

COVID-19 LEAVE:

Should you pay and withhold retirement contributions for your employees?

The answer depends on the type of leave your employee uses.

If the employee uses COVID-19 specific leave made available through the Families First Coronavirus Response Act, or leave as a result of collective bargaining agreements or special arrangement, you **don't** make retirement contributions or withhold retirement contributions from the employee's pay. The pay they earn during that leave is not considered "retirement-covered compensation."

If, on the other hand, the employee uses accrued annual or sick leave, then the pay they earn during that leave time continues to count toward their retirement benefit and retirement contributions must be made.

If you have questions about specific leave types, please contact Kevin Skura - SERS-Bureau of Benefit Administration at kskura@pa.gov or 717-237-0291.

AVOID LOSS OF EARNINGS PENALTIES

Your employees' contributions must be credited to their individual investment accounts within 30 days of you withholding the money from their pay or your organization could be charged a loss of earnings penalty.

There is no doubt that administering retirement benefits for your employees takes a team from across your organization. When the legislature added the new Defined Contribution Plan that opened to new employees in 2019, teamwork within your organization became even more critical than ever before.

Now, your employees' contributions to the Defined Contribution Plan must be credited to their individual investment accounts within 30 days of you withholding the money from their pay. If that 30-day deadline is broken, your organization could be charged a loss of earnings penalty.

So what functions are involved in efficiently administering your employees' retirement benefits?

- Enrolling new employees (human resources function, payroll function – see *Does Your New Employee Have A "Footprint" At SERS?*)
- Collecting key personnel and payroll data (payroll function)
- Transmitting data files (information technology function)
- Transferring payments for contributions and submitting the "Retirement Deductions Report" (finance function)
- Submitting service terminations for retiring employees or those leaving active employment (human resources function, payroll function)

Do you know all the staff in your organization who play a role in your employees' retirement benefit administration? Do you have a collaborative relationship with them?

Knowing the players and the roles each play could improve the accuracy, timeliness, and efficiency of employee retirement benefit administration.

DOES YOUR NEW EMPLOYEE HAVE A “FOOTPRINT” AT SERS?

If your new hire contributed to a SERS pension in the past, they have a footprint at SERS.

It is critical that you check for a footprint because it determines what retirement plan or plans the employee is eligible for and how much you both contribute toward the employee’s retirement benefit.

You can do a quick online search for a footprint in *SERS Employer Services*. Once you sign in, from the left-hand menu, select “Research Data, Retirement Summary,” and enter your new employee’s SSN. If a retirement summary displays, the employee has a footprint. If you have specific questions regarding an employee with a footprint, you can contact Thomas Corbin, thcorbin@pa.gov, or Denise Diehl, dendiehl@pa.gov.



In most cases, if the employee has a footprint, they will return to the pension plan in the same class of service that they contributed to in the past.

If you enter a new employee into the wrong class of service, the contributions -- both those that your organization made and those that you withheld from the employee’s pay -- will need to be recalculated and reconciled from the employee’s first day on the job until the error is corrected.

A quick online footprint check will save you a lot of time and money correcting a wrong entry.