

### ACTION ITEMS: KEY DATES & DEADLINES

Sept 2022						
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Oct 2022						
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Nov 2022						
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Dec 2022						
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**September 30, 2022 – 3Q22 contributions credited to a member’s account are due by September 30.** A Revenue Transmittal Form (PMRB-20) must be completed and mailed with an attached check. Interest will be charged on third quarter contributions received after September 30. Incomplete or missing PMRB-20 forms may result in errors with reporting of cash receipts statements on the plan’s annual financial statement.

**October 3, 2022 – 2023 Minimum Municipal Obligation (MMO) worksheets are due to PMRS.** The MMO worksheets must be completed by the plan’s chief administrative officer and approved by the plan’s governing body prior to submitting it to PMRS.

**October 31, 2022 – The 3rd Quarter 2022 Quarterly Report of Contributions are due to PMRS.** Please complete, sign, and return the **PMRB-21 form** to PMRS by October 31, 2022. The PMRB-21 can be found on our website. Please retain a copy for your records.

**December 15, 9:30 a.m. PMRS Board Meetings** Board meetings are open to the public. For more information on location/virtual link, please contact PMRS.

**December 31, 2022 - The 2022 Annual MMO is due.** Delinquent interest will be assessed against the unpaid plan obligation as of January 1, 2023 and include interest charges from January 1, 2022.

### UPDATES FROM PMRS

#### CEO Update

As September brings the changing seasons, PMRS is also in a season of change. We are no longer in a state of crisis as we were two years ago. We spend less time focusing on short-term fixes and are increasingly focused on implementing

long-term operational improvements that will positively impact PMRS well into the future.

One example is the financial reporting backlog. The 2020 reporting cycle is nearly complete: only a handful of plans are waiting to receive their 2020 GASBs; the 2020 Annual Comprehensive Financial Report received a clean audit review and is posted to the website; and Act 205 reports will be available in October.

Meanwhile, we are reconciling 2021 financial data and expect to distribute 2021 member statements later this month. In October, employers will receive their 2021 financial reports and then we will begin working to distribute 2021 GASBs.

The bottom line is we expect to complete the 2021 financial reporting cycle and eliminate the backlog by the early weeks of 2023. While getting back on schedule has been the short-term priority, we have also been identifying and implementing efficiencies that will significantly improve reporting for the 2022 reporting cycle and beyond.

Another example of long-term improvements is how PMRS manages assets. Over the past year, we aligned our investment managers with our new investment policy which de-risks our portfolio. This required reallocating approximately 40 percent of our portfolio and the long-term impact is already clear.

Although PMRS has not escaped the impact of the markets' poor performance, we have minimized our losses and better protected members' retirement with our new strategy. Similarly, while inflation has spiked dramatically, because of our strong financial position and long-term approach to investing, we can maintain our current interest rate assumptions and the crediting interest rate that our members' assets receive.

We also continue to make foundational changes to improve the service levels for our members and employers. Our client relations and processing teams have nearly doubled. We have automated many of our communications, and combined with more staff, we have greater capacity to process and communicate changes to members and plans. Additionally, we are organizing our client relations team to improve response time, strengthen plan relationships, and enhance knowledge sharing.

Our culture is the mortar that binds PMRS. We have eliminated staff shortages and are now building a culture that attracts and retains the best talent to further elevate service for our members and employers. We are implementing a standardized performance measurement program, launching a new educational policy that invests in our employees, and improving the onboarding experience so employees hit the ground running. These initiatives will have a profound impact on our current and future employees.

This season of change has been difficult – but the resulting improvements will positively impact all our stakeholders for years to come. Without the support of our employees, members, and the PMRS board none of it would be possible.



Timothy Reese

CEO, PMRS

## **2020 and 2021 PMRS Financial Reporting update**

PMRS has nearly completed the 2020 financial reporting process. All member statements and municipal year-end financial statements were distributed in the spring, the Annual Comprehensive Financial Report (ACFR) and all GASB reports are complete and posted to the PMRS website. Our actuary is currently working on the Act 205 reports, and we anticipate all will be finished by the end of October.

As PMRS winds up the 2020 cycle, we have also been working simultaneously on processing the 2021 financial data. 2021 Member statements are currently being distributed and we anticipate completing the 2021 municipal year-end financial reports in October. At that point, we will share the data with our actuary, and they will begin preparing the 2021 GASB 68 reports and PMRS will begin preparing the 2021 ACFR. PMRS expects to complete the 2021 financial reporting cycle by the end of this year or early 2023.

## **2021 Act 205 Actuarial Valuation Reports**

The PA Auditor General is responsible for the Municipal Pension Reporting Program (MPRP) which determines state aid funding. PMRS continues to meet regularly with the Auditor General about filing the 2021 Act 205 reports and anticipates that all the Act 205 reports will be filed by the end of October 2022. The Auditor General has indicated municipalities will not be penalized for late filings. Additionally, 2022 state aid will be distributed on time and will be based on data from the 2019 Act 205 reports (see general instructions below on proper handling of 2022 State Aid that will soon be distributed).

Once 2021 Act 205 reports are filed and approved, the Auditor General will recalculate state aid and notify municipalities within 4 to 6 weeks of any additional state aid due or excess state aid to be returned.

Please note any excess state aid must be repaid promptly to avoid interest

and penalties.

When the forms are ready for the municipality to submit, they will receive an automated email from MPRP@PaAuditor.gov that their pension plan's reporting form is "ready for you to review and certify." At that time, municipalities will need to log in to DCED's Municipal Statistics website (<https://munstats.pa.gov/forms/LogIn.aspx>) and go to "Your Act 205 Form Tasks." Once on the Act 205 website homepage, the municipality can access the form(s) by clicking on "Step 3, Form Links." The form(s) will be listed under "Your Available Tasks." Municipalities should reach out to MPRP via email at MPRP@PaAuditor.gov for questions when filing the reporting form(s).

## 2022 State Aid Guidance

The Auditor General administers the General Municipal Pension System State Aid Program and distributes these funds annually to eligible municipalities by October 1.

- By law municipalities must deposit state aid funds into the pension plan within 30 days of receipt.
  - If the municipality maintains a single pension plan, then the municipality must allocate all state aid to this plan.
  - If the municipality maintains multiple pension plans, the municipality must determine how to allocate these between its pension plans.
- Written confirmation should be provided to PMRS detailing the amount of state aid received and how it was allocated between pension plans.
- A Revenue Transmittal Form (PMRB-20) must be included with all checks submitted to PMRS and identify the source of payment as "State Aid – Act 205."
- State aid can be allocated to defined benefit and cash balance plans as follows:

### Defined Benefit Plans

- If the 2022 MMO was previously paid to PMRS, these funds can be used to reimburse the municipality's general fund. Any excess state aid funds must be deposited into a pension plan within 30 days of receipt.
- If the 2022 MMO was not previously paid and the state aid is less than the 2022 MMO, the entire amount must be deposited into a pension plan within 30 days of receipt and the remaining balance of the MMO paid by December 31, 2022.
- If the 2022 MMO was not previously paid and the state aid is more than the 2022 MMO, the entire amount of state aid must be deposited into a pension plan within 30 days of receipt.
- If a municipality has multiple pension plans, it must first meet the MMO for each plan. Any excess state aid may then be allocated between its plans.

### Cash Balance Plans

- These funds can be used to reimburse the municipality's general fund for payments made to PMRS for the 2022 annual bill (administrative fees, municipal for member contributions, and new member enrollment fees).
- If a terminated member's contributions were forfeited to the Municipal Account, these funds must be used as a credit before any state aid can pay pension costs.
- State aid received in excess of the amount reimbursed to the general fund and any total forfeitures must be deposited into a pension plan within 30 days of receipt.
- If state aid received exceeds the total annual pension costs for cash balance plans, the excess state aid must be returned to the Auditor General unless the municipality also has a defined benefit plan.
- \* **Note:** If the municipality has a defined benefit plan, the excess state aid funds can be deposited into a defined benefit plan if the normal cost rate is not 0% and the actuarial value of assets do not exceed the total pension liability.

## 2023 MMO worksheets

**PMRS has distributed 2023 MMO worksheets both electronically and via the U.S. Postal Service.** The MMO worksheet details the amount a municipality must contribute to the pension plan next year. Generally, the completed MMO worksheet must be approved by an organization's governing body by SEPTEMBER 30, 2022. And returned to PMRS by OCTOBER 3, 2022.

Completed MMO worksheets should be submitted electronically to Ra-rscompletedforms@pa.gov. or by mailing it to PMRS P.O. Box 1165, Harrisburg PA 17108-1165. Please only send the information once via email or U.S. mail.

When completing the MMO, please round to the nearest dollar and double check to ensure the calculations are correct prior to submitting. If you have not received your MMO or have questions concerning the MMO, please contact PMRS at 800-622-7968.

### Important Reminders About Contributions

**Withholding contributions in final paycheck** – Municipalities must withhold required contributions on the pensionable earnings on all paychecks, including the final paycheck. The requirement to stay in compliance with their plan document should be the first non-tax deduction considered on an employee's paycheck. Health benefit and other elective withholdings should be considered after their pension required contributions.

**Changes to employer/employee contributions** – Municipalities who wish to change the employer or employee contribution rate must complete a plan amendment in addition to the resolution/ordinance. Please contact PMRS to prepare and supply you with the amendment.

## Need Help?

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PMRS' Client Relations division is here to help you. Please contact us with any questions or concerns you may have:

**Dominique Scott**  
Director  
domiscott@pa.gov

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

**Vicki Long**  
Municipal Specialist  
vilong@pa.gov

You are also always welcome to call 800-622-7968. Completed forms can conveniently be submitted electronically by sending to ra-rsCompletedForms@PA.gov.

## Tell Us How We Can Improve...

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Please complete our short anonymous survey to help us better serve you and your employees.  
<https://www.surveymonkey.com/r/PMRSEmployer>



P.O. Box 1165 | Harrisburg, PA 17108-1165  
1-800-622-7968 | 717-787-2065 | F: 717-783-8363 | [www.pmr.state.pa.us](http://www.pmr.state.pa.us)