



Employer Workshop 2016

Public School Employees'
Retirement System

Employer Service Center (ESC)

Introduction

Our presentation will focus on the rules governing retirement-covered compensation. We will be highlighting the most common scenarios reported to PSERS. The detailed information explaining the rules about reporting salary/wages to PSERS are documented in Chapter 8: “Reporting – Retirement-Covered Compensation”

Exercise

Retirement-Covered
Compensation (RCC)

Versus

Non-Retirement Covered
Compensation (NRCC)

Question 1

- You are notified that one of your school employee's last day of work is today, but you are instructed to continue paying the employee's salary until December 31, 2016, the end of the contract year. Is the salary being paid after today RCC or NRCC?

Question 2

- Your high school principal is contracted to work 250 days with 10 days of vacation for a total of 260 days. His contract states that if he works any of the scheduled vacation days, he will receive salary equal to one day's wage for the day worked. Is the salary he receives for each of the days worked instead of taking his vacation day RCC or NRCC?

Question 3

- Your teacher's contract states that you will reimburse the employee for the college courses that he or she took as long as the teacher receives a passing grade. Is the salary you pay for college courses reimbursed as RCC or NRCC

Question 4

- Your teacher is on your salary schedule for a Master's degree. The teacher's contract states that for every three credits earned in addition to the Master's degree, the teacher receives \$350. Is the \$350 RCC or NRCC?

Question 5

- Your bus driver's contract gives them the choice to receive health benefits or receive \$1,000 in lieu of the health benefits. If the bus driver takes the payment instead of the benefits, is the \$1,000 RCC or NRCC?

Question 6

- Your school secretary starts her maternity leave after using her accrued sick, personal, and vacation days. After the usage of her sick, personal, and vacation days, she starts an unpaid leave of absence. Her contract states that at the beginning of each school year, she earns vacation and sick days even though she is on a leave of absence. She chooses to receive pay for those newly earned vacation and sick days to supplement her income while on the leave of absence. Is the vacation pay received while on a leave of absence RCC or NRCC?

Question 7

- Your teacher's union accepts a pay freeze; however, if the teacher submits the letter of retirement, then his standard salary schedule is not frozen. Is the salary paid above the frozen salary schedule RCC or NRCC?

Question 8

- Your high school teacher was hurt on the job and is being paid workers' compensation. Is the workers' compensation RCC or NRCC?

Question 9

- Your school employee is granted a Sabbatical Leave. The employee is earning 55% of her contracted salary. Is the portion of the salary not being paid (45% of the contracted salary) RCC or NRCC?

Question 10

- Your school settles an arbitration for a school employee and agrees to pay back wages, interest, and punitive damages. Is the total value of the settlement amount RCC or NRCC?

Question 11

- Your teacher takes a personal day. The collective bargaining agreement states that the regular employee's salary would be adjusted to compensate for the cost of the substitute. Is the reduced salary RCC or NRCC?

Code Definition

- "Compensation." --Pickup contributions plus any remuneration received as a school employee excluding reimbursements for expenses incidental to employment and excluding any bonus, severance payments, any other remuneration or other emolument received by a school employee during his school service which is not based on the standard salary schedule under which he is rendering service, payments for unused sick leave or vacation leave, bonuses or other compensation for attending school seminars and conventions, payments under health and welfare plans based on hours of employment or any other payment or emolument which may be provided for in a collective bargaining agreement which may be determined by the Public School Employees' Retirement Board to be for the purpose of enhancing compensation as a factor in the determination of final average salary, provided, however, that the limitation under *section 401(a)(17) of the Internal Revenue Code of 1986* (Public Law 99-514, 26 U.S.C. § 401(a)(17)) taken into account for the purpose of member contributions, including regular or joint coverage member contributions, regardless of class of service, shall apply to each member who first became a member of the Public School Employees' Retirement System on or after July 1, 1996, and who by reason of such fact is a non-eligible member subject to the application of the provisions of section 8325.1 (relating to annual compensation limit under *IRC § 401(a)(17)*).

Summary

- You are responsible for understanding the Code's definition of compensation, which means whether or not the salary/wages are retirement-covered compensation.
- If in doubt, just ask!
- When PSERS asks you about information reported or not reported to PSERS, the employer has an obligation to answer.

C.A.R.E. Line

- Communicating Anonymously Retirement Errors (CARE) Line
- Toll-free number: 1.888.222.0549
- Local number: 717.720.4602

Conversion to Browser

- A multi-year technology effort to upgrade PSERS' pension administration system from a "client-server based" version to a new, more efficient "browser-based" platform.
- We anticipate the conversion to be completed by spring 2017.
- The file formats you use to report information to PSERS are not changing.

Contact Information

Employer Service Center

- **Address:** 5 N. 5th Street, Harrisburg PA
17101-1905
- **Phone:** 1.866.353.1844
- **Fax:** 717.772.3860
- **General Email:** ContactESC@state.pa.us
- **Website:** www.psers.state.pa.us