



Q1 2021 Update

pennsylvania municipal retirement system

Action Items: Key Dates & Deadlines

- ✓ **March 31, 2021** – **First-quarter contributions must be credited to PMRS members' accounts;** interest is charged on first-quarter contributions received after March 31. As a reminder, a Revenue Transmittal (PMRB-20) form must accompany each financial transaction. You can download one from the "Forms" tab of www.PMRS.pa.state.us.
- ✓ **March 31, 2021** – If your pension plan receives state aid, you are required to file an **AG-385, Certification for General Municipal Pension System State Aid Program**, with the Department of Auditor General's Municipal Pension Reporting Program. Please see enclosure related to the Department of Auditor General's flexibility with PMRS-participating plans this year.
- ✓ **April 1, 2021** – **Municipal audit and financial reports** must be filed with the Department of Community and Economic Development. Please see enclosure related to DCED's guidance to PMRS-participating pension plans this year. DCED advises you to add the following e-filer note: "Pension data has been omitted from the Trust and Agency Fund, due to lack of timely pension data from PMRS." *DCED requests that you do not resubmit 2018 data.*
- ✓ **April 30, 2021** – **Quarterly Report of Contributions** (PMRB-21) forms are due back to PMRS. A copy is enclosed for your convenience.
- ✓ **May 20, 2021** – As always, you are welcome to attend the **PMRS board meeting**. The meetings have always been open to the public, but now that they are being held virtually some plan sponsors find it easier to attend. Meetings typically start at 9:30 a.m. and run through early afternoon. The agenda and dial-in/login information will be posted to the homepage of www.PMRS.state.pa.us at least two days prior to the event.

Vital Updates from PMRS

2019 Year-End Close: Reports & Statements

In mid-April, PMRS believes that we will be able to update you with an accurate date regarding the production of these reports. Please see the enclosed letter, which was e-mailed to the address listed for your plan's primary contact and posted to our website on March 12. As in past years, plan-level reports will be e-mailed directly to you and member statements will be sent to members in hard copy via regular mail. Copies of member statements will not be sent to the plan administrator unless you specifically request them after they have been mailed. Despite delays in completing 2019 financial statements, we are already laying the groundwork for 2020 so that we can transition to these reports immediately after wrapping up the delayed work.



Important Staff Changes: CEO and CFO

Mr. Tim Reese has joined PMRS as its new chief executive officer, and Ms. Cynthia Cranmer has joined PMRS as its interim chief financial officer. Both are respected, public-sector financial executives and have joined PMRS' team to work tirelessly toward effective resolution of the agency's current challenges. You are welcome to reach them at Tim.Reese@PA.gov or Cynthia.Cranmer@PA.gov, respectively.

Amendments May Be Needed to Ensure IRS Compliance

While the majority of PMRS-participating pension plans are fully compliant, some still require further action to ensure that their plans remain so. If we have reached out to you regarding the need to amend your plan, it is crucial that we receive a timely response.

New Policy about Correcting Missed Cash Balance Contributions

PMRS is aware that there may potentially be instances when an employer does not timely enroll an eligible member in a cash balance plan. At its March 18 meeting, the Pennsylvania Municipal Retirement Board adopted a policy outlining the employer's obligation related to optional payments that may be missed. Please see enclosed.

Self-Service Portals on Hold

We let you know that part of our systems modernization project would include rolling out plan sponsor and member self-service "portals." We still plan on providing real-time, online, self-service functionality to you and your employees and retirees. For the time being, however, this work has been put on hold. We will resume it quickly once the key systems issues are resolved. We will update you then.

Addressing Processing Delays

An unexpected impact of software-related issues is that, at times, our ability to process transactions has slowed dramatically. These delays are inconsistent and can be unpredictable. When this happens, we prioritize completing transactions *that result in payments to members*. Thus, other types of transactions – such as purchases of service, for example – which can be accurately executed after the fact, lag even further. We are sorry and are doing our best to become and remain current with all transactions.

Need Help?

PMRS' client relations division is here to help you. Please feel free to contact our division director or employer services specialists with any questions or concerns you may have:

- | | |
|-------------------|--|
| ✓ Dominique Scott | DomiScott@PA.gov |
| ✓ Rhonda Joy | RJoy@PA.gov |
| ✓ Vicki Long | ViLong@PA.gov |

You are also always welcome to call 800-622-7968, and you can conveniently submit completed forms electronically by sending to ra-rsCompletedForms@PA.gov.

Dear Employers,

Thank you for your sustained patience as PMRS continues to make substantial headway toward addressing the reporting backlog. Today, in keeping with our commitment to increased levels of communication, we'd like to share some information with you.

It is very important to all of us at PMRS to provide a timetable for addressing the reporting backlog that we can commit to and follow through on. We have discussed this extensively with the board, and we believe we will be able to provide an accurate update in mid-April with a clear timeline for when you can expect the 2019 statements.

Additionally, we are committed to doing whatever we can to mitigate negative impacts on your municipality. We have, for example, reached out to DCED and the Department of the Auditor General to coordinate information related to upcoming commonwealth deadlines. Please see attached.

Upon request, we have also spoken with independent auditors to explain our responsibility for the lack of statements; we have pulled and provided date/time-stamped PMRB-20 forms for some auditors to use as additional documentation in certain situations; and we have written letters, on a case-by-case basis, for specific members who may need up-to-date confirmation of their plan status for activities such as securing or refinancing a mortgage. Please do not hesitate to contact us if we can provide these services for your municipality or employees. You can call 717-787-2065 or e-mail ra-Staff@pa.gov.

We want to reassure you that the software issues have not impacted municipal or plan participants' money. Retiree payroll has remained consistent, and 1099 tax forms were issued accurately and on time. As far as investment dollars, PMRS is one of the best-performing pension systems in the country and remains over 100% funded.

As you know, PMRS' board meetings are always open to the public. Our next board meeting is set for Wednesday, March 17, and Thursday, March 18. The first day of the spring meeting typically delves deeply into investment fund matters, while the second day considers operational concerns. If you are interested in the agenda or dial-in information, please check the homepage of www.PMRS.state.pa.us after Monday, March 15.

Please know that we intend to communicate immediately and widely the moment that we achieve the breakthrough that will allow us to move forward accurately and confidently.

Thank you,

Timothy Reese
Chief Executive Officer

Doug Baker
Assistant Secretary for Operations

Impact of Delayed Statements & Reports on Critical Municipal Pension Plan Commonwealth Filing Deadlines

March 11, 2021

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As the Pennsylvania Municipal Retirement System (PMRS) continues its commitment to more consistent communication, we would like to let you know that we have reached out to the Department of the Auditor General and the Department of Community and Economic Development (DCED) to explain that we continue to be unable to provide timely financial statements and year-end reports to PMRS' municipal pension plans. Each of these agencies has worked with us to review and concurs with the information outlined below.

We thank them for their patience, flexibility, and guidance, and we extend our continued apologies to you for the delays.

March 31 | AG-385 Certification for General Municipal Pension System State Aid Program

As you know, if your pension plan receives state aid, you are required to file an AG-385 form by March 31, 2021. Along with other information, filings are required to note *employee contributions* paid to the pension system in calendar year 2020. This information is available on the quarterly reports you filed with PMRS last year.

AG-385 filings are also required to note *accumulated employee contributions* as of Dec. 31, 2020. We have confirmed with the Department of the Auditor General that there is no specific guidance regarding whether to include interest when reporting accumulated contributions. Some municipalities include interest, while others do not. It is helpful, *but not required*, for a municipality to be consistent from year to year with including or excluding interest. Thus, it is acceptable for municipalities to take the sums from the same column in last year's report and add the 2020 contributions (available on the quarterly reports) for each member.

It is important to note that the contributions reported on the AG-385 roster are *not* factored into the calculation of a municipality's state aid allocation.

As a reminder, the auditor general's definition of "full-time employee" for the AG-385 filing is an active employee who has worked at least 35 hours per week for any six consecutive months during the calendar year. When preparing rosters and pulling data from PMRS' quarterly reports, please be aware that the required auditor general's definition may be different than your organization's internal definition that you provide to PMRS.

March 31 | Act 293 Report County Valuation Data Pursuant to the Municipal Pension System Regulating Act

If you are a *county* that participates in PMRS' pension system, you are required to submit plan valuation data to the Department of the Auditor General by March 31 of every other year, in odd years. Actuaries complete these reports on behalf of each county and, as you know, there has been a delay in PMRS' ability to provide the data they need to do so.

Managers of the Municipal Pension Reporting Program, Office of Budget and Financial Management, have confirmed that they will accept reports from PMRS-participating plans after the deadline, as soon as they become available.

As you know, there is no state aid tied to these reports. Additionally, the Department of Auditor General will not impose a penalty for late submissions from PMRS-participating county plans.

April 1 | DCED-CLGS-30 Municipal Annual Audit and Financial Report

As you know, your municipal audit and financial report must be filed with DCED by April 1, 2021.

It has been a past practice that PMRS-participating plans typically include an "E-Filer Note" (at the bottom of the "Annual Financial Report" screen) with their submissions to explain that the PMRS documents that our municipalities rely on are one year behind the reporting year of the audit.

This year, however, DCED advises PMRS-participating pension plans that have not received 2019 financial statements/reports *to omit all pension data* in the "Trust and Agency Fund" on the 2020 audit.

Please add the following "E-Filer Note": **"Pension data has been omitted from the Trust and Agency Fund, due to lack of timely pension data from PMRS."**

Then, once we provide your 2019 pension data, please contact DCED to amend your 2020 audit.

Please note that DCED requests that you do *not* resubmit 2018 data.