

PSERS Employer Bulletin

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PSERS P.O. Box Address No Longer Available

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Deadline for Submitting NQPT Purchase Applications

As you know, non-qualifying part-time (NQPT) service is part-time employment in a Pennsylvania public school where the school employee worked less than 80 days (if hired on a per diem basis) or 500 hours (if hired on an hourly basis) within a single school year and did not qualify for PSERS membership in that year. An application to purchase NQPT service credit must be received within the required deadline and while the school employee is an active contributing member.

School employees who are Class T-C and Class T-D members of PSERS and who were active members of PSERS on July 1, 2011, had until June 30, 2014, to apply to purchase NQPT service credit. Those employees interested in purchasing this service should have submitted their completed application to your office or PSERS by the June 30th deadline. All other members of PSERS have only a one-year window of opportunity to purchase NQPT service from the date PSERS notifies them of their qualifying event.

For these reasons, you must date stamp the purchase application with the date you received the

document. This date stamp serves as the receipt date. For administrative purposes, PSERS strongly encourages you to submit the application to us within six months of the receipt date at which time PSERS will inform the member the application(s) has been received.

If the wages and/or service information has been purged or lost, send the document to us with an explanation of why the information cannot be obtained. PSERS will communicate directly with the member and explain that the he or she may request the information from the Social Security Administration (SSA). SSA charges a fee for this service and it takes some time for their research and response. We have learned that it is taking SSA on average six months to complete the request. Regardless of whether information is pending from SSA, all applications should be submitted to PSERS promptly. PSERS will instruct the member that once they receive the information from SSA, they must bring the document(s) to the associated employer for completion of the purchase application.

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New GASB standards that greatly affect PSERS and PSERS Employers

The Governmental Accounting Standards Board (GASB) recently approved two new statements that will change the way a public retirement system like PSERS discloses its pension information. All financial disclosures made by PSERS are contained in the audited *Comprehensive Annual Financial Report* (CAFR). Statement No. 67, *Financial Reporting for Pension Plans*, affects the financial statements in PSER's CAFR. Statement No. 68, *Accounting and Financial Reporting for Pensions*, affects the financial statements of PSERS employers. PSERS is a cost-sharing multiple-employer defined benefit pension plan and serves as the retirement plan for nearly 800 employers in Pennsylvania. This is the first in a series of articles relating to the implementation of GASB's 67 and 68.

Statement No. 67 replaces the requirements of the existing Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and is effective for fiscal years beginning after June 15, 2013. PSERS will include these new requirements in the CAFR for fiscal year ended June 30, 2014. The basis for this statement is to provide employers participating in governmental pension plans information necessary to implement Statement No. 68.

Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. This reporting requirement applies to PSERS employers and is effective for fiscal years beginning after June 15, 2014. Primarily, Statement No. 68 will require, for purposes of governmental financial reporting, that a proportionate share of PSERS' net pension liability (unfunded liability) be shown on the face of each employer's financial statements. In addition, these standards will require employers to include additional footnote disclosures about PSERS in their financial statements.

The new Statements relate to accounting and financial reporting issues and how pension costs and obligations are measured and reported in audited financial statements and CAFR's. While there has been a close relationship between how governments fund pensions and how they account and report information, the new guidance establishes a decided shift from a funding-based approach to an accounting-based approach. This shift was designed to improve pension information and increase the transparency, consistency, and comparability of pension information across governments.

Statement No.'s 67 and 68 can be found on the GASB website free of charge at www.gasb.org/home. Once on the site, select "Standards & Guidance" followed by "Pronouncements."

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New GASB Standards... (continued from page 2)

Below is a schedule of GASB 67/68 articles to be included in future newsletters:

September 2014	Net Pension Liability
November 2014	Proportionate Share
January 2015	PSERS-Provided Schedules
March 2015	Note Disclosures and Required Supplementary Information
May 2015	Discount Rate
July 2015	Summary

Remember to Update Demographic Records

When an employee provides you with a change of address or other demographic information, please remember to also update the employee's Demographic Record in the Employer Web in addition to your payroll records. Employees with invalid addresses may not receive important pension related information such as *Statements of Account* and the *Active Member Newsletter*. They may also miss out on time-sensitive information such as the NQPT Deadline Letters reference in the Deadline for Submitting NQPT Purchase Applications of this newsletter.

Contact your Employer Service Center representative if you have any questions about entering Member Demographic Records. You can also refer to Chapter 3 – **Member Demographic Information** of the *Employer Reference Manual* found on the PSERS website under Employers.

PSERS P.O. Box Address No Longer Valid

PSERS mailing address is 5 N 5th Street, Harrisburg PA 17101-1905. The former P.O. Box address is no longer valid. The post office has been temporarily forwarding any mail sent to the P.O. Box address to PSERS; however, they will soon stop.

You may also submit documents to PSERS, whether it is an application, a form, or supporting documents, by fax, or hand delivery. Our fax numbers are 717.772.3860 and 717.783.7275. PSERS headquarters is located at 5 N 5th Street. PSERS Regional Offices are conveniently located throughout the state. Addresses and contact information for our regional offices are found on the PSERS website. **Emailing your documents as attachments is not permissible at this time.**

PSERS Website

www.psers.state.pa.us

The goal of our web-based reporting features, news, Bulletin, Employerpedia, employer forms, and Employer Service Center staff, is to provide you with the information and support you need right at your fingertips. From the PSERS homepage, click on **Employers** to access all online resources.

Work Report Due Date Reminder

Monthly work reports must be submitted to PSERS by the 20th of each month. Late reporting is costly to you and to your employees who are members of PSERS. When work reports are late, the processing of member benefits is delayed. This may cause a financial hardship for employees who are retiring. Late reporting may also cause delays in the sending of members' Statement of Account.

Contact your ESC representative if you are having difficulties when submitting work reports or correcting errors. The sooner we know you are having an issue the sooner it can be corrected.

Using Social Security Records to Verify Employment

From time to time, you may receive a purchase application from an employee or a former employee for which payroll records may have been purged or lost. When you find that you cannot certify an employee's employment information, the employee can submit to you proof of employment in the form of Federal Tax Form W-2 or social security records. Because social security records are calendar year based, an employee will typically need to request two years of social security records per fiscal year associated with the purchase period. It is the employee's responsibility to provide these documents to you. The following is some information to assist you in certifying employment when using social security statements.

Prior to 1979, social security statements were broken down by quarters. To calculate a school year, you need two consecutive calendar year social security statements. You must use the 3rd and 4th quarters of the first statement and end with the 1st and 2nd quarter on the next year's statement.

For example 1974-75 School Year:

1974 Social Security Statement

- 3rd quarter: July, August, September
- 4th quarter: October, November, December

1975 Social Security Statement

- 1st quarter: January, February, March
- 2nd quarter: April, May, June

If the daily or hourly rate is known for the service rendered, calculate the service credit by dividing the total wages by the rates. If the daily or hourly rate is not known, you may find the information in your Board minutes, your personnel records, your school employee's personal records, etc. The more information you can obtain, the more accurate the *Statement of Amount Due* to cover the cost and service credit will be.

Beginning in 1979 to present, social security records only displayed calendar year totals. To calculate a school year, you must first determine the number of months the school employee was contracted to work during the fiscal (school) year being certified. Use the social security records for the two calendar years that coincide with the school year being certified. Using the number of months the school employee was contracted to work, determine the percentage of salary to be split across the school years. For more information about determining member contract, see the Employer Reference Manual, *Chapter 4 – Member Contact Records*.

Data for Examples 1 and 2: The school employee is attempting to purchase the service rendered in school years 1982-83, 1983-84, 1984-85 and 1985-86 where the member earned \$38 per day. The school employee provides you with the following social security information:

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Using Social Security Records (continued from page 5)

Year	Salary
1983	\$1,159.00
1984	\$4,327.00
1985	\$9480.00

Example 1: The school employee was contracted to work **10** months. The above social security salary information would be divided as follows:

School Year	Associated Months	Salary	Service (Salary divided by Daily Rate)
1982-83	January – June 1983 (6 months of the contract or 60% of the calendar year salary)	$1,159 \times .60 = 695.40$	
	Total Reported on purchase application:	\$695.40	$695.40 / 38 = 18.30$ 18 days
1983-84	[July] September – December 1983 (4 months of the contract or 40% of the calendar year salary)	$1,159 \times .40 = 463.60$	
1983-84	January – June 1984 (6 months of the contract or 60% of the calendar year salary)	$4,327 \times .60 = 2,596.20$	
	Total Reported on purchase application:	$\\$3,059.80 =$ $463.60 + 2,596.20$	$3,059.80 / 38 = 80.52$ 81 days
1984-85	[July] September – December 1984 (4 months of the contract or 40% of the calendar year salary)	$4,327.00 \times .40 = 1,730.80$	
1984-85	January – June 1985 (6 months of the contract or 60% of the calendar year salary)	$9,480.00 \times .60 = 5,688.00$	
	Total Reported on purchase application:	$\\$7,418.80 =$ $1,730.80 + 5,688.00$	$7,418.80 / 38 = 195.23$ 195 days
1985-86	[July] September – December 1985 (4 months of the contract or 40% of the calendar year salary)	$9,480.00 \times .40 = 3,792.00$	
	Total Reported on purchase application:	\$3,792.00	$3,792.00 / 38 = 99.79$ 100 days

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Using Social Security Records (continued from page 5)

Example 2: The school employee was contracted to work **12** months. The above social security salary information would be divided as follows:

<i>School Year</i>	<i>Associated Months</i>	<i>Salary</i>	<i>Service (Salary divided by Daily Rate)</i>
1982-83	January – June 1983 (6 months of the contract or 50% of the calendar year salary)	$1,159 \times .50 = 579.50$	$579.50 / 38 = 15.25$ 15 days
	Total Reported on purchase application:	\$579.50	
1983-84	July – December 1983 (6 months of the contract or 50% of the calendar year salary)	$1,159 \times .50 = 579.50$	
1983-84	January – June 1984 (6 months of the contract or 50% of the calendar year salary)	$4,327 \times .50 = 2,163.50$	
	Total Reported on purchase application:	\$2,743.00 = 579.50 + 2,163.50	2,743.00 / 38 = 72.18 72 days
1984-85	July – December 1984 (6 months of the contract or 50% of the calendar year salary)	$4,327.00 \times .50 = 2,163.50$	
1984-85	January – June 1985 (6 months of the contract or 50% of the calendar year salary)	$9,480.00 \times .50 = 4,740.00$	
	Total Reported on purchase application:	\$6,903.00 = 2,163.00 + 4,740.00	6903.00 / 38 = 181.66 182 days
1985-86	July – December 1985 (6 months of the contract or 50% of the calendar year salary)	$9,480.00 \times .50 = 4,740.00$	
	Total Reported on purchase application:	\$4,740.00	4,740.00 / 38 = 124.74 125 days

Remember this methodology should only be used when the detail information has been purged or lost.