

PSERS Employer Bulletin

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Inside...

Employer
Contribution Rate
for FY 2024-25



Shared Risk/Shared
Gain Contribution
Rate for
FY 2024-25



PSERS Board
Election Results

& More

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Message from PSERS' Executive Director

On behalf of the Public School Employees' Retirement System (PSERS) and PSERS Board of Trustees, I want to wish you and yours a very happy and healthy New Year.

I would also like to share with you that the fund is on a healthy trajectory towards a fully funded status. We are encouraged by the positive progress of our funded ratio, which for the 6th consecutive year has improved rising from 61.6% to 63.6% over the last 12 months. This progress towards a fully funded status is due in large part to strong employer payroll growth and the financial commitment of Governor Shapiro, the General Assembly, and school boards through continued payment of the actuarially required funding. Being fully funded helps provide our members with the promised benefits to which they are entitled, in the most cost-effective way.

Beginning in July, 116,851 public school employees who first began their careers on or after July 1, 2011, will pay 0.5% or 0.75% less for their retirement benefits, marking a welcomed return to their base member contribution rate. This reduction was caused by net investment returns over the past 10 years exceeding a statutory threshold in the calculation of the Shared Risk/Shared Gain Contribution Rate.

Delivering positive outcomes for our members is at the core of what we do at PSERS, and in furtherance of that goal, the PSERS Board recently adopted an all-new strategic plan framework for the agency. This plan represents months of hard work by both members of the Board and staff to better define and map out the work that we are committed to doing, each and every day.

To ensure that PSERS' strategic plan was created with a sense of purpose and built upon a strong foundation, we revisited and ultimately revised PSERS' mission, vision, and values statements. These changes reflect our continued dedication to partner with members, employers, employees, and other stakeholders to provide a secure retirement benefit that will be there for members when they need it.

Our Mission

To be a partner with
our members to fulfill
the promise of a secure
retirement.

Our Vision

To be a trusted
partner in delivering
exceptional retirement
services and benefits.

Our Values

Public accountability and transparency

We are committed to holding ourselves to the highest standards of ethics and accountability and believe that openness and honesty are fundamental to PSERS' success.

Staff growth and development

We are committed to cultivating a human-centered organizational culture and developing team-member competencies to meet the needs of today and tomorrow.

Exceptional levels of service

We are committed to continuous improvement and exploring innovative ways to increase productivity and enhance the customer experience.

Respect for our members, stakeholders, and staff

We are committed to creating an organizational culture that fosters diversity, equity, and inclusion where everyone receives fair treatment and civility.

Stewardship of resources and investments

We are committed to prudently investing the assets and effectively managing the resources entrusted to our care.

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The Board also identified six strategic priorities:

- Enhance member satisfaction throughout the customer experience.
- Enhance comprehensive and transparent financial reporting and forecasting.
- Develop the organizational culture and staff/leadership competencies to meet the demands of the future.
- Implement a robust enterprise risk management program.
- Enhance communications, collaboration, and the education of all critical stakeholders.
- Align all organizational units and functions with PSERS' strategic priorities.

These strategic priorities are supported by 25 initiatives, many of which are either already under way or will begin soon. These clear priorities and initiatives provide the focus we need to efficiently work together on the right things at the right time.

We are all excited to embark on this journey over the next few years. We know it will be challenging at times, but we are confident that we have the right staff, leaders, and high-level plans in place to achieve what is laid before us.

[PSERS strategic plan](#) is available on our website www.psers.pa.gov.



Respectfully

A handwritten signature in black ink, appearing to read "Terrill J. Sanchez", written in a cursive style.

Terrill (Terri) J. Sanchez
PSERS' Executive Director

Employer Contribution Rate for FY 2024-25

The employer contribution rate for fiscal year 2024-2025 will be 33.9%, a decrease from the current fiscal year rate of 34.00%. The rate applies to salary and wages earned from July 1, 2024 through June 30, 2025. The rate was determined by PSERS' actuary and certified by the PSERS Board of Trustees at its meeting on December 15, 2023. A link to the Press Release can be found here: [Press Release](#)

The employer contribution rate for fiscal year 2024-2025 consists of 32.92% for pension costs, 0.63% for premium assistance payments, and 0.35% for defined contribution costs. The defined contribution (DC) rate is an estimated average. The actual employer DC contribution rate will be based on each employer's Class T-G, Class T-H, and Class DC-only membership. Of the 33.9% employer contribution rate, 27.24% represents payment toward the unfunded liability.

A link to the FY 2024-2025 Employer Contribution Rate Fact Sheet can be found here: [Pension Rate Fact Sheet](#).

The certification marks the ninth consecutive year the employer rate will provide the full actuarially required contributions, which are necessary to pay down the System's long-term pension debt. That debt payment makes up more than 80% of the newly certified employer contribution rate. The debt was the result of years of suppressed employer contributions, unfunded benefit enhancements and two major market downturns since 2000.

Shared Risk/Shared Gain Contribution Rate for FY 2024-25

At its December meeting, the PSERS Board certified the member contribution rates for Class T-E, Class T-F, Class T-G, and Class T-H members effective from July 1, 2024 to June 30, 2027.

Because PSERS investment performance exceeded the target range for the ten-year evaluation period ending June 30, 2023, the Defined Benefit (DB) member contribution rates will **decrease** by 0.50% or 0.75%, depending on a member's membership class within PSERS (see chart below) until the next evaluation period in three years. This decrease will bring the rate back to the base rate for these membership classes.

Class	Current DB Contribution Rate	Shared Risk/ Shared Gain Rate Decrease	Total DB Contribution Rate Starting July 1, 2024
Class T-E	8.00%	-0.50%	7.50%
Class T-F	10.80%	-0.50%	10.30%
Class T-G*	6.25%	-0.75%	5.50%
Class T-H**	5.25%	-0.75%	4.50%

*+2.75% DC Contribution Rate; **+3.00% DC Contribution Rate

About Shared Risk/Shared Gain Contribution Rate: Class T-E, Class T-F, Class T-G, and Class T-H Members with a Shared Risk/Shared Gain Contribution Rate can benefit when PSERS investments are doing well but share some of the risk when PSERS investments underperform. Investment performance is evaluated once every three years. Depending on performance, the DB contribution rate may increase or decrease by a specified, statutory increment.

PSERS Board Election Results

Dr. Pamela R. Brown and Mr. Eric O. DiTullio were elected to serve as Trustees of the Pennsylvania Public School Employees' Retirement Board beginning January 1, 2024.

As the only qualified candidate who submitted a nomination petition for the Active Certified seat, Dr. Brown was elected by acclamation at the October 20, 2023, Board meeting. Dr. Brown is an Instructional Support Teacher in the Oxford Area School District and previously worked in corporate accounting and executive management. Her three-year term will run from January 1, 2024, to December 31, 2026.

As the only qualified candidate who submitted a nomination petition for the School Board of Directors seat, Mr. DiTullio was elected by acclamation at the October 20, 2023, Board meeting. Mr. DiTullio is on the Seneca Valley School Board and serves on the Midwestern Intermediate Unit IV Board. This will be his third term on PSERS Board. The new three-year term will run from January 1, 2024, to December 31, 2026.

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Contacting Voya Financial ®

Voya is the third-party administrator for the School Employees' Defined Contribution Plan (DC Plan) and serves PSERS members with a Defined Contribution component to their pension plan. As the contracted recordkeeper, Voya performs all administrative, recordkeeping, account, and reporting functions for the DC Plan. Employers should contact Voya for assistance with their DC Plan Reporting.

Voya Employer Help Line

1.877.806.5652

Operating Hours: 9:00 a.m. to 5:00 p.m. ET Monday - Friday

The Employer Help Line can:

- Answer general questions about work orders and the Voya PayCloud
- Assist an employer with submitting a work order in the Voya PayCloud.
- Delete work orders that have not posted.
- Assist an employer with submitting a manual negative contribution file to Voya's payroll team.
- Assist an employer with corrections to payrolls in the event of an outage or that a work order that was not deleted as requested.

Voya Dedicated PSERS Payroll Email Inbox

ID-PSERSS@voya.com

Reference your work order ID and 4-digit Employer Code in the subject line. Emails to the Dedicated PSERS Payroll Email Inbox are sent an automatic reply that a response will be provided within 24 hours. The Dedicated PSERS Payroll Email Inbox can provide detailed information or research regarding the funding or posting of prior payrolls.

Importance of Using Proper Leave Codes

When a member goes on leave, it is essential to enter the correct leave code. Incorrect reporting may negatively affect a member's retirement benefit, especially if the member wants to purchase their service.

Specific contract records are to be used when a member is on a leave of absence for activated military service or a leave approved by the employer's board such as a sabbatical leave, service as an exchange teacher, service with a collective bargaining organization, professional study.

Example:

A member is approved and placed on a Health Restoration Sabbatical. The employer did not review the requirements for a Sabbatical leave before using that leave code. The member only has three years of service with the employer and is therefore ineligible to be granted a Sabbatical leave. The member continues employment with the employer for 10 more years until retirement age. Unfortunately, when the member's account is reviewed, the Sabbatical leave is removed from the member's service because the member was ineligible at the time of approval. Had the employer entered a Special Sick Leave instead of a Sabbatical leave, the member would have been able to maintain their service. It is the employer's responsibility to ensure they are accurately entering leave codes. If an employer has a question on leave codes, they should consult the Employer's Reference Manual and/or ask their ESC Representative for guidance.

For more information on Leaves of Absence, refer to PSERS *Employer Reference Manual*.

How to Know if Your Employees Elect After-Tax Contributions

PSERS members in Class T-G, Class T-H, and Class DC can elect to make voluntary after-tax contributions (ATC) to the Defined Contribution (DC) component of their benefit. Participants elect ATC as a percentage directly with Voya. Employers are notified to begin withholding this percentage on the CROQ Report, and will also be notified on the CROQ report if the percentage changes.

But, if a member who already has an existing ATC percentage on file is hired at your district, you will not see this on the CROQ Report because no new action has taken place.

It is the employer's responsibility to withhold these additional contributions after all other deductions are satisfied and report them to Voya on your DC work order files. Employers can view an employee's after-tax by viewing their contract record on the Roster page in ESS, or by sorting a submitted work report on the Work Reports page. The easiest place for employers to see a full listing of their employees' after-tax contribution percentage is on a SUBMITTED work report. There is a column on the far right that shows if a percentage is on file for each member on the report. Using the sort feature, locate the ATC column and sort on the "After Tax Def %" column. Members with an after-tax contribution percentage and the required percentage will display the top of the file. This information may then be cross referenced and or added in the employer's payroll system to ensure all employees with ATC are having their deductions withheld and reported. Please reach out to your ESC Representative if you need any assistance.

Enroll Dt	Mem Class	DB Contrib Rt	DC Contrib Rt	After Tax Def %	W/hold Notif
05/16/2022	TG	6.25%	2.75%	5.00%	05012022
04/06/2022	TG	6.25%	2.75%	3.00%	04012022
03/05/2020	TG	6.25%	2.75%	1.00%	03012020
09/26/2019	TG	6.25%	2.75%	0.00%	09012019

Employer School Year Approval Process Reminder

School employers can seek approval to hire a PSERS retiree under the School Year Approval Process when experiencing shortages of personnel. Under this process, an employer submits a request to PSERS confirming the process they use that would establish a shortage of personnel for a position, e.g. substitutes, transportation drivers, or cafeteria workers. For example, a school employer can establish a shortage of day-to-day substitute teachers by confirming their process of first exhausting the list of those who are not PSERS retirees before using the list of those who are PSERS retirees. For your convenience, PSERS offers a template letter on its public website for employers to use.

Once the process is approved by PSERS, the employer does not need to report PSERS retirees, who are hired to fill those positions, provided the certified process is followed throughout the entire school year. **PSERS approval of the employer's process to establish a shortage of personnel should provide assurance to PSERS retirees that their pension will not be impacted should they return in a position that is approved under the School Year Approval Process.** PSERS retirees should check the lists published on PSERS website to see if their local school has been approved under the School Year Approval Process and for which positions.