



# Q4 2021 Update

pennsylvania municipal retirement system

## Action Items: Key Dates & Deadlines

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- ✓ **December 31, 2021** – The completed, governance-approved, **Minimum Municipal Obligation (MMO)** worksheets were due to PMRS in October. Any revisions to the MMO worksheet need to be completed by the end of this year to meet the Auditor General’s compliance guidelines.
- ✓ **December 31, 2021** – **Fourth-quarter 2021 member contributions are due 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. Copies are enclosed for your convenience, or you can also download them from the “Forms” tab of [www.PMRS.pa.state.us](http://www.PMRS.pa.state.us).
- ✓ **January 1, 2022** – **Changes to the actuarial assumptions** used to calculate the cost of your pension plan will go into effect.
- ✓ **January 31, 2022** – You must submit a **number of plan year 2021 reports** to PMRS:
  - quarterly reports “PMRB-21”
  - enrollments “PMRB-1 & 2”
  - terminations/deaths “PMRB-4 & 13”
  - retirements/vestees “PMRB-8 or 50”
- ✓ **March 31, 2022** – While **county plans** are required to file their **2020 Actuarial Valuation Report** to the Pennsylvania Auditor General’s Municipal Pension Reporting Program, PMRS will work with counties on a plan-by-plan basis to prepare, review, and approve their retirement plan’s valuation prior to this date. PMRS will work directly with the Auditor General’s office to waive penalties, if needed.



## Important Updates from PMRS

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### PMRS Key Dates:

- ✓ **January 6, 2022 - Minimum Municipal Obligation (MMO)** invoices will be mailed.
- ✓ **January 31, 2022 – Tax forms 1099R** will be mailed to members of your retirement plan who received disbursements in 2021.

### Interest rates

After consideration and recommendation from the audit and risk committee, PMRS' board voted in November to maintain the **5.25% interest rate** for 2022. Interest is the amount members can earn in their pension accounts annually. This is the sixth straight year the rate has been at this level demonstrating the financial strength of PMRS' investment portfolio.

### 2019/2020 Financial report

We completed all the 2019 financial reporting. The system's annual 2019 Actuarial Valuation Report and Annual Comprehensive Financial Report was posted to both the "Home" and "Publications" pages of our website, [www.PMRS.state.pa.us](http://www.PMRS.state.pa.us).

PMRS is actively working on the 2020 financials and expect reports to begin rolling out near the end of the first quarter of 2022. Member statements and employer annual reports will come first, followed by the GASB reports and the Annual Comprehensive Financial Report.

### Important Information for Your Auditor

Many of the records/calculations your auditor needs to issue an opinion on your plan's net pension liability are maintained only by PMRS.

PMRS engaged an independent auditor to issue an SSAE 18 (SOC 1 Type 2) report on our controls over census data maintenance as well as the allocation of additions and deductions to municipality accounts. A qualified opinion was issued for period of January 1, 2019 through December 31, 2019. You can view the report in the "Publications" section of PMRS' website. We expect to have the 2020 report prepared and posted during the second quarter of 2021.

PMRS' independent auditor will also be issuing an opinion on the system-wide "Statement of Changes in Fiduciary Net Position by Participating Plan," with an expected posting date in Q1 2022. To assist your auditors in reconciling your plan's year-end financial activity statements, a "Market Value of Asset Reconciliation" is included in Appendix D of the 2020 GASB 68 reports. It is important to note that GASB 68 information is more comprehensive than your year-end financial activity reports, as GASB 68 includes all assets and liabilities of your plan. An "assets, liabilities, and funded ratios" graph is included that shows total pension liability; market value of assets; actuarial value of assets; and resulting funding ratios.

For GASB 68 purposes, the *market* value of assets is the plan net fiduciary position. The *actuarial* value of assets is used for determining the required employer contributions (i.e. minimum municipal obligation, or MMO).



## PMRS Now Accepting ACH and Wire Transfer

Since PMRS added Automated Clearing House (ACH) and Wire Transfer as payment options this summer, several municipalities have started utilizing this method of payment. ACH is a more efficient and seamless way to conduct transactions and has several benefits including:

- 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.

## Update Contact Information:

To reduce delays in receiving financial reports and other information from PMRS, please review your organization's contact information.. If updates are required, please submit changes on municipal letterhead to [ra-staff@pa.gov](mailto:ra-staff@pa.gov)

## Need Help?

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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, Director of Client Relations     [DomiScott@pa.gov](mailto:DomiScott@pa.gov)
- ✓ Rhonda Joy, Client Relationship Manager     [RJoy@pa.gov](mailto:RJoy@pa.gov)
- ✓ Vicki Long, Client Relationship Manager     [ViLong@pa.gov](mailto:ViLong@pa.gov)

**You are also always welcome to call 800-622-7968 and can send completed forms to [ra-rsCompletedForms@pa.gov](mailto:ra-rsCompletedForms@pa.gov) or fax to 717-783-8363.**



## Executive Update

November 19, 2022

Following the final PMRS board meeting for 2021, I want to reflect on some key accomplishments from the past 12 months and provide a preview of the year ahead.

### Financial Reporting

Since completing the long-delayed implementation of our administrative and financial technology upgrades this summer, we have focused on unwinding the backlog of financial reporting that has burdened our members and employers.

This week, we successfully completed the 2019 financial reporting cycle. After a clean review by our auditors, PMRS posted the [2019 Annual Comprehensive Financial Report](#) to our website. PMRS is actively working on the 2020 financials and while there are many moving parts, we expect 2020 reports to begin rolling out during the first quarter, and for 2021 reporting to be completed next year as well.

### Investments

PMRS' investments continue to perform well, and our portfolio is positioned strongly for the future. As our [preliminary investment report](#) illustrates, through the third quarter, our fund has \$3.4 billion in assets and has grown by 9.7 percent or \$307 million in 2021. For the past 12 months, our one-year return was 24.2 percent or \$675 million.

While the economy continues its robust recovery, there are potential headwinds looming. This year, PMRS instituted a new investment strategy moving to a more passive management philosophy while also looking for opportunities to maximize returns with active managers. This will better position PMRS even in turbulent times while significantly reducing investment fees.

### Operations

We are fully staffed, have significantly increased the size of our client services team, made key hires in communications, processing, and accounting to strengthen and expand our service capabilities. As a result, processing backlogs and response times are shrinking.

We are communicating more with members and employers by providing regular updates through the website and email, holding road shows, and one-on-one calls. This summer, we resumed in-person meetings with members and employers across the commonwealth and these will continue to increase in the year ahead.

Our project management office continues to prioritize top projects for 2022 including enhanced case

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management capabilities and auto-generated correspondence that will allow PMRS to easily create letters to update members on changes to their pension accounts. Both projects will free up staff time and restore member and employer satisfaction and confidence.

By any measure, PMRS has made great strides in 2021. I am proud of our accomplishments since I joined the organization a year ago, and thank our employers and members for their ongoing patience and support. I am confident that 2022 will bring continued improvements that not only meet but exceed prior levels of client service.

Sincerely,

A handwritten signature in black ink that reads "Timothy A. Reese". The signature is written in a cursive style with a long horizontal line extending from the end.

Timothy A. Reese  
Chief Executive Officer  
Pennsylvania Municipal Retirement System



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

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**