

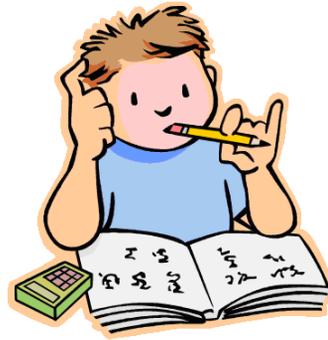
2019 Spring Workshop

PRESENTED BY PSERS EMPLOYER SERVICE CENTER

APRIL-MAY 2019

Welcome!

- ▶ Take notes and ask questions!
- ▶ Please minimize cell phone distractions
- ▶ Venue layout
 - ▶ Emergency routes
 - ▶ Restrooms
- ▶ Details matter!
 - ▶ Update ESS contacts
 - ▶ Software provider changes



(Notes to speaker):

Welcome audience and review ground rules on slide.

Introduce yourself as the presenter, as well as other PSERS or Voya staff who are in attendance for the session.

Intermission will be about 1 hour into presentation, which is expected to run about 2-2 ½ hours

Today's Topics

- **Plan Overview of Class T-G, Class T-H, & Class DC**
- **Class Election Details**
- **Reporting Timeline**
- **Business Office Responsibilities**
- **PSERS/Voya Partnership**
- **Training and Resources**

Purpose of this Training



1. Identify impact of Act 5 legislation
2. Learn about the three new membership classes
3. Understand how the Class Election processes will work
4. Identify process changes and how information will be used differently
5. Meet Voya!
6. Learn how you can prepare and plan ahead

What is not impacted by Act 5?

- **DB REPORTING TO PSERS**
- **PAYMENTS THROUGH PNC CASH CON**
- **ENROLLING EMPLOYEES THROUGH ESS**
- **TERMINOLOGY**

What is staying the same?

- ▶ PSERS Work Report File Format
- ▶ Due dates:
 - ▶ Reporting your DB (PSERS) monthly work report—due 20th of the following month
 - ▶ Member contribution payments—due 10th of the month
 - ▶ Employer contribution payments—due quarterly (March, June, September, December)
- ▶ Enroll employees using the Employer Self-Service (ESS) system
- ▶ Address updates, contract changes, DB adjustments will continue to be done through ESS
- ▶ Confirm if member is an existing PSERS member (Class/Rate)

Let's start with items that are staying the same.

The PSERS work reporting format is not changing. You will have new class members on the PSERS monthly work report but the columns and formatting will remain the same.

PSERS' due dates for when work reports are due, when member payments are due, and when employer contribution payments are due to PSERS are not changing.

When new employees are hired, you will still enroll them in the PSERS ESS system. You will need to continue to verify contribution rates as you would with any newly hired employee.

Address changes and contract changes will be done through ESS for members.

Adjustments will be done through ESS to correct information reported through your PSERS monthly work reports, but there are some additional details to share on this topic as we move through the program.

Confirm the member's class and rate if they have previously been a PSERS member

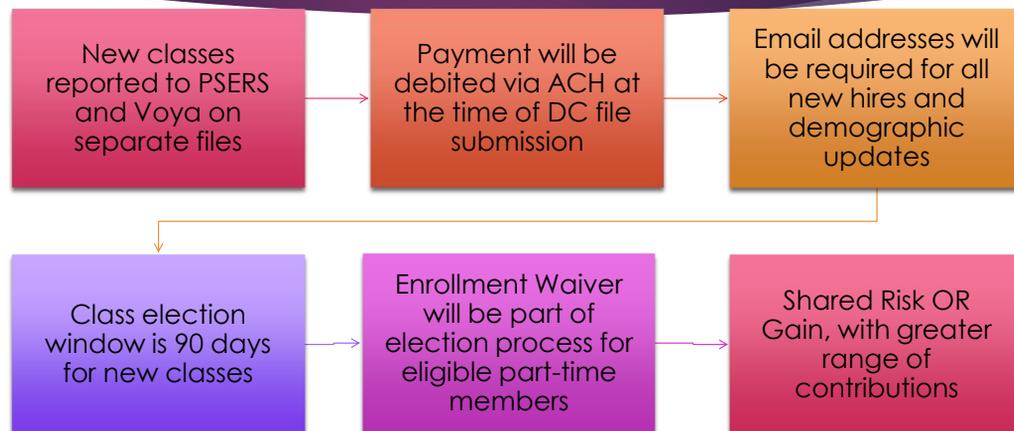
Before I move into some of the items that are changing, I would like to provide a refresher about the new classes.

Terminology

Defined Benefit (DB)	Defined Contribution (DC)
Member—referring to PSERS membership	Participant—referring to Individual Investment Account
System	Plan
Fund	Trust
Service Credit	Eligibility Point

Service Credits are earned incrementally through the year as a member renders service. In contract, an Eligibility Point for the DC component is granted for service rendered within the year in total. Working as little as one day and contributing \$1 will earn a participant an Eligibility Point for that fiscal year. We'll discuss eligibility points in greater detail when we begin to discuss the different classes.

What's changing?



Class T-G, T-H, and DC members will be on two work reports; one to Voya per pay period, and also on PSERS monthly work report. The salary reported on both files should ultimately match. Payments to PSERS will still be scheduled through PNC CashCon. For the DC plan, money needs to be invested as soon as possible so payment must happen at the time of file submission. Voya's site will ask you to submit the work file and authorize your bank account at the same time. The DC member contributions, any after-tax money, and the DC employer contributions will be debited via ACH at the same time.

The world is an electronic place. A new requirement to successfully submit demographic files will be email address. This also includes updates to existing demographic records. The email address entered may be an email address provided by the employer, or a personal email address. The employee should be asked which address they are most likely to check for their PSERS communication.

The class election window will be 90 days for new classes, twice the window for the T-F election process currently in place.

A change that will benefit employers is the inclusion of the Enrollment Waiver for eligible part time members in the election process. Once a part time member qualifies, they will be able to elect a new class or waive membership within the same timeframe. We'll discuss this in more detail in a few minutes.

The concept of shared risk was introduced with Act 120 when Class T-E and Class T-F were established. To date, PSERS has met its assumed rate of return so there has been no movement in contribution rates. Act 5 also includes shared risk and introduced gain, allowing for the

contribution rate to go up OR down depending of how PSERS' investments perform. For Class T-E and Class T-F the rate can only change by a total of 2.00%, in increments of .50% per lookback period. For Class T-G and Class T-H, the rate can go up or down by a total of 3.00%, in increments of .75% per lookback period.

The three new membership classes

- **CLASS T-G**
- **CLASS T-H**
- **CLASS DC**

Act 5 of 2017 Refresher



New classes are effective July 1, 2019 for new employees who have never qualified for membership in PSERS previously. Upon enrollment, new hires will be enrolled in the default class, Class T-G, which provides the greatest guaranteed monthly retirement benefit. Once an employee has “qualified” for membership, the employee will receive a welcome packet and information about the two elective classes offered. Class T-H offers a lower DB member contribution rate with a comparable DC contribution rate, while Class DC contributes solely to the defined contribution plan. Members will be given a 90 day window to make this election.

Membership Class Differences

- ▶ **Class T-G** (Default)
 - ▶ Highest total contribution rate (8.25%)
 - ▶ Highest DB member contribution rate (5.50%) providing guaranteed monthly benefit
 - ▶ Highest Employer Contribution Rate (2.25%)
- ▶ **Class T-H** (Elective)
 - ▶ Lower total contribution rate (7.50%)
 - ▶ Lower DB member contribution rate (4.50%) providing guaranteed monthly benefit
 - ▶ Lower Employer Contribution Rate (2.00%)
- ▶ **Class DC** (Elective)
 - ▶ Lower contribution rate compared to Class T-G (7.50%)
 - ▶ No DB Member Contribution rate, no guaranteed monthly benefit
 - ▶ Member assumes all investment risk in DC plan by contributing solely to DC plan
 - ▶ Lower Employer Contribution Rate (2.00%)

Class T-G is the default class because it offers the highest guaranteed monthly retirement benefit, while also offering an investment component that allows for a participant's contributions to grow over time. This class has a total member contribution rate of 8.25%, and the highest employer contribution, 2.25%.

Class T-H is the first elective class with a total contribution rate of 7.5%. The main difference here is that the DB contribution rate drops by a full percentage compared to Class T-G, offering a lower guaranteed monthly benefit. The participant will contribute 3% to the DC component, which is slightly higher, but the employer contribution for this class drops to 2%.

Class DC also has a total contribution rate of 7.50%, all of which goes into the DC plan. There are no DB contributions for Class DC, meaning that there is no guaranteed retirement benefit. The member assumes all investment risk in the DC plan.

Similar to classes T-E and T-F, classes T-G and T-H require a 10-year vesting period for the DB component. Remember that service credits are earned incrementally based on service rendered in a fiscal year. For someone who is part-time and earns service in partial years, 10 years vesting may mean that they need to work closer to 15 or 18 years to reach the 10.00 service credit threshold.

In contrast, the DC component offers a 3 eligibility point vesting threshold. Vesting means that

the participant will be eligible for both the participant's and employer's contributions. Discuss eligibility points, able to earn 3 in a short amount of time as long as contributing.

Class T-G, Class T-H and Class DC Membership Class Vesting Rules

- ▶ Class T-G and Class T-H require 10 years of service to vest with PSERS
 - ▶ The DB component of both Class T-G and Class T-H have Disability Retirement Benefit available after 5 years of service
- ▶ Class DC requires 3 eligibility points to vest with PSERS
 - ▶ Class DC participants earn one eligibility point for each fiscal year in which the participant contributes to the trust
 - ▶ There is no disability retirement with the DC Membership class

The vesting rules for the new Hybrid classes are similar to the T-E and T-F vesting rules. It takes 10 years of service to be vested in the Class T-G and T-H plans, however if a member were to have 5 years in either of those classes they could apply for a disability retirement with PSERS, just like the current Class T-E and T-F classes.

Employer contributions vest after the attainment of three eligibility points. If the participant terminates public school service prior to this only the participant contributions can be withdrawn.

For current members electing in, DB eligibility points count towards the DC. To obtain an eligibility point the member only needs to have one qualifying day in a given fiscal year.

Membership Comparison Snapshot

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	Employer Contribution to DB	Member Contribution to DC	Member Contribution to DB	Total Member Contribution	Employer Contribution to DC	Total Current Member & Employer DC Contribution*
Class T-G (default)	34.29% <i>less</i> employer contribution already paid to DC	2.75%	+ 5.50%	= 8.25%	+ 2.25%	= 10.50%
Class T-H (elective)	34.29% <i>less</i> employer contribution already paid to DC	3.00%	+ 4.50%	= 7.50%	+ 2.00%	= 9.50%
DC Only (elective)	34.29% <i>less</i> employer contribution already paid to DC	7.50%	+ 0.00%	= 7.50%	+ 2.00%	= 9.50%

- ▶ The actual employer contribution rate will be blended so it is the same per member/participant, regardless of their Membership Class, and it is applied across total payroll.
- ▶ Member contribution rates (DB) can fluctuate due to shared risk/shared gain.

Here's a cheat sheet of the contribution rates. Member contribution rates are highlighted in yellow for each of the different classes. You can see that Class T-G has the highest rates with 8.25% member contributions and 2.25% employer contributions.

The DC member and DC employer contributions on the chart will be paid at the time of DC File submission, which are per pay cycle for your school. These payments will be reported to PSERS and you will see this as a credit toward your overall employer contribution due at the end of each quarter.

We are a cost sharing plan so PSERS uses a blended employer contribution rate to fund current benefits, unfunded liability and the DC plan. Rates set by actuary. The rate will be blended and based on % of total payroll. It doesn't matter if you have all Class T-D members or Class DC members, you will be paying the same contribution rate.

Understanding the Class Election Process

GENERAL RULES FOR
ELECTION

RATE OR CLASS CHANGE
NOTIFICATION/CROQ
REPORT

CLASS T-H ELECTION

CLASS DC ELECTION

CURRENT MEMBER ELECTION

We've stated that new hires who have not been PSERS members in the past will all default into Class T-G, but how do they get the opportunity to elect into Class T-H or Class DC? Let's move into discussing how the class election process will work.

General Rules for Class Election

- ▶ Employees must qualify for membership to be eligible to make a class election
- ▶ All employees need to be reported to PSERS, unless they are reported under an alternate retirement plan or under a Return to Service exception.
- ▶ PSERS will determine qualification
- ▶ 90 day window to make election
 - ▶ Member elections will be completed through MSS
- ▶ Elections are irrevocable
- ▶ **No action required for members to remain in Class T-G**

Your new employees will need to qualify for membership to be eligible to make a class election. In the next few slides, we will break out how full time employees differ from part time employees in terms of qualification.

Your work reports should contain all employees, with the exception of those who are reported under an alternate retirement plan or under a Return to Service exception. By doing this, an employee who works at multiple schools in part time positions may reach qualification without those individual schools realizing this. When this employee reaches 500 hours or 80 days (or a combination of hours and days equivalent to .44 service credit), you will be notified through the CROQ report.

The election window for these classes has been lengthened to 90 days, compared to the 45 days that Class T-E members currently have to make an election.

If members wish to remain in class T-G, there is no action required.

Confirming Class Election



- ▶ A Confirmation of Class letter will be sent to confirm their class choice.
- ▶ Additional information will be sent to member
 - ▶ Investment options
 - ▶ After-Tax contribution percentage (elective)
- ▶ Members under 18 do not have the option to make a class election or to make investment choices.
 - ▶ They will contribute as T-G members
 - ▶ DC contributions will be placed in the default Target Date fund for their age group.

After a member makes a class election through MSS, a Confirmation of Class letter will be sent to confirm their class choice. Additional information will also be sent to provide Investment options and to explain After-tax contribution election options. All Class T-G members will default into a Target Date Fund associated with their birth year. They may remain in this target date fund or use the investment materials to make another selection.

Members under age 18 will not be able to make a class election or make choices about how their DC contributions are invested until they reach 18 years of age. If they are a qualifying member, they will contribute to both the DB and DC components as a Class T-G member. Their DC contributions will be placed in the default Target Date Fund based on their birth year.

If they are still an active PSERS member at the time they reach 18 years old, they will be able to make a class election and change their investments, just like any other member.

Rate or Class Change Notification

- ▶ Notification of confirmed election
 - ▶ Members will receive a *Confirmation of Class* letter
- ▶ Employers will be notified through weekly Class/Rate or Obtaining Qualification (CROQ) report.
 - ▶ Voya will be notified via weekly informational feed that runs concurrent to the generation of the CROQ report.
- ▶ When notification occurs, employers must make contribution rate changes effective in their payroll software for next payroll run date.
- ▶ **You will no longer need to wait until the beginning of a month to begin withholding at the new rate as you currently do with T-F elections.**

Members receive a Confirmation of Class letter, but how are employers notified that a member has made a class election? Each Monday a CROQ report runs and will populate the members who have reached qualification or have made a class election. When this notification occurs, employers must make contribution rate changes effective in their payroll software for the next payroll run date.

Different than the instruction provided for switching from the T-E to T-F rates, you will no longer need to wait until the beginning of a month to begin withholding at the new rate. In part, this is because the T-G rate is actually the higher DB percentage, so a refund will be due to some members to align their balances with the new elected class.

What is the CROQ Report?



- ▶ Change in Member Class/Rate or Obtaining Qualification
- ▶ What notifications does the CROQ report provide?
 - ▶ Employees who have met membership qualification
 - ▶ Employees who have made a class election (T-H or DC)
 - ▶ Employees who have waived membership
 - ▶ Participants who have elected or changed an After Tax contribution percentage
- ▶ CROQ Report is generated every Monday
- ▶ Where can I find the CROQ Report?
 - ▶ Under Documents Tab in ESS
 - ▶ Use Generate Reports link on ESS Home page

What is the CROQ Report? The Change in Member Class/Rate or Obtaining Qualification Report provides notifications to employers about members at their school that have reached qualification, have made a class election, have waived membership and/or who have made an After-Tax contribution percentage election. The CROQ Report is generated every Monday and is available for you to access through the Generate Reports link on your ESS dashboard or through your documents tab.

Rate Change for a Class T-H Member

- ▶ Eligibility Date: The day the employee becomes qualified to be a member and participant
- ▶ The member DB contribution rate decreases by 1.0% and must be retroactive to their eligibility date in the plan.
- ▶ Member contributions must equal 3% for DC plan
 - ▶ PSERS will transfer .25% of DB contributions directly to Voya, and
 - ▶ Refund the .75% in excess DB contributions directly to the member.
- ▶ Employers need to change rate in payroll when notified.
- ▶ Any adjustments needed going forward will all be at Class T-H rate, not retroactive to Class T-G rate.

Class T-H membership will be retroactive to the member's "Eligibility Date" or the day the employee becomes qualified to be a member and participant. DC contributions can only be withheld once the employee has reached their eligibility date, or the day they become qualified as a member/participant. As we discussed earlier, this depends on whether the member is salaried/FT, or PT (hourly or per diem) and need to reach a qualification threshold. When a member elects into Class T-H, the DB member contribution rate decreases by 1.00%. The member has actually over-contributed to their DB account and the member will receive a refund of excess contributions from PSERS.

The additional .25% contributed by the employer for their time as a Class T-G member will be reclassified as participant contributions and remain in the account.

Rate Change for a Class DC member

- ▶ Eligibility Date: The day the employee becomes qualified to be a participant
- ▶ The DC contributions must be retroactive to eligibility date in the plan
- ▶ DB contributions should no longer be withheld
- ▶ DC contributions must equal 7.50%
 - ▶ PSERS will transfer DB contributions directly to Voya to make whole back to eligibility date, and
 - ▶ If there is excess, it will be refunded directly back to member from PSERS
- ▶ Employers need to change rate in payroll when notified.
- ▶ Class DC members will still be reported on your PSERS monthly work report.

DC contributions will be retroactive to the eligibility date in the plan. When notified, the employer should change the rate in payroll systems to be in line with the following payroll cycle. Class DC members contribute 7.50% to the DC plan and no DB contributions are withheld. To make the participant whole back to their eligibility date, PSERS will transfer existing DB contributions directly to Voya. If there are excess DB contributions remaining, this money will be refunded directly back to the member by PSERS.

Class DC members will still be reported on your PSERS monthly work report for compensation review purposes, and to assist in calculating the blended contribution rate. We are a cost sharing plan so we use a blended employer contribution rate to fund current benefits, the unfunded liability, and the DC plan. These rates are set by the actuary, and are based on a percentage of total payroll.

Current Member Election

- ▶ Members who are ***hired prior to and are active on*** July 1, 2019 will have a one-time opportunity to elect into Class T-G, Class T-H, or Class DC
- ▶ No action needed to retain current class
- ▶ Members will be notified through Fall Member Newsletter (September)
- ▶ 90 day window for interested members to make an election
- ▶ Members must speak with a PSERS Retirement Representative prior to making a class election to consider impact of changing classes
- ▶ Election is irrevocable and permanent
- ▶ New class is effective January 1, 2020
 - ▶ **All January payroll data should be at new class rate!**

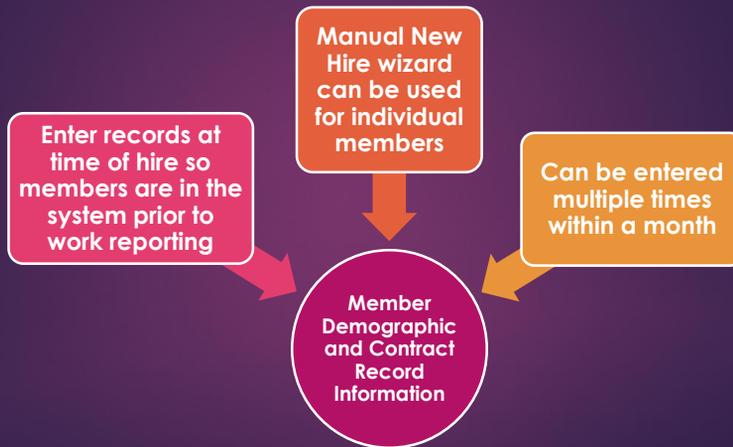
Current PSERS members who are considered active in the system on July 1, 2019 will have a 90 day window to elect into one of the three new classes. Members will be notified through Member Newsletter in April and September 2019. Members must speak with a PSERS counselor to understand the difference in benefits before receiving the election form. Current PSERS members must submit a paper form if they wish to elect into Class T-G, T-H or DC. MSS functionality is not being used for existing class members.

Employers will be notified of current members who have chosen a new class in December 2019. Class Election is effective January 1, 2020, meaning all of January payroll should be reported under the new contribution rates.

Identify Process
Changes /How
information will
be used
differently

MEMBER
DEMOGRAPHICS/CONTRACTS
FULL-TIME/PART-TIME/NON-
QUALIFIED EMPLOYEES
WELCOME PACKET/MSS
THE ENROLLMENT WAIVER
EMPLOYER CONTRIBUTIONS
RETIREMENT COVERED
COMPENSATION

Member Demographic and Contract Record Information



One of the biggest changes in process relates to when you communicate you have someone new working for you. If the employee is new to PSERS, PSERS needs to be able to inform Voya that there is a new participant. PSERS does this by sharing member demographic and contract record information via file feeds weekly. This file feed alerts Voya that a participant record needs to be created in their system to be ready for work reporting.

Demographic and contact records can be entered into the system multiple times within a month. Additionally, the Manual New Hire wizard is excellent for adding employees manually as needed. This wizard also prompts you for contract record information before you are able to confirm your submission.

Salaried and Full-Time Employees

- ▶ Salaried and full-time employees qualify from day 1
- ▶ **Must enter demographic and contract information as close to start date as possible.**
- ▶ Enroll into Class T-G
 - ▶ DB member contributions withheld at 5.50%
 - ▶ DC participant contributions withheld at 2.75%
- ▶ These employees will actually be on your payroll file for Voya before you will submit a monthly work report to PSERS.

Qualification standards have not changed. Employees who are salaried or have full-time employment (hourly, per diem) qualify for membership as of the 1st day of rendering service. Your new hires will enroll into Class T-G, which is a hybrid plan with both a DB and DC component. To ensure that the DC participant record is set up and is ready to accept member contributions, you will need to enter a member demographic record AND contract record as close to their start date as possible so reporting will be able to be received by both PSERS and Voya. Because work reporting is done on a pay period basis for Voya, their system will need to receive information before the PSERS monthly work report will be due. Later in the presentation we will walk through a simulation of the flow for reporting.

Part Time (PT) Employees

- ▶ PT hourly and per diem employees must qualify for membership before becoming a member
 - ▶ PT hourly must render 500 hours to qualify
 - ▶ PT per diem must render 80 days to qualify
- ▶ PT employees will enroll into class T-G
 - ▶ DB contributions should be withheld at 5.50%
 - ▶ **NO DC contributions should be withheld until the member qualifies**
- ▶ DC contributions should begin to be withheld at 2.75% after you are notified they have reached qualification.

Part time hourly and per diem employees must qualify for membership before becoming a member, meaning that they need to reach either 500 hours, 80 days, or a combination of both within a fiscal year to reach qualification. This is why PSERS stresses that part time members need to be reported to PSERS, even if you don't believe they will qualify for the year. If they are working for other schools as well, their combined service will make them an eligible member.

Part time employees will enroll into Class T-G. Until you are notified that they have reached qualification and are now a member, only the 5.50% DB member contributions should be withheld. No DC contributions should be withheld until the member qualifies.

Once notified that the member has qualified, both the DB and DC contributions should be withheld and that employee would be reported on both the DC payroll file and the PSERS monthly work report.

Employees Who Never Qualified

- ▶ These employees are employed part time and often receive a partial refund each year because they did not render enough service to qualify.
- ▶ School employees who have never qualified but had contributions withheld at the 7.50% rate in the past will be converted to Class T-G.
- ▶ DB contributions should be withheld at 5.50% beginning July 1, 2019.



School employees who were reported to PSERS as Class T-E members, based on their employment start date, but never reached qualification, will be converted to Class T-G in July 2019. These are employees who receive a partial refund each year because they do not render enough service, and because of this have never actually established a membership class. DB contributions should be withheld at 5.50% beginning July 1, 2019.

As in the previous slide, if these employees would reach qualification during the 2019-2020 school year, you would be notified and would begin to withhold contributions for both the DB and DC components.

Withholding contributions from employees that have not yet qualified is still the prerogative of the district. It is only mandatory to withhold contributions once the employee is qualified.

Note to Speaker: Employees who have never qualified for membership and do not qualify for membership by June 30, 2019 will be converted into the new default membership class of Class T-G, effective July 1, 2019. Class T-G, the new default class beginning July 1, 2019, is a hybrid class that has a defined benefit and defined contribution component. You may continue reporting such employees to PSERS as Wages No Contributions (WNC). If, however, you are a school that withholds contributions for non-qualified employees anticipating that they may qualify by the end of the fiscal year, the member contribution rate of 7.50% will now decrease to 5.50%, the member contribution rate for Class T-G school employees reported after July 1, 2019. The

employee will not be eligible to contribute to the defined contribution component until the employee has qualified for membership. Once qualified, the employee and the employer will be required to contribute an additional defined contribution percentage. Such defined contribution amount, however, cannot be withheld until PSERS notifies the school that the employee has attained qualification for PSERS membership.

Welcome Packet

- ▶ **How does a member know when they are **qualified** and eligible to make an election?**
- ▶ Upon reaching qualification, a Welcome Packet is sent to member
- ▶ An Election Packet will be sent separately and explains class options and differences
- ▶ Member notified of 90 day deadline to submit an election
 - ▶ **NO ACTION NEEDED by member to remain in Class T-G**
- ▶ Members must create an MSS account to electronically make class election
- ▶ Class elections are irrevocable and permanent

You may be asking yourself, how does the member learn that they are now qualified and able to make a class election? When PSERS' system identifies a newly qualified member a Welcome Packet is sent to the member. Included is a an insert that explains the options and differences between the classes. A due date is included in the Welcome Packet informing the member when their 90 day deadline is to submit an election. Members must create a Member Self-Service (MSS) account to electronically make the class election.

As a reminder, when members create an MSS account they are defaulted into paperless delivery which sends member documents electronically rather than through the mail. For member with paperless delivery, an email will be sent to the email address on file notifying them of new documents that are available for review. This includes the Welcome Packet and other election materials.

Member Self-Service (MSS)

Register today!

What can members do with an MSS account?

- Make class election
- Manage personal information
- Nominate/update beneficiaries
- Create estimates
- See account balances
- View PSERS correspondence
- Access their Voya account

What can members do with an MSS account? Make class elections, manage personal information, such as address changes, nominate or update beneficiary information, see account balances, and more!

Members will be able to receive PSERS documents electronically, through paperless delivery that can be viewed in their Documents Tab. Members in Classes T-G, T-H, and DC can use MSS to access information related to their DC accounts as well through single-sign on verification. Members will use their MSS Username and Password to log into the system and will be able to select a link into Voya's system without needing to reauthenticate themselves. Through single sign on, members can access both components of their retirement accounts.

The DC link will take the participant to the Participant Web (Pweb) where they can check account balances and review quarterly statements. From there the participant can also use My Orange Money, a financial tool that can be used by participants to see if they are on track for their desired retirement savings. The single sign on feature only works when logging into MSS first. Single sign on will not work if members try to access Voya's site first and then choose to go to MSS.

Enrollment Waiver Process for Class T-G

- ▶ Part-time members (salaried, hourly, per diem) may elect to waive membership if they hold a qualified IRA or other retirement plan.
- ▶ Employers will no longer have responsibility of entering ACTIVW contracts and verifying that members hold IRAs
- ▶ Members will use election wizard to request enrollment waiver and certify that they have an approved IRA in their name
- ▶ If a member already holds waived status, additional PT contracts entered into system must equal waived status
- ▶ New FT contracts: member relinquishes waived status and will be a PSERS member from that point with a class election opportunity

Part time members must qualify to be eligible to elect an enrollment waiver. They also must hold a qualified IRA or other approved retirement plan. For T-G members who wish to waive, they will do so using the MSS election wizard. Employers, you will no longer need to verify that the member holds a valid IRA or enter ACTIVW contracts to get the waiver process started.

If a part time employee with waived status takes on another part time position at your school, you will only be able to submit an ACTIVW contract for them.

If a waived employee is hired on a FT basis, the member relinquishes their waived status and will be a PSERS member from that point forward. They will get a new class election opportunity at that time and contributions will need to begin being withheld.

Enrollment Waivers:

Class T-C
Class T-D
Class T-E
Class T-F



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- ▶ Enrollment waiver forms will be the only option for prior classes, provided by request from member.
- ▶ An enrollment waiver may be an option for someone who:
 - ▶ Holds a qualified IRA in their name
 - ▶ Had qualified for PSERS membership
 - ▶ Had not vested (5 or 10 years)
 - ▶ Had refunded all contributions from system; and
 - ▶ Subsequently returns to work at a PSERS participating school in a qualifying part-time position

As discussed, the process for Waiving PSERS membership is changing July 1, 2019. For new members to PSERS who will qualify with Class T-G, the enrollment waiver process will be tied to the election process. All elections, to include the election to waive PSERS membership will be handled electronically through MSS.

For existing classes, PSERS will still be taking the administration of the waiver process off employers. Existing members who experience a break in service, are not vested AND have refunded all contributions from the system, will have the opportunity to waive PSERS membership. At that time, it will be the member's responsibility to notify PSERS of their intent to waive membership within 90 days of being eligible. Enrollment waiver forms will be provided to these members upon request and the forms must be returned to PSERS to complete the waiver process.

One Employer Contribution Rate Concept

- ▶ PSERS is a cost sharing plan that uses a blended employer contribution rate to fund:
 - ▶ Current Retirement Benefits
 - ▶ Unfunded Liability
 - ▶ The DC plan
- ▶ Rates are set by PSERS' actuary and are based on a percentage of total payroll.



PSERS is a cost sharing plan that uses a blended employer rate or “one employer rate” to fund current retirement benefits, the unfunded liability and going forward, the DC plan. Rates are reviewed and set yearly by PSERS’ actuary and are based on a percentage of total payroll. Although you will be contributing at 2.25% or 2.00% for the employer match of your participants accounts, the overall contribution rate for the 2019/2020 year is 34.29%. Your total payroll, regardless of membership class, will be used to determine your employer contribution payment that is due quarterly. Your DC employer contribution payments will be shown as a credit on your statement since this money will be paid upfront at the time of submission of your DC payroll files. We will touch on Employer Statements again later in the presentation.

The Employer Contribution Rate is the same per member/participant regardless of their Membership Class and is applied across total payroll.

EXAMPLE

If the Employer Contribution Rate (ECR) is 34.29%, then:

- The ECR for Class T-C and Class T-D members is 34.29%.
- The ECR for Class T-E and Class T-F members is 34.29%.
- The ECR for Class T-G and Class T-H members is 34.29%, and
- The ECR for DC participants is 34.29%

If total payroll is \$10,000,000. Total contributions due is \$3,429,000.

Retirement Covered Compensation

- ▶ Retirement covered compensation is all regular remuneration for school service rendered excluding:
 - ▶ 1. Reimbursement for expenses incidental to employment
 - ▶ 2. Bonuses
 - ▶ 3. Longevity Payments
 - ▶ 4. Payments for **Unused** Leave and **Unused** Compensatory Time
 - ▶ 5. Cash payments made in lieu of benefits, i.e. health care
 - ▶ 6. Severance payments
 - ▶ 7. Payments not based on the standard salary schedule
 - ▶ 8. Payments or reimbursements for attending seminars and conventions
 - ▶ 9. Fringe benefits
 - ▶ 10. Any payment made to enhance Final Average Salary (FAS)

The Commonwealth reimburses the school employers based on the compensation reported to PSERS. Only payments that are eligible as retirement covered-compensation should be reported to PSERS because you will be paying Employer Share Contributions on the entire amount of your payroll.

Refer to Chapter 8 of the Employer Reference Manual for more details about retirement covered-compensation.

Improperly reporting NRCC payments to the DC component of a participant's plan could be costly to employers since the funds are invested in real time. The removal of these funds from the DC plan could result in the employer being responsible for gains/losses on salary that should not have been reported to PSERS.

Conversely, the employer could also be responsible for gains/losses for employees that are not reported to PSERS and should be.

Whereas the Defined Benefit plan can be corrected on a fiscal year basis, the Defined Contribution portion of the new retirement plans are based on the current market for when the salary and contributions should have been reported. Verifying reporting as it is uploaded will be extremely important moving forward.

Meet Voya!

- MEET VOYA
- DC REPORTING
- AFTER TAX CONTRIBUTIONS
- MANUAL REPORTING
- LATE REPORTING



PSERS--Voya Partnership

DC PLAN RECORD KEEPER



Voya Financial, Inc. (NYSE: VOYA)

- One of the largest Defined Contribution record keepers in the country
- 6,000 employees throughout the U.S.
- 47,000 employer retirement plans to more than 4.5 million plan participants
- In good company – IN Public Retirement System, State of DE, DC Public Schools, Chicago Public Schools, LA Unified School District, City of NY
- Hired to help administer and recordkeep the DC plan and help provide education to Plan Participants & Employers

How does Voya learn about participants?



- ▶ A participant record is created by Voya when demographic file feed is exchanged between PSERS and Voya.
- ▶ New school employee hired on or after July 1, 2019 will default into Class T-G (hybrid DB/DC class)
- ▶ **Member Demographic Record and Contract Record information MUST be entered into ESS as soon as new hire begins working.**

Voya will be waiting and ready to create participant records for new school employees hired on or after July 1, 2019 that default into Class T-G. For Voya to be able to do this, employers must enter member demographic and contract record information into the PSERS Employer Self-Service (ESS) system as soon as the new hire begins working. Employers can upload or manually enter demographic and contract information as often as they like during a month. When this information is received by PSERS and it is determined that the member is qualified, this information is sent by PSERS to Voya by secure file feed and a participant record is created.

For an employer to be able to report that participant's DC contributions, there must be a participant record available to accept the information. If you try to upload a DC payroll file to Voya's system and there is not a corresponding participant record, your entire file will be rejected by their system.

New Payroll File for DC Plan

Is your software vendor prepared for new payroll fields/files to Voya?

- ▶ Provide them with the *PSERS DC Plan File Layout Overview* document
- ▶ An updated software vendor FAQ document is available on ESS under the Employer tab
- ▶ Send questions and test files to PSERSvendors@voya.com

Public School Employees' Retirement System

File Layout Overview

The layout records provided in these pages are the only acceptable format for uploading the DC Member and Employer contributions to Voya.

Header Record

File Field No.	Field Name	Position	Length	Format	Notes
1	Record Identifier	1-1	1	Alpha	Constant = H
2	File Creation Date	2-9	8	CCYYMMDD	Date file was created
3	File Creation Time	10-14	5	HHMM	Time file was created for processing
4	File Name	15-44	30	Alpha	File Name
5	PSERS Employer 4-Digit Code	45-48	4	Numeric	This is the 4 position number for the employer provided by PSERS

Retirement System

File Field No.	Field Name	Position	Length	Format	Notes
6	DC Member ID	51-64	14	XXXXXXXXXX	DC Member ID
7	URC	65-74	10	XXXXXXXXXX	URC
10	Pay Date	75-82	8	CCYYMMDD	This is the date that members are paid for this report.

Employer Microsite

Purpose:

1. To verify a school bank account to be used by Voya to debit DC contributions.
2. To establish the payroll frequencies at each school.



If your employer code for PSERS is only a 2- or 3-digit number, you will be required to put leading zeros in to make your employer code a 4-digit number.

Your Employer PSERS ID can be found on the Contacts Tab under the Business Manager Role.

Microsite will accommodate different browsers and devices.

Microsite will be compatible with the two most recent versions of Internet Explorer & Edge, Firefox, Chrome, and Safari.

PSERSDCPayroll.com

Required for all PSERS-participating reporting units

- ▶ Available between May 1 – May 31, 2019
- ▶ For future DC Plan contributions only
- ▶ FAQ available April 24 to assist before login and submission



PSERSDCPayroll.com

Certify Correct or Update

- ▶ Certify your school's PSERS banking record for DC Plan use
- OR
- ▶ Update with alternative banking account information if DC Plan contributions will be different than your school's DB account
- ▶ Confirm account type and bank name

The screenshot shows the PSERSDCPayroll.com website interface. At the top, there is a header with the PSERS logo and a navigation bar. Below the header, there is a greeting: "Hello, First Name". The main content area is divided into two columns. The left column is titled "Confirm Your Banking Records" and contains a detailed explanation of the DC Plan and how it differs from the DB Plan. The right column is titled "Certify Correct or Update" and contains a form with the following fields: "Banking Number" (with a dropdown menu), "Account Number" (with a dropdown menu), "Please Provide" (with radio buttons for "DB Plan" and "DC Plan"), "Bank Name" (with a dropdown menu), "Routing Number" (with a text input field), and "Account Number" (with a text input field). A "Submit" button is located at the bottom right of the form. The VOYA logo is visible in the bottom left corner of the page.

PSERSDCPayroll.com

Confirm Payroll Information

- ▶ Provide your school's payroll
 - ▶ Frequency
 - ▶ Date(s) of the Month
 - ▶ Pay Period Start/End
 - ▶ First Pay Date after July 1
- ▶ Provide all payroll frequencies

PSERS

Confirm Payroll Information

Please provide the requested information about your school's payroll for Voya Financial to establish an account for future DC Plan contributions.

Please Provide

Payroll Frequency	Payroll Dates of the Month	
<input type="text"/>	<input type="text"/>	
No Pay Period Start Date after 7/1/19	No Pay Period End Date after 7/1/19	Pay Date of 1st Pay Period after 7/1/19
<input type="text"/>	<input type="text"/>	<input type="text"/>

Please check this box if you have additional payroll frequencies.
You are required to use the bank account provided on the previous page for submitting all DC Plan contributions of the payroll frequencies indicated. Using separate accounts is not permitted.

Payroll Upload Training Webinars

Required for all PSERS-participating reporting units

- ▶ Choose from 6 June Dates
- ▶ Attend online, interactive sessions
- ▶ Recorded for future reference
- ▶ User guide provided
- ▶ Learn how to submit DC payroll files to Voya through the Sponsor Portal
- ▶ Ask questions and get final updates before the July 1 DC Plan launch



Reporting New Participants

- ▶ Participant receives information about investments from Voya
 - ▶ Pin included to create participant account
- ▶ School reports participant on next DC payroll file sent to Voya.
- ▶ Voya's system validates the correct contribution rates were withheld from participant's compensation.
- ▶ System will reject payroll file if the system detects errors in contribution rates or if participant record has not been created.
- ▶ Payroll file will not post transactions if ACH payment is unsuccessful.

Manual Reporting

- ▶ Schools that do not upload files will be able to manually enter DC payroll data.
- ▶ These schools will still need to adhere to payroll frequency submitted through microsite.
- ▶ Concern for error when doing any manual process—must double check for accuracy!

Late Work Reporting/Delinquent Payments

- ▶ Impacts of late (delinquent) reporting
 - ▶ Delay retirement benefits—these can't be processed until the data is received by PSERS
 - ▶ Member contributions may be inaccurate if withheld at the incorrect rate
 - ▶ For participants who have a DC component, earnings and interest may be lost
 - ▶ Charges for missed earnings will be applied to employers
 - ▶ Loss of subsidy

Sometimes there is a mistake that just can't be avoided—system glitches, power outage, weather, new payroll software malfunction. Unfortunately, timeliness is more important than ever in the “DC world.” The expectation is that work reporting is submitted prior to due dates so that other issues can be avoided.

As the reporting person for your district, how can you ensure your reporting is accurate and timely?

What can I do to prevent errors in reporting?

- ▶ As the reporting person for your district, how can you prevent this?
 - ▶ Ensure you are reviewing the CROQ report each Monday to ensure all employee rates are updated.
 - ▶ Review both the Voya files and the PSERS monthly report to ensure they reconcile.
 - ▶ Utilize the Summary Report, which can be generated from the Home Tab of ESS.

First, check the CROQ report each Monday. Any employee from your reporting unit that is newly qualified, that elected a new plan or added After-Tax Contributions will be on the CROQ report. As previously discussed, change the employee's rate in your payroll system immediately. You no longer need to wait to the beginning of the new month and in fact, you must update the rate prior to the next pay.

Next, review both the Voya files and the PSERS monthly work report to ensure all information is the same. If they are not, research those discrepancies and make corrections. You have the ability to self-correct in the Defined Contribution system. If you know you incorrectly submitted someone's payroll information for a given pay, correct the information during the next payroll cycle. In order to make these timely corrections, you will need to check your submitted information regularly.

Lastly, the Home Tab of ESS gives you the ability to run the Summary Report from the Generate Reports Link, as often as you would like. The Summary Report is generated in real time, meaning as long as your latest information submitted through the PSERS system is released, it will be captured on the Summary Report.

Investment Options

- ▶ DC Plan investment option allocations elected through Voya
- ▶ New Members default to a Target Date Fund based on their date of birth (ex. DOB between 1/1/88 – 12/31/92 defaults to the T. Rowe Price Retirement Blend 2055)
- ▶ Target Date Funds plus 11 additional core investment options available in the DC Plan investment lineup
- ▶ Investment allocation for existing balances and/or future contributions can be changed online or by phone
- ▶ Default investment information is provided in election notice sent by PSERS
- ▶ Target Date Fund and additional investment information provided in Confirmation of Class letter sent by PSERS



After-tax contributions (ATC)

- ▶ Participants may elect a voluntary contribution deferral after all other deductions have been withheld to put toward retirement savings
- ▶ ATC must be a percentage, rather than a dollar amount per pay
- ▶ ATC percentage will be applied to all positions
 - ▶ Example: 3.00% FT Teaching salary, also 3.00% PT Math tutor salary
- ▶ Employers will be notified of a participant's ATC election through the CROQ Report
- ▶ Participants may change their percentage at any time through Voya's participant web
- ▶ With a total termination from all employers, the ATC election will reset to zero

Participants may elect an additional voluntary contribution deferral to put toward their DC component. ATC must be a percentage rather than a dollar amount per pay. This percentage will apply to all positions held by the participant. For example, a participant who elects a 3.00% after-tax percentage and is a FT teacher and a PT Math Tutor will have the 3.00% ATC withheld from both positions.

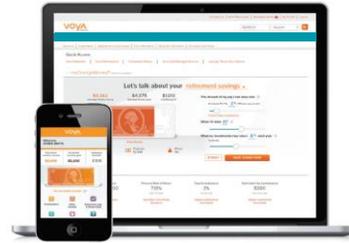
Employers will be notified of a participant's ATC election through the CROQ Report. Participants may change their percentage at any time through Voya's participant website.

With a total termination from all employers, the ATC election will reset to zero.

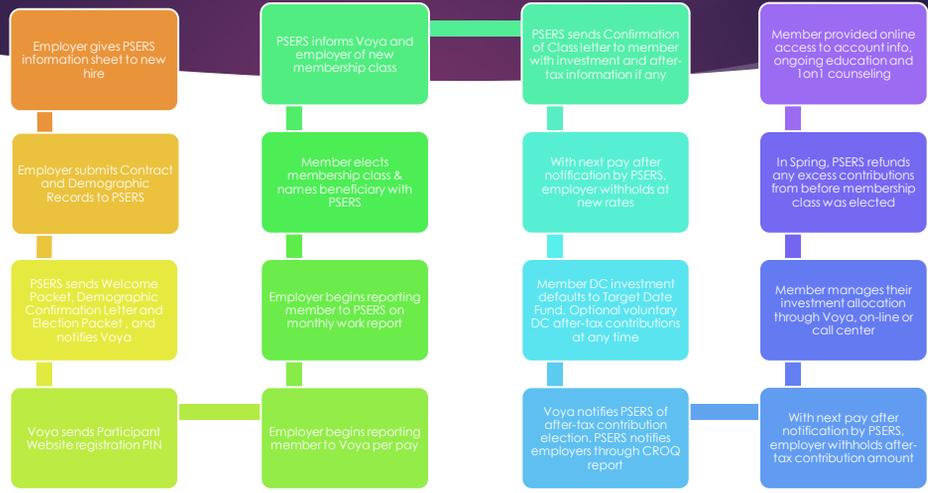
Member DC Plan Account Access

- ▶ **PSERSDC.voya.com** (accessible through PSERS Member Self-Service) for account access, investment allocation changes, retirement planning tools and more
- ▶ **(833) 4DC-MMBR (432-6627)** toll-free for Voya Customer Service Mon – Fri between 8:00 am – 8:00 pm ET (except NYSE holidays)
- ▶ **Voya Retire mobile app*** for account access on the go (search keyword: retire at any app store)

*Requires account registration at PSERSDC.voya.com



New Member Visual Timeline



A visual display of what new members will experience step by step.

(Note to speaker: This would be a great item to have handy in the business office to explain the process for members. This does not need to be reviewed in the presentation.)

Prepare and Plan Ahead

- EMPLOYER REPORTING TIMELINE
- SUBMITTING YOUR DC PAYROLL FILE
- CHANGING CONTRIBUTION RATES
- EMPLOYER STATEMENT OF ACCOUNT
- BUSINESS OFFICE RESPONSIBILITIES

Employer Reporting Timeline

Three new membership classes are effective July 1, 2019. Classes T-G and T-H are hybrid classes with both a Defined Benefit (DB) and a Defined Contribution (DC) component. Class DC has only a defined contribution component.

Employer Reporting will become more time consuming because the frequency in which reporting occurs will be per pay cycle to Voya for the DC component, while still maintaining monthly work reporting to PSERS to accommodate the DB reporting for all membership classes.

July 2019

July 1 New membership classes effective

July 5 and July 19- School pay dates

July 19th-PSERS work report due for June

S	M	T	W	T	F	S
	1	2	3	4	5 \$	6
7	8	9	10	11	12	13
14	15	16	17	18	19 \$	20
21	22	23	24	25	26	27
28	29	30	31			

On or after July 1, 2019, employees who have never established a membership class previously will enter the system as a T-G member.

Prior to the onset of these new requirements, all participating PSERS schools will be asked to visit a microsite in May to provide banking account details for ACH payment to Voya, as well as establishing the frequency that payroll runs in your school. More information will be forthcoming about how the site will work and what secure credentials will be needed to access the site.

For the purpose of this demonstration, you've already certified that your school pays bi-weekly and payroll will run on July 5 and 19 this month, as noted by the green money symbols.

Perhaps you won't have a new employee hired right away though. If you do not have any new employees entering class T-G that are employed full-time (hourly, per diem, salaried) or part-time salaried, you will not have a payroll file to submit to Voya. In this example, the only reporting you need to complete is your PSERS work report due for June. Because the 20th of the month falls on a Saturday, please be sure to submit the June work report by July 19th.

Charter Schools with Alternate Plans

- ▶ Charter schools who are no longer accepting new hires into PSERS cannot ignore Voya requests to prepare DC payroll files
- ▶ Preparation still needs to happen in case one of your current PSERS members decides to elect into one of the new plans



This Photo, by Unknown Author is licensed under CC BY-NC-ND

August 2019

Aug 1 1st Class T-G employee

****Enter Member Demo and Contract for Aug 5 start date!**

Aug 2, Aug 16, and Aug 30

School pay dates

Aug 5

- New employee on CROQ report
- Participant info sent to Voya

Aug 20 PSERS work report due for July

Aug 30 1st Voya payroll file due for 8/5/19-8/16/19 pay cycle

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	28	30	31

The school year is rapidly approaching and your school hires the first employee that is enrolled in Class T-G. For this example, the employee qualifies as a member because of FT status, meaning that they should be contributing to both PSERS and Voya from day 1. A change from current practice is the need for member demographic information and a contract record to be entered as soon as possible. (Note to speaker: Repeat this last statement! This is critical!!)

In our example, your new employee is hired on August 1, with an anticipated start date of August 5. By submitting the demographic and contract information as soon as the employee is hired, our system can share this information by secure file feed with Voya so a participant record can be created in time to receive DC payroll information for this employee. If this person starts on Aug 5, and there is a 2-week delay in payroll, the first DC work reporting file will be due on the next pay date, 8/30/2019.

Submitting Your First DC Payroll File

Compensation(RCC), DC Member Contributions, After-Tax Contributions

Percentage of contributions withheld must be correct based on compensation reported, or file will be rejected

ACH debited at time of submission: DC member contributions, After-Tax deferral, Employer DC contributions

Your software vendor should be completing test files of the DC Payroll Files for testing with Voya. The DC Payroll File will require less information than the PSERS (DB) monthly work report. The focus is on compensation, which must be retirement-covered compensation (RCC) and must match what is reported to PSERS on the monthly file. Also reported on this file is the appropriate DC member contributions and any After-Tax contributions the participant has elected (if any).

The percentage of DC member contributions should relate to the membership class the employee belongs to or Voya's system validations will reject the file. You will have an opportunity to fix information if needed prior to submitting the file. Records that are picked up as file errors will be moved to a sub-file with the same pay date. Moving records with errors to the sub-file will allow you to submit the main file with the correct information.

The sub-file will have the same pay date as the main file. If records are not corrected on the sub-file, the file will be rejected. Failure to submit the sub-file may be viewed as delinquent reporting because these records were intended to be on the main file.

Different than PSERS, Voya will debit the ACH account your school provided upon submission of the file. The payment for DC member contributions, After-Tax contributions, and the Employer DC contributions will happen the same day the file is submitted. This allows the money to be invested immediately into individual participant accounts.

September 2019

Sept 13 and Sept 27

- School pay dates
- Voya payroll files due

Sept 17 Election made by new hire for Class T-H membership

Sept 20 PSERS work report due for August

Sept 23

- Class T-H notification on CROQ report
- Voya notified of election rate change

• **! Change rates here**

Sept 27 Voya payroll due

S	M	T	W	T	F	S
					59	
1	2	3	4	5	6	7
8	9	10	11	12	13 \$	14
15	16	17	18	19	20	21
22	23 !	24	25	26	27 \$!	28
29	30					

DC payroll files are due on your pay dates, which are September 13 and 27 in our example above. These dates are highlighted yellow as a reminder that you are already reporting your Class T-G members on your DC payroll files. In blue, PSERS monthly report is due Friday September 20th for the month of August. The compensation totals on your PSERS monthly work report should equal the total of compensation for the compensation reported for each employee on the DC payroll files that were submitted for the month of August.

For this example, the employee is employed FT, meaning they are within their 90 day class election window. Highlighted in green are dates related to your employee electing a new membership class. On September 17th your employee uses the Member Self-Service portal to elect into Class T-H. This is processed by the system and the following Monday September 23rd you find this employee listed on the CROQ report notifying you of their class election.

Contribution rates must be changed by the first payroll following the month of notification. If you learn about the class election on September 23rd, it may be possible for you to enter the contribution rate change to be effective with the payroll that runs later in the week for September 27th. Some of you will likely make this effective for the next payroll cycle instead, which we'll see in just a minute.

Changing Contribution Rates

- ▶ When do rates need to be changed in the payroll system?
- ▶ When notification occurs, employers must make contribution rate changes effective in their payroll software for next payroll run date.
- ▶ **You will no longer need to wait until the beginning of a month to begin withholding at the new rate as you currently do with T-F elections.**



Although this information was shared earlier in the Class Election section, it is important to share again. The law requires DC member contributions to be invested within 30 days. To accommodate the need to have the right contribution rate percentages applied more quickly, PSERS has changed the ESS system validations to accept the contribution rates to be changed sooner. This will eliminate the need to wait until the beginning of a payroll month as the system requires now for Class T-F election contribution rates so that the entire monthly report comes in with the same contribution rate for the member.

October 2019

Oct 11

- Voya payroll files due
- **! Rate must be at new class rate for participant**

Oct 18

- PSERS work report due for September
- **! Contributions should be at T-G rate unless payroll on Sept 27 was at new T-H rate**
- Employers can now submit work reports to PSERS with split rates
- Does reported compensation match for Class T-G , Class T-H, and Class DC employees?

Oct 25 Voya payroll files due

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11 \$!	12
13	14	15	16	17	18 !	19
20	21	22	23	24	25 \$	26
27	28	29	30	31		

Oct 11

Voya payroll files due

! Rate must be at new class rate for participant

Oct 18

PSERS work report due for September

! Contributions should be at T-G rate unless payroll on Sept 27 was at new T-H rate

Employers can now submit work reports to PSERS with split rates

Does reported compensation match for Class T-G , T-H, and DC employees?

Oct 25 Voya payroll files due

November 2019

Nov 8 and Nov 22 School payroll dates

Nov 20

- PSERS work report due for October
- ! Rate should be at T-H rate for member
- ESS system will no longer allow for adjustments or work reporting to come in at the T-G rate for this employee after grace period has expired.
- Grace period is equivalent to the election month WR (Sept) plus one month (Oct).
- ! November WR (due Dec 20) must be at T-H rate

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8 \$	9
10	11	12	13	14	15	16
17	18	19	20 !	21	22 \$	23
24	25	26	27	28	29	30

Your first Class T-G employee began in August but it may take until November for all the rate change information to fall into place. If the rate change for this employee was not effective until October 11th, the October PSERS monthly work report will be the first one to come in with this member at the Class T-H rate, due November 20th.

In the meantime, you've probably had several new employees who will follow a similar path of reporting. Plan for quarterly work reporting review of Voya and PSERS data (Ex. July, Aug, Sept) to be sure that you are monitoring your reporting for accuracy. Adjustments made to reporting after a significant time period that affect DC money may be costly. You will be responsible for earnings/losses and interest that should have accrued during the time period the money should have been in a participant's account but was not.

Employer Statement of Account

63

Monthly breakdown of account balances and transactions within past month

Will generate approx. 9th of each month to capture DC payment totals from previous month

DC reporting payments will align with month of PSERS work report

Your monthly Employer Statement of Account will undergo some changes again this summer. To be sure that DC payments made to Voya are captured on the monthly statements, generation of the statements will be approximately the 9th of each month so these payments can be displayed as activity within the correct month. These DC payments will align on your statement with your PSERS monthly work report for that same month. For example, payroll that ran on March 8th and 22nd will be aligned with your PSERS March 2019 work report once submitted on your Employer Statement of Account.

Quarterly employer contribution payments will still be due to PSERS in March,, June, September and December for the previous quarter, as they are currently. Your DC employer contributions will appear as credits on your statement, reducing the balance that is still due for the remaining employer contribution.

Account Tab



You will be able to see information on your monthly employer statement of account, but you can also see your DC payment transactions within the account tab. When you submit a DC payroll file to Voya and the payment is debited via ACH from your account, the money is invested immediately. The participant's money goes into their individual investment account, as does the ATC the member has contributed and the 2.25% or 2.00% DC employer contributions (depending on the class of the participant).

Voya will send PSERS verification that payment was made for a DC payroll file. This information will be stored in our system on a member level.

PSERS will post a transaction within the Account Tab showing that a DC payment was made. These DC payments will be aligned with the PSERS monthly work report for that month on your employer statement of account. The DC payments will count as a credit toward the overall quarterly employer contributions due to PSERS. The quarterly payment will continue to be a quarter behind, as they have always been.

Business Office Responsibilities



Planning Calendar

- ▶ Planning calendar located on PSERS website
- ▶ Calendar contains DB due dates for work reporting, payments, and holidays
- ▶ **What's not on the planning calendar?**
 - ▶ Your school pay cycle dates which will be when DC files are expected at Voya
 - ▶ Each school operates on a different or multiple payroll schedule
 - ▶ Schools must plan ahead to know when files should be submitted and be sure DC bank account is fully funded for those reports (Member and Employer Contributions)



PSERS offers a planning calendar for employers to reference to know when PSERS member and employer contribution payments are due, when the CROQ report will be running, when your monthly PSERS work report is due, or when there are holidays that may impact those dates.

Unfortunately, each school operates on a different pay schedule or may run multiple schedules. Each employer will need to identify when those pay dates are scheduled to keep track of when to send DC payroll files to Voya. Additionally, the bank account you designate for your DC funds must be fully funded at the time your file is submitted. At the time of file submission, your account will be debited via ACH for both member and employer contributions contained in that payroll file.

Business Office Staffing



- ▶ Cross training is recommended. Multiple people in your office should have access and be trained to use PSERS' ESS reporting system and Voya's web portal
- ▶ Reporting must continue to be submitted timely even if primary person is suddenly unavailable
- ▶ Take time to develop procedures for who does which part of each process, and who your back-ups will be

PSERS knows that work reporting is a small portion of your daily work. With the new classes introduced with Act 5, work reporting is likely to take more time as you begin to do work reporting in two different systems on two different frequencies. Cross training is recommended to be sure these responsibilities are handled successfully. Member contributions in the DC plan are time sensitive and must be reported timely. In the event someone in your office is suddenly unavailable, a back up person must step in to be sure reporting is submitted timely.

Reviewing data reported

Work Reporting compensation needs to match in both systems for class T-G, T-H, and DC members.

Voya uses "self-correction" if a correction in reporting is needed.

Corrections should be made as timely as possible to avoid charges to employer.

Because you will be reporting to two different systems on two different frequencies, it will be important to be sure that the work reporting compensation matches in both systems for class T-G, T-H, and DC members.

Voya uses "self-correction" if a correction in DC reporting is needed. For example, if Sally should have been reported with \$1000, but only \$800 was reported, you can make the correction on the next payroll file to include the \$200 missed by reporting Sally's salary as \$1200.

Making corrections as soon as you are aware of the error is imperative. Depending on the length of time an error has existed, the employer may be charged for gain/loss charges on the money that was not correctly reported so the member is not penalized.

Termination of Employment

- ▶ Two year rule of inactive service resulting in a term record being entered by PSERS still applies.
- ▶ Once terminated, a participant can choose to delay taking a benefit in one system or plan ahead and take a benefit from the other
- ▶ DB (PSERS) and DC (VOYA) benefits paid out separately
- ▶ Members can be on a PSERS disability benefit w/o termination and not be eligible for plan distribution
- ▶ **BOC/Service Flags must be set correctly! PSERS certifies term dates to Voya so participants can take a distribution from their DC account.**



Two year rule of inactive service resulting in a term record being entered by PSERS still applies. Once terminated, a participant can choose to delay taking a benefit in one system or plan and take a benefit from the other

DB and DC benefits paid out separately

Members can be on a PSERS disability benefit w/o termination and not be eligible for plan distribution

BOC/Service Flags must be set correctly! PSERS certifies term dates to Voya so participants can take a distribution from their DC account.

Next Steps

ready.set.
go!



To-Do List prior to July 2019

Timeframe	Task
Ongoing	Read Employer Bulletins and other PSERS correspondence, whitelist Voya resource account
Ongoing	Review 2019 PASBO conference training
April-May 2019	Attend PSERS Employer Spring Workshop
May 2019	Employer Microsite--Business Manager to verify or update banking information with Voya to be ready for DC reporting
June 2019	Attend "Just in Time" training to learn how to use DC reporting portal.
June 2019	Plan for DC reporting by reviewing your school's payroll calendar to know when your DC files will need to be sent to Voya

Employer Questions

DB (PSERS) Plan Questions	DC (Voya) Plan Questions
Website: PSERS.pa.gov	Website: Sponsor.voya.com
Phone: ESC Tollfree 1.866.363.1844	Phone: Call Voya (# forthcoming)

