



Employers' Reference Manual – Chapter 13

Public School Employees' Retirement System

5 N. 5th Street
Harrisburg PA 17101-1905
Phone 1.866.353.1844
Fax 717.772.3860
Email ContactESC@state.pa.us
www.psers.state.pa.us

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Chapter 13

Refund of Employer Retirement Contributions

If you paid employer retirement contributions on your school employee's salary/wages and it is determined that the wages did not qualify as retirement covered compensation, you will be credited for the employer retirement contributions you paid. There are three primary occasions when this happens:

- You withheld retirement contributions from the first day of employment for a part-time hourly or per diem employee who does not qualify for PSERS membership.
- You report salary for an employee and PSERS determines the wages did not qualify as retirement-covered compensation (See Chapter 8: Reporting – *Retirement Covered Compensation*).
- You report salary (whether actually paid or not) for an employee who is on a contributing leave, and the school employee does not meet the conditions stated in the School Code to retain the retirement credit.

Note: Under certain circumstances, the school board does have the right to waive an employee's return to employment after taking a contributing leave (see Chapter 10: Reporting – Leave of Absences for more information and reporting instructions). In these cases, the contributions from the leave will not be credited to you or refunded to the employee. PSERS will include the contributions as part of the benefit calculation at retirement time.

In these situations, you are eligible to receive credit for any Employer Contributions you paid to PSERS. The employee is also eligible to receive a refund of any Member Contributions paid on this reported salary.

Credit for Employer Contributions for Part-Time Employees

If a part-time hourly or per diem employee does not qualify for PSERS membership in a school year, you are eligible to receive credit for the Employer Contributions you paid for this employee. Each fiscal year, PSERS processes this credit automatically after the reporting for the school year is completed, usually in the month of February.

PSERS will refund the Employer Contributions you paid for these employees automatically.

- PSERS will post the credit to your account after the final monthly Work Report of the fiscal (school) year is submitted and processed. This credit will typically occur in late January or early February.

- If an employee works for multiple school employers, PSERS will wait until the final monthly Work Reports of the fiscal (school) year for all of the employers have been submitted and processed before issuing any credits for that employee's contributions.
- PSER will issue a credit for the contributions paid on all salary (i.e., Base, Overtime, Supplemental, and Unpaid Retirement Covered Compensation, if applicable) that you reported in this employee's monthly Work Report Records and Work Report Adjustment Records. The Wages No Contributions, Excess Salary, and the Non Retirement Covered Compensation fields are not included in the credit process, because no contributions are paid on salary entered into these fields.
- If you do not receive a credit when you feel you should, contact PSERS as described in Chapter 19: *Contacting PSERS*.
- If the employee fails to qualify for membership within the school year, PSERS will automatically issue a refund to the employee in the same process in which the credit is posted to your account.
- To receive a credit for Employer Contributions paid for a part-time employee in a fiscal year prior to fiscal (school) 2004-2005, contact PSERS as described in Chapter 19: *Contacting PSERS*. Prior to fiscal (school) year 2004-2005, the employer and the school employee had to request the refund for the non-qualifying contributions.

Example: A new employee works part-time for three school employers during the 2013-2014 school year. Each employer includes the employee in their monthly Work Reports with one employer choosing to withhold contributions from the first day of employment. The employee works 20 days and 200 hours total service among all the employers during the entire school year. These combined values do not qualify the employee for membership in PSERS for the 2013-2014 school year. After all three employers have submitted and processed their Work Reports for August 2014, PSERS determines that the employee did not qualify for membership the fiscal year. For the employer who withheld contributions from the first day of employment, PSERS credits the employer's contributions for this employee back to their account and send a refund check to the school employee for the Member (Employee) Contributions you remitted to PSERS on their behalf. The employer is not responsible for refunding the Member (Employee) Contributions to the school employee.

Credit for Employer Contributions During a Paid Leave of Absence (Approved Leave of Absence – Employer Verification (PSRS-709A))

You are eligible to receive a credit for Employee and Employer Contributions you paid for an employee on leave under certain circumstances.

BOTH of the following must be true:

- The employee was on an Approved Leave of Absence (i.e., Work Status for the leave type ends in "C").

- You reported this employee’s salary, contributions, and service units (days and/or hours) to PSERS. See Chapter 10: *Reporting – Leaves of Absence* for more information about Approved Leave of Absences.

ONE of the following must also be true:

- The employee did not return from the approved leave of absence.
 - If the member terminated employment, submit a Member Contract Record with Work Status set to “TRMNTN – Termination” and Work Status Start Date set to the date the employee should have returned and didn’t.
 - If the member began an unpaid, non-contributing leave of absence, submit a Member Contract Record with Work Status set to “LEAVEN – any other type of Leave”
 - If the member voluntarily extended the leave of absence, submit a Member Contract Record with Work Status set to “LEAVEN – any other type of Leave”
- The employee returned from the leave but did not remain in your employ for one school term (180 days) immediately following the approved leave of absence. The approved leave of absence will be prorated based on the percentage of a school term (180 days) the member returns after the leave of absence.

Example: Member is granted a Sabbatical Leave.

- Sabbatical Leave for 90 days.
- Salary the member would have earned \$25,000 (\$12,500 reported in Base and another \$12,500 reported in URCC for the half year of Sabbatical).
- Contributions the member contributed \$1,875

The member returns to school service immediately following the leave, but the member only works 100 days instead of the required 180 days. The member will receive 56 percent of the 90 days (i.e., 50 days) and of the salary/contributions reported (i.e., \$14,000/\$1,050). The employer will receive credit for the 44 percent of the \$11,000 salary removed from the member’s account.

You **may not be able** to receive a credit for Employer Contributions you paid for an employee on an activated military leave. Refer Chapter 10: *Reporting – Leaves of Absence* for more information.

Complete the *Approved Leave of Absence – Employer Verification (PSRS-709A)* shown below. You will not receive a check for any contributions that are being refunded. Instead, a credit for the Employer Contributions and the Member (Employee) Contributions will be posted to your accounts with PSERS. It is your responsibility to refund the school employee the Member (Employee) Contributions. PSERS will not send a check to the school employee.

Commonwealth of Pennsylvania - Public School Employees' Retirement System 5 N 5th Street Harrisburg PA 17101-1905 Toll-free: 1.888.773.7748 www.psers.state.pa.us Fax: 717.772.3860 PSRS-709A (08/2014)	Doc Type 2060 Approved Leave of Absence – Employer Verification Mail Center						
<p>This form is used to confirm a member's leave of absence information and to determine a member's eligibility to retain service, salary, and contributions reported during an Approved Leave of Absence (as defined by the Retirement Code). Some Approved Leaves of Absence require the member to return to school employment for a specific length of time immediately following the leave of absence.</p> <p>Before any adjustments are posted to credit the member's account, PSERS must confirm the leave of absence information to determine whether the requirement to return from leave was met. If the return from leave requirement was not met, the member's service, salary, and contributions will be reduced on a day-for-day basis (does not apply to Sabbatical Leave.)</p> <p>Please return this form via fax (717.772.3860), Attention: PSERS; or mail it to the above address.</p>							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">PART A <i>(submit one form per member)</i></td> </tr> <tr> <td style="padding: 2px;">Member's Name <i>(please print)</i></td> </tr> <tr> <td style="padding: 2px;">SS#</td> </tr> </table>	PART A <i>(submit one form per member)</i>	Member's Name <i>(please print)</i>	SS#	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">PART B</td> </tr> <tr> <td style="padding: 2px;">Leave Start Date</td> </tr> <tr> <td style="padding: 2px;">Leave End Date</td> </tr> </table>	PART B	Leave Start Date	Leave End Date
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SS#							
PART B							
Leave Start Date							
Leave End Date							
<p>Type of Leave of Absence</p> <p>You must indicate the type of leave of absence by completing one of the following sections: Section C, Section D, Section E, or Section F. Once you indicate the type of leave of absence, complete section G, "Employer Certification."</p>							
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Approved Leave of Absence – Employer Verification (PSRS-709A) page 1

Member's SS# <input style="width: 20px; height: 15px;" type="text"/> - <input style="width: 20px; height: 15px;" type="text"/> - <input style="width: 20px; height: 15px;" type="text"/>						
PART E – Leaves of Absence with a return requirement that may not be waived						
<p>Indicate leave type:</p> <p><input type="checkbox"/> Activated Military Leave</p> <p><input type="checkbox"/> Sabbatical Leave (<i>Prorated service credit retained by the member is based on a full school term, not a day-for-day basis</i>).</p> <p><input type="checkbox"/> Uniformed Services Employment and Reemployment Rights of 1994 (USERRA) Leave</p> <p>Did member return from Leave? (<i>check only one</i>)</p> <p><input type="checkbox"/> Yes Date returned _____</p> <p>Report the number of days and/or hours the member would have worked for the School Year of the Leave of Absence.</p> <p>School Year of Leave: _____ days worked and/or _____ hours worked</p> <p>Report the number of days and/or hours the member worked immediately <i>following</i> the leave.</p> <p>School Year following Leave: _____ days worked and/or _____ hours worked</p> <p><input type="checkbox"/> No, member did not return from leave. Explain the situation:</p> <p>_____</p>						
PART F – Any Other Leave Not Listed						
Please indicate below:						

PART G – Employer Certification						
<p>Your signature on this form authorizes PSERS to make the required adjustments to the member's record on your behalf according to the information you provide.</p> <p>I certify that the provided information:</p> <ul style="list-style-type: none"> ● Is accurate. ● Was extracted from Board Minutes or from other credible sources of information. ● Is available for examination upon request. 						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 2px;">Authorized Signature of Employer</td> <td style="width: 20%; padding: 2px;">Employer Number</td> <td style="width: 30%; padding: 2px;">Employer Phone Number</td> </tr> <tr> <td style="padding: 2px;">Print Name and Title</td> <td colspan="2" style="padding: 2px;">Date Signed</td> </tr> </table>	Authorized Signature of Employer	Employer Number	Employer Phone Number	Print Name and Title	Date Signed	
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Approved Leave of Absence – Employer Verification (PSRS-709A) page 2

- PSERS will issue a credit for salary reported in Base, Overtime, Supplemental, and Unpaid Retirement Covered Compensation fields of the monthly Work Reports and Work Report Adjustments you submit during the employee's leave.
- You will also receive a credit for all Member (Employee) Contributions that were paid during the leave. You are responsible for refunding these to the employee.
- PSERS will remove the school employee's service units reported for the employee during the leave from the employee's account.

Credit for Employer Contributions When PSERS Determines the Salary was not Retirement Covered Compensation

If PSERS suspects the salary/wages you reported for a school employee is not retirement covered compensation, PSERS will contact you regarding the situation. You, the employer, will have an opportunity to explain and provide supporting documentation. PSERS will make the determination based on the information. If it is determined that the salary/wages are not retirement covered compensation, then a Work Report Adjustment will be posted to the account to reverse the reported information. PSERS will credit both the Member (Employee) and the Employer contributions to your PSERS account. You are responsible for refunding the Member (Employee) contributions directly to your school employee.