



Q2 2021 Update

pennsylvania municipal retirement system

Action Items: Key Dates & Deadlines

- ✓ **June 30, 2021** – You must provide **second-quarter member contributions** to PMRS. Interest is assessed on amounts received after this date. As a reminder, a Revenue Transmittal (PMRB-20) form must accompany each financial transaction. A copy is enclosed for your convenience, and you can also download one from the “Forms” tab of www.PMRS.pa.state.us.
- ✓ **July 31, 2021** – **Quarterly Report of Contributions** (PMRB-21) forms are due back to PMRS. A copy is enclosed for your convenience. Please complete, date, sign, and return the form to PMRS and retain a copy for your files.
- ✓ **August 31, 2021** – **Minimum Municipal Obligation (MMO) worksheets** used to calculate your plan’s financial requirement will be mailed to you by PMRS this week.
- ✓ **September 28, 2021** -- The **MMO worksheet** must be completed by the plan’s chief administrative officer and submitted to the appropriate governing body for approval. Each plan’s MMO becomes a part of the municipal budget process for the upcoming year.
- ✓ **October 5, 2021** – The completed, governance-approved, **MMO worksheet** must be returned to PMRS.
- ✓ **July 22, 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

UPDATE | 2019 Financial Statements & Reports

2019 **annual member statements** were mailed on June 25, 2021 to the homes of members who participated in 2019 and whose status is currently active, deferred vested, or participating in the deferred retirement option plan (DROP). Individuals who retired or terminated employment did not receive 2019 statements because they obtained up-to-date, accurate, validated information at the time of retirement or termination.



As of June 30, 2021, PMRS had issued **770 financial reports** to 418 participating plans. As appropriate for each plan, the documents may include up to three schedules for calendar year 2019 – summary of municipal reserve account, cash receipts, and member activity. We are following our ranking order (posted on www.PMRS.state.pa.us, click “Municipalities”) and honoring our hardship exceptions with an important caveat: If any specific plan has a variance that requires quality assurance validation, it's being moved to a review team for concurrent evaluation while our production team continues to process plans. If so, once affirmed, the report is immediately issued.

Data for **GASB reports** has been transmitted to our actuary. We will issue these reports as they are completed, through a separate secure and encrypted email, in the same sequence as the 770 reports. It is anticipated that this process will begin after June 30 and will take approximately 12 to 14 weeks to complete.

PMRS SSAE 18 (SOC 1 Type 2) Report | January 1, 2020 - December 31, 2020

PMRS engaged its external auditor, Holmes and Company, to issue an *Independent Service Auditors' Report on PMRS' Description of Its Retirement Benefit Processing System and the Suitability of Design and Operating Effectiveness of Controls Relevant to Financial Reporting*.

The *Statement on Standards for Attestation Engagements (SSAE) No. 18* is the standard for reporting on controls for service organizations for periods ending on or after May 1, 2017.

The SSAE 18 replaces SSAE 16 for periods ending on or after June 15, 2011. Clifton Larson Allen issued a clean audit opinion on the SSAE 18 (SOC 1 Type 2) Report for the period of January 1, 2019 through December 31, 2019. The report is available at www.PMRS.state.pa.us, click “Publications.”

New Options | PMRS Now Accepts ACH and Wire Transfer

To continue to modernize and streamline its processing and accounting systems, PMRS has added Automated Clearing House (ACH) and Wire Transfer as payment options for municipalities. It is our intent to create a more efficient and seamless transaction between our agency and those we serve.

Benefits of ACH

- *Accessibility.* Municipalities will have electronic access to the status of the payment 24 hours a day, 7 days a week.
- *Efficiency.* ACH will save processing times and allow staff to focus time on other important tasks.
- *Security.* ACH is a secure transfer of funds from bank to bank.

Taking advantage of ACH and Wire Transfer are optional for municipalities. PMRS will continue to process paper checks.

Enclosed, please find an instruction sheet about how to initiate ACH or Wire Transfer as well as PMRS' Pension Administration Bulletin on this topic.



2019 Annual Publications Coming Soon

The system's annual 2019 *Actuarial Valuation Report* and *Comprehensive Annual Financial Report* will each be posted to both the "Home" and "Publications" pages of our website as soon as complete. Visit www.PMRS.state.pa.us.

Stay Up-to-Date with PMRS' Investment Performance

This is just a quick reminder that PMRS has and will continue to provide up-to-date, transparent investment information on its website. Visit www.PMRS.state.pa.us and select "Investments" then "Investment Performance and Asset Allocation Reports."

If you review the 2021 "May Board Meeting – Investment Reports," among other key information, you can find that, as of March 31, the fund's market value was \$3.3 billion (unaudited). The 5-year return on the total fund was 12.2% (net) vs. the policy index of 10.6%. PMRS realized an investment gain of \$1.3 billion, ranking in the top 4th percentile of peers.

Of note, the Pennsylvania Municipal Retirement Board has recently taken actions that will reduce the total amount of risk in the investment portfolio.

Making Hard Choices | Prioritizing Transactions

An unexpected impact of PMRS' recent software-related issues is that, at times, our ability to process transactions slows dramatically. These delays are inconsistent and can be unpredictable. When they happen, we prioritize completing transactions *that result in payments to members*.

Thus, other types of transactions – such as data corrections, for example – which can be accurately executed after the fact, can lag further. We continue to focus on eliminating the backlog associated with the pension administration system modernization. With the new modernized systems in place, along with additional staff, we will soon yield important customer service and processing improvements.

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.

Pension Administration Bulletin – ACH and Wire Transfer Option Added

Previous PMRS Practice

The Pennsylvania Municipal Retirement System (PMRS) currently processes paper checks for thousands of municipalities' defined benefit and cash balance plan and fees annually. Due to challenges with slower mail delivery, lost checks, and bank processing, clearing paper checks can potentially take up to three months.

New PMRS Practice

In order to modernize and streamline the process, PMRS has added Automated Clearing House (ACH) and Wire Transfer as payment options for municipalities.

PMRS will continue to accept paper checks. We will begin accepting ACH and Wire Transfer transactions for this year's annual pension bill and any other municipal contributions. Instructions are attached to this bulletin.

Impact on Municipalities

Municipalities who opt-in to electronic payments will initiate ACH or Wire Transfer with their bank using the attached instructions. Municipalities will still need to complete the appropriate form (PMRB-20, PMRB-21, PMRB-1, PMRB-2, or PMRB-7) to accompany the payment and send to PMRS.

Benefits of ACH

- Accessibility – Municipalities will have electronic access to the status of the payment 24 hours a day, 7 days a week.
- Efficiency – ACH will save processing times and allow staff to focus time on other important tasks.
- Security – ACH is a secure transfer of funds from bank to bank.

What Will Not Change

- PMRS will continue to process paper checks.

Rationale for Current Practice

PMRS continues to modernize and streamline its processing and accounting systems. It is our intent to create a more efficient and seamless transaction between our agency and the municipalities and members we serve.



Below you will find the details necessary to initiate Automated Clearing House (ACH) and Wire Transfer payments.

Every transmission must include a reference note that provides the name and municipal number of the plan associated with the payment. In addition, every transfer must also be supported by a completed PMRB-20 Revenue Transmittal Form which should be emailed to ra-rsCompletedForms@PA.gov not later than one business day after transmittal.

If you have questions, please contact PMRS' finance division at 717.787.2065 or 1.800.622.7968.

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**



Commonwealth of Pennsylvania

REVENUE TRANSMITTAL FORM

PMRB-20

07/09

INSTRUCTIONS: This form should be completed when sending any remittances to PMRS for deposit with your pension plan. Please identify the source and purpose of the funds.

Please mail this form and any related documents, including a check made payable to Pennsylvania Municipal Retirement System, to: P.O. BOX 1165 HARRISBURG, PA 17108-1165

PLEASE TYPE OR PRINT ALL ENTRIES IN INK AND SIGN WHERE REQUESTED.

PART A: To be completed by municipality.

1. MUNICIPAL PLAN NAME

2. MUNICIPAL CODE

3. CHECK AMOUNT

___ - ___ - ___ - ___ - ___

\$ _____

4. SOURCE OF THIS PAYMENT

5. CREDIT THIS PAYMENT TO

\$ _____ Fund Money (Municipal, General, or Special)

\$ _____ Municipal Account

\$ _____ State Aid - Act 205

\$ _____ Member Account

\$ _____ Employee Deductions for _____ Month / Quarter / Pay Period

\$ _____ Administrative Cost

\$ _____ Other (Please Explain)

_____ Annual Bill

_____ New Member(s) Fee for Name & SSN: (If more than three, attach list.)

_____-_____-_____-_____-_____-_____-
_____-_____-_____-_____-_____-_____-
_____-_____-_____-_____-_____-_____-

6. I CERTIFY THAT THE INFORMATION CONTAINED IN PART A IS TRUE AND ACCURATE.

Signature of Issuing Officer

_____/_____/_____
MM DD YYYY

PLEASE USE ONE FORM FOR EACH MUNICIPAL CODE OR RETIREMENT PLAN. AMOUNTS ITEMIZED MUST EQUAL THE TOTAL DOLLAR AMOUNT TRANSMITTED. PLEASE KEEP A COPY FOR YOUR FILE.

PMRS USE:
ACCTG. DIV.:
DATE STAMP:

RETURN ONE COPY TO PMRS; RETAIN ONE COPY FOR YOUR FILES.