

## PMRS 2020 Financial Statements and Reporting Update

February 2022

Following the completion of 2019 financial reporting last November, PMRS immediately turned to generating accurate 2020 financial reports for our 1100 retirement plans. The upgraded software systems are operational and performing well. We have gained valuable experience working with the technology while completing the 2019 reports; added accounting and financial staff; and streamlined processes with our actuaries. As a result, we expect to begin distributing the first 2020 reports and statements the last week in March and anticipate completing 2020 financial reporting this summer.

We understand that the delayed reports are burdensome, and your patience and support are greatly appreciated. Eliminating the backlog and returning to a regular schedule is a top priority for PMRS and we are committed to providing regular updates and assisting members and employers in any way possible.

Below is additional information that may be helpful in the coming weeks.

### When can employers and members expect 2020 financial reports?

Completing the distribution of PMRS various financial reports and statements follows a sequential process. Below is the expected timeline.

- **770 plan statements** detailing each plan's 2020 municipal reserves and cash receipts will be emailed beginning the last week of March and completed by the end of April.
- **2020 PMRS member statements** will be mailed via USPS to all active, retired, and vested members in early April.
- **2020 GASB 68** reports which provide the actuarial value of each plan's assets and liabilities will be emailed beginning the first week of May and continue until the end of June.
- PMRS will work with the contracted actuary to prepare **Act 205 (and Act 293 for counties) disclosures** and expects to upload the information to the Department of Community and Economic Development (DCED) website between June and August.
- **PMRS 2020 Annual Comprehensive Financial Report (ACFR)** and all remaining 2020 financial reporting will be completed this summer.

The timing for all financial reports depends on PMRS receiving all necessary information from every employer. This includes submitting required documents and correcting or clarifying data. Please prioritize and respond promptly to requests from PMRS to avoid further delays.

### In what order are reports distributed?

PMRS largely provides financial reports on a "first in, first out" basis, depending on when PMRS received employers' fourth quarter PMRB-21 report. In the interest of transparency, we publish a list on our website every year. For 2020 that list will be posted in mid-March. To access the list, go to

[www.pmps.state.pa.us](http://www.pmps.state.pa.us), click on “Municipalities,” click on “Year-End Financial Activity Reports,” scroll down to the middle of the page and click on “Check Municipal Rankings.”

**If an employer has a critical need, is it possible to get reports sooner?**

PMRS will try to help if an employer has a critical concern that requires immediate attention. An employer experiencing a unique hardship, should email a brief explanation to Sean Christine, interim chief programs officer, at [SChristine@pa.gov](mailto:SChristine@pa.gov).

**How will the delayed reports impact ACT 205 state aid?**

PMRS has communicated with both the Auditor General and DCED to update them on the delayed 2020 financial statements and year-end reports for PMRS’ municipal plans. They have indicated they will be flexible and work with PMRS and employers to minimize any impact to state aid.

**Are there other ways PMRS can help?**

Throughout the 2019 financial reporting delay, PMRS spoke with independent auditors to explain the situation and provided additional documentation and letters for members who need up-to-date information for activities such as issuing a bond. If an employer or member needs similar assistance, please call 717-787-2065 or email [ra-staff@pa.gov](mailto:ra-staff@pa.gov).

**Will the 2021 financial reports be delayed?**

PMRS expects 2021 financial reports to be distributed before the end of 2022, and 2022 reporting to be on a regular schedule.

**What steps has PMRS made to ensure this isn’t a recurring problem?**

Beginning in 2017, PMRS experienced extended delays in upgrading our financial and administrative software systems. These delays, combined with other operational and management issues, resulted in a backlog of 2019 and 2020 financial reporting.

The PMRS board installed new leadership in late 2020, the technology upgrades were completed in spring 2021, and PMRS has increased staff levels across the organization, particularly in finance and customer service.

Importantly, while PMRS has worked to overcome these operational issues, the financial performance of PMRS has remained strong. As of September 30, 2021, PMRS assets totaled \$3.5 billion, and it is one of the few public pensions above 100 percent funding.

# PMRS Employer Guidelines

The Pennsylvania Municipal Retirement System (PMRS) continues to focus on improving our effectiveness and efficiency in administering pension plans for more than 1,000 public employers. By understanding the information below, employers can help PMRS provide the highest level of service.

## **Employers are responsible for maintaining plan compliance.**

- **Plan documents must be written to comply with all Internal Revenue Code (IRC) requirements.** PMRS provides IRS-approved tax qualified documents upon plan inception. Pension plan documents are reviewed and restated every 6-7 years to ensure IRC compliance. PMRS will contact employers when updates are required. Plan documents are often restated without any substantive changes being made to the plans.
- **Plans must be administered in accordance with the plan documents.** It is important to understand and follow the requirements outlined in the plan documents. This includes accurately submitting required documents on behalf of employees covered under the plan.
- **Employers should review their plan annually.** The best time for a review is prior to budget approval and collective bargaining.

## **Employers should understand the plan's adoption agreement.**

The adoption agreement includes the variable provisions of the plan that the employer must be aware and familiar with, including:

- Employee eligibility requirements
- Types and amounts of allowable plan contributions
- Participant vesting requirements
- Benefit payment options

## **Employers should follow PMRS administrative requirements.**

To ensure plan compliance all plans must:

- Enforce the plan's provisions for participation, contributions, and distributions
- Provide required plan notices to plan participants
- File required forms and documents for employee plan participants relating to retirements, terminations, newly/rehired employees, contribution options (if applicable), and demographic information changes
- Maintain accurate records for participant accounts
- Bring the plan back into compliance (if needed) and pay any associated interest

## **Employers should maintain timely communications with PMRS.**

To ensure accurate processing and payments all plans must:

- Promptly sign any amendments and/or restated plan documents sent from PMRS
- Report accurate payroll compensation and, if applicable, contributions on a quarterly basis
- Submit forms for any hired, terminating and retiring employee plan participants
- Inform PMRS if revisions to the plan are needed including those related to a collective bargaining agreement. A study of estimated costs associated with plan changes may be required and must be approved by the employer's governing authority and the PMRS Board.

*\*Note - that PMRS plan documents take precedence over collective bargaining agreements.*

## **Employers should maintain required records for Pennsylvania Auditor General audits.**

The Auditor General audits all Pennsylvania public pension plans to ensure compliance with applicable state laws, regulations, plan documents and administrative procedures and policies. Examples of this include whether:

- State aid was administered in accordance with Act 205 requirements
- Employer contributions followed the plan's governing documents and applicable regulations
- Employee contributions (if required) are deducted, and deposited in accordance with the plan provisions and applicable regulations
- Benefit payments are properly determined in accordance with applicable regulations

Employers must maintain all PMRS documentation including (but not limited to):

- Minimum Municipal Obligation (MMO) worksheets and invoices
- Lists of plan participants
- Forfeiture letters
- Retired, vested, and terminated plan participant calculations
- Act 205 (Act 293 for counties) valuations
- PMRS financial reports
  - Summary of Municipal Reserve Account
  - Cash receipts and member activity
  - Governmental Accounting Standards Board (GASB 68) Valuation
  - PMRS' Annual Comprehensive Financial Report (ACFR)
  - PMRS' SSAE 18 (SOC 1 Type 2) report
- Plan documents including the Base Plan, Adoption Agreement and any amendments, ordinances, or resolutions

## **The Auditor General determines if an employer plan is eligible for state aid.**

The Auditor General will use the employer's Act 205 (Act 293 for counties) report which outlines pension plan costs to determine eligibility for the General Municipal Pension System State Aid Program. PMRS uses the information from the Act 205 report to determine the annual cost of the plan included in the MMO.

Employers should reach out to PMRS to review their Act 205, funding ratio, distress level and/or MMO if they have questions.

## **PMRS is available to assist with questions or information requests.**

Please contact PMRS' client relations team at 800-622-7968. You can also forward your questions to our Client Relations Municipal Specialists or Director:

**Rhonda Joy**  
Municipal Specialist  
717.772.1582  
rjoy@pa.gov

**Vicki Long**  
Municipal Specialist  
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[www.pmr.state.pa.us](http://www.pmr.state.pa.us)

# PMRS Forms Reference Guide

Below is information on various forms and information that employers are required to submit to PMRS. By following this guide, employers will assist in PMRS' efforts to effectively serve our employers and members. The most used forms are described below and are available at [www.PMRS.state.pa.us](http://www.PMRS.state.pa.us). Please reach out to PMRS if you have questions or need additional information.

<b>EMPLOYEE TERMINATION</b>	<p>If an employee leaves the employer and is not eligible (or chooses not to) vest their retirement, the following should be submitted immediately:</p> <ul style="list-style-type: none"><li>• <b>Application for Return of Contributions (PMRB-4)</b></li><li>• <b>Lump Sum Distribution Supplement (PMRB-6), if applicable</b></li></ul> <p>Any employee contributions made by members will be returned directly to them with interest.</p> <p><i>*Note -To reduce processing time and possible administrative expense, the terminating employee should complete these forms prior to departure date.</i></p>
<b>NEWLY HIRED (OR REHIRED) EMPLOYEES</b>	<p>When a new employee becomes eligible to enroll into the pension plan, the employer and member should submit the following within 30 days following the completion of the plan's eligibility period:</p> <ul style="list-style-type: none"><li>• <b>Enrollment Form (PMRB-1)</b></li><li>• <b>Nomination of Beneficiaries (PMRB-2)</b></li></ul>
<b>RETIRING EMPLOYEES</b>	<p>When an employee retires, the following forms should be submitted:</p> <ul style="list-style-type: none"><li>• <b>Application for Retirement Benefits (PMRB-8, or PMRB-50 if the plan has a spouse's benefit)</b></li><li>• <b>Authorization of Direct Deposit of Annuity Payments (Direct Deposit)</b></li><li>• <b>Withholding Certificate for Pension or Annuity Payments (W-4P)</b></li></ul> <p><i>*Note - Members should call PMRS at least 90 days before their anticipated retirement date to obtain a benefit estimate and information on payment options. Forms cannot be submitted until after the member's final paycheck. Members should plan on retirement processing to take up to 8 weeks.</i></p>
<b>DEMOGRAPHIC CHANGES</b>	<p>If a member has a change of address, marital status, or leave of absence (i.e., maternity, military service), the following should be completed by the member and employer:</p> <ul style="list-style-type: none"><li>• <b>Notification of Change (PMRB-5a)</b></li></ul>
<b>CONTRIBUTION CHANGE</b>	<p>If a plan allows members to make optional contributions, members may begin or change contributions at any time. To do so, the employer and member must complete:</p> <ul style="list-style-type: none"><li>• <b>Voluntary Contribution Change (PMRB-15)</b></li></ul>
<b>QUARTERLY REPORT OF CONTRIBUTIONS</b>	<p>PMRS populates and mails a <b>Quarterly Report of Contributions (PMRB-21)</b> 7-10 days prior to the end of the quarter to each employer. While employers have 30 days from the end of the quarter to review and return the PMRB-21, all employer and member contributions are due to PMRS by the end of the quarter in which they are accrued.</p>

## MINIMUM MUNICIPAL OBLIGATION (MMO) WORKSHEET

A pre-populated **MMO worksheet** is mailed annually to all employers in August/September. A completed and signed worksheet must be returned to PMRS no later than the first week in October.

Any revisions to the MMO worksheet must be completed by December 31 of the current year. Any submissions after this date would result in an audit finding from the Auditor General's office in the event of an audit review.

Funds for contributions, MMO payments and other associated plan costs can be sent via ACH, wire transfer, or check.

### ACH Instructions

Bank Name: PNC Bank

Routing (ABA): No. 043000096

Account No.: 1069946309

Account Name: PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM

### Wire Transfer Instructions

Bank Name: PNC Bank

Address: 500 First Avenue

Pittsburgh, PA 15219

Routing (ABA) No.: 043000096

PNC Swift No.: PNCCUS33

Account No.: 1069946309

Account Name: PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM

### Checks should be sent to:

Pennsylvania Municipal Retirement System (PMRS)

PO BOX 1165, Harrisburg, PA 17108-1165

All payments made payable to the Pennsylvania Municipal Retirement System (PMRS) must be accompanied by a **Revenue Transmittal Form (PMRB-20)** to ensure accurate reconciliation of plan accounts. These should be submitted with any checks and should be emailed to [ra-rscompletedforms@pa.gov](mailto:ra-rscompletedforms@pa.gov) when sending payments via ACH or wire transfer.

## SENDING MONEY TO PMRS

All PMRS forms can be submitted via regular mail or sent to [ra-rscompletedforms@pa.gov](mailto:ra-rscompletedforms@pa.gov). For additional inquiries, concerns, or information requests please reach out to our Client Relations Municipal Specialists or Director:

### Rhonda Joy

Municipal Specialist

717.772.1582

[rjoy@pa.gov](mailto:rjoy@pa.gov)

### Vicki Long

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