


MANAGEMENT DIRECTIVE

Commonwealth of Pennsylvania Governor's Office

Subject: State Employees' Retirement System, Duties of Departments and Agencies	Number: 570.16
Date: April 7, 2014	By Direction of:  David E. Durbin, Executive Director State Employees' Retirement System
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This directive establishes policy, responsibilities, and procedures for agency heads and other officials with respect to the State Employees' Retirement System (SERS).

1. PURPOSE.

- a. To establish policy, responsibilities, and procedures for departments and agencies regarding actions required by *Section 5906* of the *State Employees' Retirement Code, 71 Pa. C.S. § 5906*.
- b. To meet SERS' responsibility to administer the *Retirement Code* in accordance with existing laws passed by the General Assembly, its fiduciary obligation to SERS members and its commitment to provide consultation and guidance to member agencies on all matters regarding SERS.

2. **SCOPE.** This directive applies to all departments, boards, commissions and councils (hereinafter referred to as "agencies") under the Governor's jurisdiction that have employees who are eligible to become members of SERS. This policy shall be interpreted in accordance with the *Retirement Code*. Accordingly, SERS' policy and the responsibilities and procedures set forth herein are the same for all SERS employers and members.

3. **OBJECTIVE.** To ensure that agency heads and other agency officials understand the responsibilities of their agency related to administering employee retirement.

4. DEFINITIONS.

- a. **Active Member.** An employee for whom contributions are being made to SERS.
- b. **Agency Head.** The chief administrative officer of a department, the chairman or executive director of an agency, authority, or independent board or commission, the Court Administrator of Pennsylvania, and the Chief Clerk of the Senate, or the Chief Clerk of the House of Representatives.
- c. **Class of Service.** A designation set forth by the *Retirement Code* which outlines retirement qualification requirements and benefits for groups of employees based on employment, date of hire, or other factors. SERS has multiple classes of service.
- d. **Credited Service.** One of the factors that determine a SERS member's eligibility for a retirement benefit as well as the amount of the benefit provided. Generally 1,650 hours in a calendar year is credited as one year of state service.
- e. **Eligible Employee.** An employee who serves in a position that requires him/her to be a mandatory member or allows him/her to become an optional member of SERS as outlined in [Management Directive 570.1, Mandatory Membership in the State Employees' Retirement System](#) and [Management Directive 570.6, Optional Membership in the State Employees' Retirement System](#).
- f. **Mandatory Membership.** The membership in SERS that is required of all full-time state employees and permanent part-time state employees, unless such employees are specifically exempt from membership or have the option of enrolling in another retirement system. SERS members who terminate from state service, who do not withdraw their contributions or retire, and who later return to state service must re-enroll in SERS, even if they are not full-time or permanent part-time state employees.
- g. **Member Contributions.** The money that is withheld from a member's salary by his/her employer's comptroller and forwarded to SERS.
- h. **Multiple Service.** The designation used when a member elects to combine his/her total credited service in both SERS and the Public School Employees' Retirement System (PSERS) to receive a single retirement benefit.
- i. **Noneligible Member.** For purposes relating to annual compensation limit under *IRC § 401(a)(17)*, a SERS member who first joined SERS on or after January 1, 1996.
- j. **Optional Member.** Pursuant to *Section 5301(a)* of the *Retirement Code*, the employees below who have the right to elect SERS membership (once such election is exercised; however, continued membership is mandatory until termination of state service):

(1) Governor;

- (2) Lieutenant Governor;
- (3) Members of the General Assembly;
- (4) Heads or deputy heads of administrative departments;
- (5) Members of any independent administrative board or commission;
- (6) Members of any departmental board or commission;
- (7) Members of any advisory board or commission;
- (8) Secretary to the Governor;
- (9) Budget Secretary;
- (10) Legislative employees; and
- (11) School employees who may elect membership in the Public School Employees' Retirement System (PSERS) or a third-party plan offered by their employer.

k. Public School Employees' Retirement System (PSERS). A defined benefit, public pension plan established by the Public School Employees' *Retirement Code* that serves educational employers in Pennsylvania.

l. Regional Counseling Centers. The offices located throughout the commonwealth to provide assistance and information to SERS members. To provide convenient, on-site service, centers are based on concentrations of members in specific geographic areas and serve as the hub for counseling/outreach operations. Active members whose work locations are and retired members who live in the following counties:

- (1) **Region 1 - Seneca Regional Counseling Center.** Armstrong, Butler, Clarion, Crawford, Elk, Erie, Forest, Jefferson, Lawrence, McKean, Mercer, Venango, and Warren.
- (2) **Region 2 - Pittsburgh Regional Counseling Center.** Allegheny, Beaver, Western Cambria, Fayette, Greene, Indiana, Somerset, Washington, and Westmoreland.
- (3) **Region 3 - State College Regional Counseling Center.** Bedford, Blair, Eastern Cambria, Centre, Clearfield, Franklin, Fulton, Huntingdon, Juniata, and Mifflin.
- (4) **Region 4 - Montoursville Regional Counseling Center.** Bradford, Cameron, Clinton, Columbia, Lycoming, Montour, Northumberland, Potter, Schuylkill, Snyder, Sullivan, Tioga, and Union.
- (5) **Region 5 - Wilkes-Barre Regional Counseling Center.** Carbon, Lackawanna, Lehigh, Luzerne, Monroe, Northampton, Pike, Susquehanna, Wayne, and Wyoming.

(6) **Region 6 - Bensalem Regional Counseling Center.** Berks, Bucks, Chester, Delaware, Lancaster, Montgomery, Philadelphia (including the following): Port Authority Transit Corporation, Delaware River Joint Bridge Commission, and Delaware River Port Authority.

(7) **Region 7 - Harrisburg Regional Counseling Center.** Adams, Cumberland, Dauphin, Lancaster, Perry, and York.

m. **Retirement Code.** The Pennsylvania statute that authorizes and controls the administration, policies, and procedures of SERS as well as the rights and benefits of its members. The *Retirement Code* is set forth at *71 Pa. C.S. §§ 5101-5957*.

n. **Retirement-Covered Earnings.** The compensation actually received as a state employee that is credited to a member's account and used to calculate his/her retirement benefit. Clothing allowances; payments for unused vacation, sick, and compensatory leave; and severance payments (among other payments) are not retirement-covered earnings.

o. **SERS.** The organization created by the *Retirement Code* to administer retirement benefits for Pennsylvania state employees, including overseeing the pension system and under the authority of the State Employees' Retirement Board, pursuant to the Act of November 6, 1987, *P.L. 394, No. 81, § 2, 72 P.S. § 4521.2*, managing the optional deferred compensation program.

p. **SERS Member.** An active member, inactive member, annuitant, vestee, or special vestee who is making, or has at any time, made contributions to the SERS fund. Eligibility for membership in SERS is specified in *Management Directive 570.1, Mandatory Membership in the State Employees' Retirement System* and [Management Directive 570.6, Optional Membership in the State Employees' Retirement System](#).

q. **Termination of Service.** A break in employment of more than 14 calendar days. The effective date of termination is the date the initial break in employment occurred.

5. POLICY.

a. New Employees.

(1) Upon the assumption of duties of each new state employee whose membership in SERS is mandatory, the agency head shall ensure enrollment in SERS and shall make employer pickup contributions from the effective date of employment. Refer to *Management Directive 570.1, Mandatory Membership in the State Employees' Retirement System*.

(2) Upon employment or assumption of office of each state employee whose membership in SERS is not mandatory, inform such employee of his/her opportunity to become a SERS member. If such employee elects to join SERS, the agency head shall ensure enrollment in SERS and shall make proper contributions from the effective date of membership. Refer to *Management Directive 570.6, Optional Membership in the State Employees' Retirement System*.

- (3) **SERS Member Status.** At the end of each pay period and in a manner prescribed by SERS, the agency head shall ensure that SERS is notified of:
 - (a) salary changes,
 - (b) removals from payroll, and
 - (c) the amount and type of leave used by those removed from payroll, that occurred at any time during that pay period for all SERS members employed by the agency.
- (4) **SERS Member Records and Information.** Upon a SERS member's termination of service or at any time at SERS' request, the agency head shall provide service and compensation records and other information as SERS may require. Agency heads shall maintain and preserve such records as SERS may direct to discharge its duties.
- (5) **SERS Member Contributions.** From each payroll, the agency head shall ensure that required member pickup contributions are made for current service and shall cause to be deducted any other member contributions as required by SERS. Such member contributions may include but are not limited to those owed by an active member with multiple service membership in SERS and PSERS. At times and in a manner prescribed by SERS, agency heads shall notify SERS of the compensation of any noneligible member to whom the limitation under *IRC § 401(a)(17)* either applies or is expected to apply. In such cases, the agency head shall cause such member's contributions to cease at *IRC § 401(a)(17)* limit on the payroll date such limit is reached.

6. RESPONSIBILITIES.

a. Agency Heads shall:

- (1) Ensure that sufficient administrative support is committed to accomplish the duties assigned herein and in all retirement related directives.
- (2) Ensure that service and earnings records including hours paid, quarterly and annual earnings, and other employment history records are maintained in conformance with SERS' standards and made available to SERS as required.
- (3) Ensure that human resource and payroll transactions, as they relate to employees' membership in SERS or members' eligibility for benefits, are completed and reported in a timely manner.

b. Agency Human Resources Offices/Human Resources Service Center (HRSC) and Payroll Offices shall:

- (1) Ensure that membership is established for all new employees as required. Refer to *Management Directive 570.1, Mandatory Membership in the State Employees' Retirement System* and *Management Directive 570.6, Optional Membership in the State Employees' Retirement System*.

- (2) Ensure that any changes in status or demographic information for an active member and an inactive member on leave are reported properly to SERS. For example, when members change positions within an agency or transfer to a new agency, to ensure that retirement coverage is accurate.
- (3) Maintain employee service and salary information for use by SERS as needed. Refer to *Management Directive 570.11, Amending Data in Retirement and Personnel/Payroll Systems and Collecting Arrears Balances*.
- (4) Ensure proper member contributions are deducted from a member's payroll and submitted to SERS in a timely manner.
- (5) Refer members to the appropriate SERS Regional Counseling Center for answers to retirement related questions and at time of termination for counseling on their retirement benefits. Refer to *Management Directive 570.13, State Employees' Retirement System, Regional Counseling Centers*.

c. **SERS** shall:

- (1) Respond to all questions related to SERS' accounts, law, material, processes, and services, as directed to the member's SERS Regional Counseling Center.
- (2) Maintain accurate member retirement accounts.

7. PROCEDURES.

a. **Agency Human Resource Offices/HRSC and Payroll Offices.**

- (1) **Member Contributions.** Establish payroll deductions in the appropriate amount for each employee who is a SERS member.
- (2) **Non-Permanent Employees.** Monitor and enroll any non-permanent employee that reaches the 750 hour eligibility threshold. Send the weekly report to SERS listing employees that have met the threshold for purchase-of-service processing. Refer to *Management Directive 570.1, Mandatory Membership in the State Employees' Retirement System*.
- (3) **Retroactive Enrollments.** Complete transactions to update retroactive enrollments for missed employment periods or retroactive enrollment in A4 class of service.
- (4) **Removal from Payroll.**
 - (a) **Removal Due to Leave Without Pay.** Complete the transaction in the Integrated Enterprise System (IES) or through FTP or SERS' internet application with start date, end date, and type of leave without pay.

(b) Removal Due to Transfer to Another Agency. Complete the transaction in IES or through FTP or SERS' internet application to terminate the employee to include the date of transfer.

(c) Removal Due to Termination from State Service.

- 1** Advise all terminating employees to contact the appropriate SERS Regional Counseling Center to complete the appropriate forms.
- 2** Complete the transaction in IES or through FTP or SERS' internet application to terminate the employee.
- 3** Submit to SERS upon the death of an active member a notice of the death of the member and a certified copy of death certificate.