PSERS Employer Bulletin

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

The Importance of Timing When Adding New Hire Demographic/Contract Record Files

Member Demographic and Contract Records must be submitted prior to your employee's start date to avoid late reporting with the Defined Contribution (DC) component of the new membership classes.

TIMING is essential in the DC world of reporting. Full-time (hourly, per diem and salaried), as well as part-time salaried employees immediately qualify for membership and both Defined Benefit(DB) and DC contributions are required from the first payroll. Waiting to enroll new PSERS members will delay your ability to report for them and may trigger a "Participant Not Found" error in Voya PayCloud. Late reporting of DC contributions may result in the employer paying any lost participant earnings.

*Example: Employer A hires a part-time hourly employee on August 19th. The employee needs to reach 500 hours to qualify, so DC contributions are correctly not withheld. The same employee is also hired by Employer B as a part-time salaried employee. Employer B does not submit the part-time salaried contract until December when Employer B is ready to begin paying this same employee. This contract has a retroactive start date of August 19th. The new **delayed** salaried record makes the employee qualified as of the first day of work for both employers. Employer B is Ok because they know the salaried part time employee qualified from day one but, now Employer A is tasked with recouping and reporting DC contributions for their missed period of time. All because Employer B waited to enter their demographic and contract records.*

It is important to enter the correct start date for all employees. The start date is not the date an employee is hired or paid. Rather the correct start date is the first day of work performed in the position for which they were hired. When entering a contract record, be sure to know the actual start date of an employee, especially part time employees as it may affect their ability to elect a new membership class or waive membership.

Example: Employer A hires a part time salaried extra-curricular employee in August for an activity that will not start until January of the next school year. If the Employer adds the new hire contract with a start date of August instead of January when the employee will begin to work, a membership packet will be sent to the employee based on the contract start date which would be an incorrect date of qualification. The employee does not qualify for membership until their first day of work. This could cause the employee to miss their 90-day window to elect a membership class or to waive membership.

Year-end Reminders

Service days are required for salaried employees when completing your PSERS June work report: If service days for the fiscal year are not included, this will display a validation error on your work report for each record where it is missing. Please ensure that year end service is included in your file for **all** salaried employees before uploading the report.

*Remember, if an employee terminated mid-year and you did not report their service with their final work report, they too will need to have service reported at year end. This will need to be completed using a "service" reason code adjustment.

*If you had a part time salaried extracurricular employee who did not also work a Full Time position with you, and you did not report their service when you reported their wages and they are not included on your June Work Report, these employees will need to have their service reported with a "service" reason code adjustment.

Termination Records: Entering the correct termination date is a key element for PSERS to timely process retirement benefits for your retirees. The termination date for active members should represent the last day worked or the last day of active service. A benefit cannot be calculated or processed without a termination record. When PSERS receives a retirement application for a member at any time before the employer has entered a termination record, a letter is system-generated and sent to the employer requesting a contract record be submitted. If the employee has not advised the employer of their intent to retire or terminate, the employer may ignore this request until the employee notifies the employer of their intent. The employer will receive a copy of the letter each month until the termination contract is entered.

It is important for employers to know PSERS prioritizes accounts based on the termination date entered by employers and timely work report submissions. This ensures timely benefits to all retirees. Termination contract records should be entered only if an employer is sure of the last date of work for the terminating employee, including any summer part-time employment or hourly supplemental work, and only when the final payroll date of the employee is known.

- Using the Balance of Contract (BOC) and Service (Svc) Flags enables the employer to enter a termination contract up to 90 days before the last work report for the employee is submitted. It is highly recommended to enter the termination contract as close to the last day of work as possible to ensure all dates are accurate because employers cannot change dates once they have been entered. Termination and Deceased contracts are the only contract records where the employer should complete the BOC Flag, BOC Svc Report and Service flag fields.

(Year-end Reminders...continued)

- If a work report will be submitted for the month following the termination date, the BOC Flag should be set to "Yes". This will indicate that reporting will continue beyond the month of termination. If the BOC flag is set to "Yes", you will be prompted to enter the month of the work report that the employee's final pay will be reported. This date should be entered as the last date of that month.

  Example: *If July will be the last reporting month for an employee, who terminated in June, the BOC flag would be set to "Y" and the date 7/31/2025 would be entered. This allows the employer to report wages under the Termination work status until the July work report. If the employer tries to report wages on the August work report, a hard stop error will occur.*

- If all wages and service, **including any wages from extracurricular positions or part time earnings**, will be reported to PSERS <u>within the same month as termination</u>, the BOC flag can remain as "No" and there is no need to enter a date. PSERS technicians will know all reporting is completed with the monthly report of the term date.

Why are termination dates important? When a member applies for a retirement benefit within 90 days of terminating, their effective date of retirement will be retroactive to the day after their termination date provided by the employer.

Example: *If the last day of work for an employee was June 6th but the employer submitted a termination contract with a start date of June 30th, the member would not be eligible to begin receiving a pension benefit until July 1, essentially missing out on 24 days of pension benefits.*

If you believe than an incorrect termination date has been entered for one of your employees, please contact your ESC Representative.

Is there ever an occasion where a date other than the last day of active service would be used? YES! The employee and the employer may agree on a future date for the termination date to allow the employee to reach a milestone (ex. 62/65/67 birthday -- depending on membership class). In these instances, the employer would insert a LEAVEN record starting the day after the last day of active service and a termination contract will be entered with the agreed upon date as the start date for the termination contract record.

Example: *If an employee will turn 65 on July 16th of this year, but the last day of school is June10th and the employee would like to retire at full retirement age of 65 years. The employer may agree to enter a LEAVEN contract record with a start date of June11th and an end date of July 16th. The Termination Record will then be entered with a start date of July 16th and BOC flag set according to remaining pay, if any.*

2025 Workshop Available Online

Thank you for attending PSERS Employer Spring Workshop!

The presentation, handouts, and a recording of the presentation are available on PSERS' website under "Employer Resources."

In total, we had **469** attend our in-person workshops and **103** attend the virtual workshop this year.

If you have questions related to the presentation or would like training on a specific topic please reach out to your ESC representative. We also appreciate your suggestions for future workshop topics. Your feedback helps us better develop future workshops.
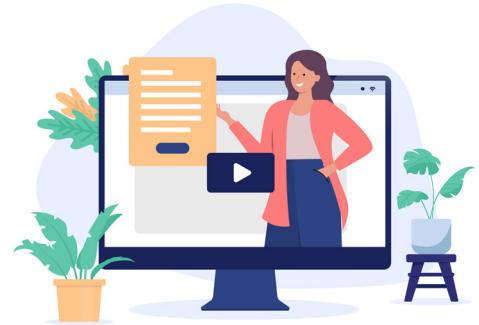
ESS System Enhancement

PSERS and ESC would like to thank all of you for your patience and understanding while the PSERS systems were down for maintenance. If you are experiencing any unusual issues with ESS, and have not already reported it, please inform your ESC Rep so we can investigate and get it resolved.

During the maintenance, an additional page was added to ESS. The new ESS Users Page will help employers determine who in their office has access to the PSERS ESS portal.

It is strongly recommended that employers have at least three different staff members with access to ESS at all times to avoid situations where the only staff member with access is suddenly unavailable.

The new page is different from the Employer Information page, which displays Contacts, whether or not they have access to ESS. Any users that have ESS access or will need ESS access will need to have an active contact role assigned under the Employer Info page. If you need to add or remove access for any of your staff, a PSERS Employer Security Administrator Authorization form will need to be submitted to PSERS. It can also be found by clicking on the user's name on the ESS Users page. You can fax the access form to the number listed or email it to your ESC Rep. Additionally, check the Voya box as well if you believe the staff has or needs Voya access.

May Member Contribution Delinquency Interest Charge Email from Employer Accounting

If you have a May Member Contribution Delinquency Interest Charge due to PSERS, you would have received an email from Employer Accounting. Because delinquency interest calculations were delayed until 6/1, this delinquency interest charge is not visible on the May 2025 Member Statement of Accounts.

To see your delinquency interest charge, please log into ESS and view the Transaction Page which will automatically filter for any transactions that have remaining credit or debt. Review the Mbr Due Date column to find the past due transaction(s). You must log into ESS to see the delinquency interest charge since these charges will not appear on your May Member Statement of Account.

If you have questions, please contact PSERS' Delinquency section at RA-PSERSDELINQUENCY@pa.gov or reply to this email. When replying to PSERS, please include your employer number in the subject line.

Retiree Board Member Election

Incumbent Susan C. Lemmo was re-elected to serve a new 3-year term as Trustee of the Pennsylvania Public School Employees' Retirement Board, representing PSERS retirees (annuitants and Class DC participants receiving distributions).

Lemmo, a Clearfield resident, ran unopposed for her seat and was re-elected by acclamation at a public meeting of the Board on Friday, June 13. Lemmo's new term begins on Jan. 1, 2026, and ends on Dec. 31, 2028.

This will be Lemmo's second term representing PSERS retirees. Prior to retiring from a 32-year career as an art teacher in the Curwensville Area School District, Lemmo served three terms (2014-2022) on the PSERS Board, representing active certified members and participants. During that time, she earned the Certified Public Pension Trustee accreditation from the Pennsylvania Association of Public Employee Retirement Systems. She currently serves on the Executive Committee of the National Council on Teacher Retirement.

"I am grateful for the continued trust and support from PSERS retired members to serve this Board," Lemmo said. "I endeavor to continue doing my best as a fiduciary representing retirees and working in support of PSERS' mission, 'to be a partner with our members to fulfill the promise of a secure retirement.'"