

PSERS Employer Bulletin

Volume 1 - 2015

Publication #9227

Inside...

What to Do When an Employee Elects Class T-F

Maximum Earnings Subject to Contributions for 2015

Meet New ESC Regional Office Administrator

Weather Related Closings

& More...

Public School Employees Retirement System

5 N 5th Street
Harrisburg PA 17101

Toll-Free

866.353.1844

Local

717.787.1755

FAX

717.783.8760

Email

ContactESC@pa.gov

Employer Contribution Rate for Fiscal Year 2015-2016

The employer contribution rate for fiscal year 2015-2016 will be 25.84%. The rate applies to salary and wages earned from July 1, 2015, through June 30, 2016. This rate was determined by PSERS' actuary and reflects the rate caps established by Act 120 of 2010. The rate was certified by the PSERS Board of Trustees at its meeting on December 9, 2014.

In addition, the employer contribution rate may change if pension legislation is enacted prior to June 30, 2015. The employer contribution rate for fiscal year 2015-2016 consists of 25% for pension costs and 0.84% for premium assistance payments. The projection for the employer contribution rate for fiscal year 2015-2016, prior to the rate caps being established with Act 120 of 2010 was 33.49%.

Updating Employee Addresses

Did you know that PSERS receives more than 7,500 pieces of returned mail every year due to incorrect member addresses? It is imperative that PSERS has a correct mailing address for all employees for newsletters and other important time-sensitive information that we need to mail. The two most common problems for addresses reported by employers are the following:

1. When entering the new address, it is important to include words such as "Apt," "Suite #," and "c/o." For example: c/o John Smith or Suite 123.
2. It is also important to spell out the label appendix, e.g., "Street", "Road", etc. During the upload process, the system standardizes the last word within the Street Address. If you use the standard U. S. Post Office abbreviation, the system may abbreviate one of the critical identifying words within the street address. This may cause any mail that PSERS attempts to send to the employee to be undeliverable. For example, a member's new street address is 123 Mill Run Road. If you type the entire address as shown, the system will correctly standardize the address as 123 Mill Run Rd. If you type the address as 123 Mill Run Rd, the system will incorrectly standardize the address as 123 Mill Rn Rd.

Employer Service Center Staff

Patrick Graham
Regional Field Administrator
pgraham@pa.gov

Region 1 - Rose Diehl
rosdiehl@pa.gov
*Beaver, Butler, Cameron,
Centre, Clarion, Clearfield,
Clinton, Crawford, Elk, Erie,
Forest, Jefferson, Lawrence,
McKean, Mercer, Potter,
Venango, and Warren
Counties*

Region 2 - Matt Hartman
mahartman@pa.gov
*Bradford, Carbon, Columbia,
Lackawanna, Lehigh, Luzerne,
Lycoming, Monroe, Montour,
Northampton, Northumberland,
Pike, Snyder, Sullivan,
Susquehanna, Tioga, Union,
Wayne, and Wyoming
Counties*

Region 3 - Jonathan Malnick
jmalnick@pa.gov
*Allegheny, Armstrong, Fayette,
Greene, Indiana, Washington,
and Westmoreland Counties*

Region 4 - Carolina Baez
cbaez@pa.gov
*Adams, Bedford, Blair,
Cambria Cumberland,
Dauphin, Franklin, Fulton,
Huntington, Juniata, Mifflin,
Perry, Somerset, and York
Counties*

Region 5 - Michael Chappuis
michappuis@pa.gov
*Berks, Bucks, Lancaster,
Lebanon, Montgomery,
and Schuylkill Counties*

Region 6 - Ellen Harrington
eharrinto@pa.gov
*Chester, Delaware, and
Philadelphia Counties*

What to Do When an Employee Elects Class T-F

PSERS is no longer sending letters to let you know that your employee has elected Class T-F. You will now be notified on the Monday immediately after the T-F election is processed through the Employer Notification CROQ (Change in Member Class/Rate or Obtaining Qualification) report. This report is generated every Monday and can be viewed on the Employer Web under the Account Details menu. The report will only appear if any of your employees had a change to their class, rate, or qualification status in the past week. You should review the report every Monday to verify employee changes to ensure correct reporting to PSERS.

In addition, you will receive an EXCEPTION on your first work report following the T-F election with the message "Warning - Member Elected Class T-F, Update Rate", if the employee contribution listed on the report is less than 10.3%. You should change the employee's membership class to T-F and the contribution rate to 10.3% as soon as you become aware of the change. If you already ran the first payroll for the current month, you should withhold enough contributions on the next pay so that the total contributions for the month equal 10.3%.

Approximately two months after the T-F election is processed, PSERS will bill the member for the difference between what

was reported by the employer and what the total contributions should be. If you are withholding less than the 10.3% rate after the T-F bill is generated and sent to the member, you will receive an INVALID record on your work report. You will need to correct the contribution amount on your work report and withhold additional contributions from the employee's next pay. When the work report with the extra contributions is uploaded, you should also change the amount on that report to match the 10.3%.

To sum it up, it is beneficial to begin withholding the correct contributions for members who choose T-F membership prior to receiving an EXCEPTION on your work report. If you wait to change the contribution rate until after receiving an INVALID message, you will be responsible for collecting 10.3% on those wages and everything reported after that. Please contact your ESC Representative if you have additional questions about this process.

For more information on the "shared risk" program and contribution rates, please refer to the Update on Shared Risk article published in the *Employer Bulletin Volume 5 – 2014*. Past issues of the *Employer Bulletin* are found on the PSERS website under Employers, Employer Bulletin.

Maximum Earnings Subject to Contributions for 2015

Section 401(a)(17) of the Internal Revenue Code of the IRS limits the amount of compensation that is subject to retirement contributions for active employees entering PSERS membership on or after July 1, 1996. **The calendar year reportable compensation limit for 2015 is \$265,000.**

For members who were first enrolled in PSERS prior to July 1, 1996, compensation is not subject to the compensation limits of IRC Section 401(a)(17). For these members, compensation for a fiscal year equals Qualified Salary/Wages for such fiscal year.

Weather Related Closings

As winter approaches, inclement weather or other events may result in a delay or closure of Commonwealth Offices under the Governor's jurisdiction. PSERS is considered to be under the Governor's jurisdiction for this type of event. If agencies under the Governor's jurisdiction in the Harrisburg area and/or Capitol Complex area are closed or experiencing a delayed opening due to inclement weather or other authorized reasons, then PSERS will be closed or delayed for that day. News of closures and delays are announced online at www.pa.gov.

PSERS thanks you for your understanding during inclement weather season. Feel free to leave a voicemail message or send an email to your ESC Representative and they will respond to you as soon as possible.

Meet New ESC Regional Office Administrator Patrick Graham

Patrick Graham began his career with the Commonwealth of Pennsylvania in 2001. He joined PSERS as the Regional Office Administrator for the Employer Service Center on July 21, 2014. He holds a Bachelor of Science degree from Pennsylvania State University and has management experience in both the private and public sectors. He is an avid traveler and loves going on cruises. Patrick currently resides in Harrisburg, Pennsylvania.

PSERS Comprehensive Annual Report Now Available

The PSERS *Comprehensive Annual Financial Report* (CAFR) for fiscal year ending June 30, 2014, is available on the PSERS website under Publications, Financial Reports. The CAFR is PSERS' signature financial publication which provides readers with a variety of information concerning the financial, investment, and actuarial aspects of PSERS. If you need to receive the CAFR in hard copy or CD, you can email ContactPSERS@pa.gov or call toll-free at 1.888.773.7748.

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.

GASB Series – PSERS-Provided Schedules

Comprehensive Annual Financial Report

PSERS' Comprehensive Annual Financial Report (CAFR) will be the chief information source for PSERS employers to implement GASB 68. Employers will utilize PSERS' June 30, 2014 CAFR for their June 30, 2015 or December 31, 2015 financial statements for initial implementation.

Notes to Financial Statements

Beginning on page 58 of the June 30, 2014 CAFR is Footnote 6: Net Pension Liability of Participating Employers (NPL). Footnote 6 provides information that employers will need to include in their financial statements. The NPL calculation, actuarial assumptions, information about investments, discount rate, and sensitivity of the net pension liability are all included in Footnote 6.

Required Supplementary Information

The Required Supplementary Schedules 1 – 4 beginning on page 60 of the CAFR will also be necessary for employers to implement GASB 68. These schedules include the Changes in the Employer Net Pension Liability, Employer Contributions, and Investment Returns. As set forth in GASB 67, these schedules will build to a 10-year presentation.

AICPA-Recommended Schedules

In February 2014, the American Institute of CPAs (AICPA) recommended that pension plans provide two additional schedules to further assist employers and employer auditors in implementing GASB 68. PSERS will be providing both schedules on the PSERS website.

The Schedule of Employer Allocations

The Schedule of Employer Pension Amounts will detail each PSERS-participating employer's proportionate share as described in the previous GASB Series article. This allocation will be based on one-year covered payroll.

The Schedule of Pension Amounts by Employer

The Schedule of Pension Amounts by Employer will detail each line item the employer will have to account for including the NPL, Deferred Outflows of Resources, Deferred Inflows of Resources, and Pension Expense. In order to complete this Schedule, PSERS will need employer-specific data; most of which PSERS collects. One item that will be necessary to complete this schedule that is not currently collected by PSERS is the employer contributions to PSERS as recorded in the employer financial statements. PSERS intends to rely on the Annual Financial Report (AFR) for the majority of the employers. Employers that are not required to submit the AFR will be requested to provide that information. The AICPA Whitepaper detailing these schedules can be found in the GASB 67 & 68 link on the PSERS website under Employers, Employerpedia (Employer Resources).