schools do manual adjustments, or use a mass adjustment template for large scale corrections that is provided by PSERS. Some vendors may code this file though so the information was shared in case this needed to be considered.

33. The sentence “Thus, contributions will not be accepted into the defined contribution plan until such employees meet the minimum qualification requirements.” I need clarification on the red. Does this mean defined benefit or direct Contribution? Based on information provided later in the paragraph I am assuming it should say direct contribution but I need to be sure.

The sentence is correct as printed in the bulletin. Contributions can be withheld in anticipation of qualification for the defined benefit and then PSERS will refund them if the employee never qualifies. Contributions should not be withheld in advance of qualification for the defined contribution component. The defined benefit will go back to the first day of qualification, the defined contribution will be from the first pay after notification of qualification.

34. This sentence “After reaching qualification, this employee (now “member”) will be listed on the CROQ report as someone who has obtained qualified status. Upon receiving this notification, contributions will also need to be withheld for 2.75% in member contributions for the DC component.” So this is why I think the above is referring to the direct contribution but I am looking to put into place a way we can assist our users with determining this as well so that they don't forget to complete that extra step to withhold that additional amount that will now exist if my understanding is correct. I wanted to make sure that the next pay that staff member receives that the full amount of the T-G class can be withheld from the employee and the employer. If we are counting hours and days per fiscal year for the 500 hours or 80 days rule, as long as the staff only has one employer we should reach this conclusion at the same time. However, since the Work report is not being sent per pay it possible to be off due to an unreported pay during the month. So we want to set a flag that will need to be added to track part time staff identified as class T-G to check each payroll to see if that pay date they are now over. If there will be a delay at all in determining this then I am concerned about our calculation and timing. We would of course allow an override for those that work for more than one school. Do I need to be concerned with the extra contributions being rejected if the second pay of the month is when they reach it? If that answer is yes I can't check for during payroll process to withhold the amount correctly. If I need to look at the membership from Month to month I may be able to do something else but the timing of that is not ensured to happen when it should. So knowing what will be acceptable or would be rejected is the question and upon receiving notification is the only information provided.

Excluding the positions that are qualifying from day 1 and the employer should withhold for the defined contribution from day 1 (such as FT salaried), the employer will be notified on the CROQ report when the PT employee has met qualification and then with the next pay defined contribution withholding should begin. There will be an immediate rejection if the withholding is not



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subsequent to the CROQ report. It must begin with the pay period following the CROQ report notice. There is a grace period in the PSERS system. Member contributions will be expected (if they had been reported through WNC and not actually collected) for the report month following the month of qualification, similar to when a member goes through a class election. If the notification for qualification is received in February, the February work report will not be affected. The system would expect the March work report to have the correct contribution percentages.

35. Are staff going to be electing only a % or is possible for an election of a \$ per pay that we need a max % additionally?

Only a percentage of pay is allowed.

36. The employer portion of the contributions have some confusing references in the information that has been provided. The chart below suggests that the employer is paying both the DC identified amount and or + the Actuarially Determined amount.

Membership Class	DB Member Contributions	DC Participant Contributions	Total Member Contributions	DC Employer Contributions	DB Employer Contributions
Class T-G (default)	5.50%	2.75%	8.25%	2.25%	Actuarially Determined
Class T-H (elective)	4.50%	3.00%	7.50%	2.00%	Actuarially Determined
Class DC Only (elective)	0.00%	7.50%	7.50%	2.00%	Actuarially Determined

Then there is an example that makes that assumption questionable:

Are we to add those 2 amounts together to arrive at the total amount the employer is to contribute or is the total amount the same for every class and for the new classes the DB portion is reduced by the DC amounts?

PSERS is a cost sharing plan that uses a blended employer rate or “one employer rate” to fund current retirement benefits, the unfunded liability, premium assistance and going forward, the DC plan. Rates are reviewed and set yearly by PSERS’ actuary and are based on a percentage of total payroll.

Although employers will be contributing 2.25% or 2.00% for the employer match of their participants’ accounts, the overall contribution rate for the 2019/2020 year is 34.29%. The employer contributes 2.25% or 2.00% per pay to the DC plan. Their total payroll, regardless of membership class, will be used to determine their employer contribution payment that is due quarterly to PSERS. The previously paid per pay DC employer contribution payments will be shown as a credit on their statement since this money will have been paid upfront at the time of submission of their DC payroll files. The employer will then pay the remaining owed contributions as shown on their quarterly statement which will be the difference between what is still owed for the 34.29% total rate and the individual 2.25% and 2.00% DC contributions already made.



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37. On the expected employer contribution for part time staff (prior to qualifying) - Because they have not yet qualified, I am understanding that there are no DC contributions to be made at that time. My original understanding was that we would withhold only the DB portion which would be 32.04% for 19-20. Because of the prior credit explanation, does that mean that the employer is still paying in the total amount during the period in which the part time new hire is not qualified? So that our calculations should be to use the total % and remit it fully to PSERS while the part time staff is not yet qualified and then once they become qualified then we break out the total % to be split between PSERS reporting and Voya reporting?

DC contributions are not retroactive. You can proactively withhold DB contributions for a PT member if an employer so chooses. They would withhold at the 5.5% rate. Once a PT employee meets qualification, if they have not already paid the DB contributions at the 5.5% amount, they will be billed for the contributions going back to the beginning employment for that qualifying year. This is just like the current process. Once that same employee has met qualification and PSERS has notified the employer through the weekly CROQ report, the DC contributions will begin to be withheld prospectively with the next pay. The remaining owed employer contributions for the DB blended rate will be noted on the employer statement and will be owed as per the current process with the quarterly employer payment.

38. If the part time staff member is contributing the 5.5% (not the full amount because the DC portion is not being withheld yet until they are qualified) what are the employer contributions that will be billed? My initial understanding had been that both the Employer and the Employee would be paying into the DB portion only. But now I am not sure with the credit explanation for the employer DC portion. Are you expecting the full % or the DB %? I understand that once they qualify and have been notified that wages are to be calculated using the full % and reported to PSERS and to Voya. But for those part time non-qualified staff I am not sure what amount you are expecting to be sent to PSERS.

The employer will be billed nothing until the member qualifies. Once qualified, the employer and the employee pay the DB rate back to the first day of qualification in that fiscal year. The full amount of 34.29% will be owed by the employer back to that first day of qualification. The employee and the employer begin paying the DC rate moving forward with the next pay. Any DB or DC contributions paid prior to the quarterly payment that is owed would be credited from what is still owed for the DB rate. When the work report is processed, our system "charges" the employer share and PA % per member, yielding a total due for the work report. This is something that PSERS system does though, not something that needs to be programmed by CSIU. The DB portion gets handled as it does today. CSIU's software only needs to account for the rate changing to 34.29% for the 2020 year.