



# Q3 2021 Update

pennsylvania municipal retirement system

## Action Items: Key Dates & Deadlines

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- ✓ **September 30, 2021** – **Third-quarter member contributions were 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. A copy is enclosed for your convenience, and you can also download one from the “Forms” tab of [www.PMRS.pa.state.us](http://www.PMRS.pa.state.us).
- ✓ **October 5, 2021** – The completed, governance-approved, **Minimum Municipal Obligation (MMO)** worksheets used to calculate the plan’s financial requirement for 2022 were due to PMRS. The 2022 MMO worksheet must be completed by the plan’s Chief Administrative Officer and approved by the plan’s board before being returned to our office.
- ✓ **October 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.
- ✓ **November 18, 2021** – The **PMRS board meeting** is open to the public and held virtually. 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](http://www.PMRS.state.pa.us) at least two days prior to the event.

## Important Updates from PMRS

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### 2019 Financial Statements & Reports

As of October 12, 2021, PMRS has issued 770 financial reports to 1021 participating plans. We are following our ranking order (posted on [www.PMRS.state.pa.us](http://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 moved to a review team for concurrent evaluation while our production team continues to process plans. Once affirmed, the report is immediately issued.

Data for GASB reports has been transmitted to our actuary and, as of October 6, 2021, we have issued 907 reports. We are issuing these reports as they are completed, through a separate secure and encrypted email, in the same sequence as the 770 reports. We anticipate these reports will be completed by the end of October.

As soon as 2019 reporting is complete, we will begin the closing process for 2020. This is expected to take several months at which time we will begin processing and distributing all 2020 financial reports including annual member statements.



## 2019 Annual Publications Coming Soon

The system's annual 2019 Actuarial Valuation Report and Annual Comprehensive Financial Report will each be posted to the "Publications" pages of our website as soon as complete. Visit [www.PMRS.state.pa.us](http://www.PMRS.state.pa.us).

## PMRS' Investment Performance

PMRS second quarter 2021 investment report illustrates our continued strong financial performance. At the end of the second quarter, the PMRS fund was valued at \$3.5 billion after reporting a \$168 million gain representing a 5.1 percent net increase in value during the second quarter. Year-to-date through the second quarter, our total fund value gained \$317 million equaling a 10.1 percent net increase.

PMRS provides up-to-date investment information on its website. Visit [www.PMRS.state.pa.us](http://www.PMRS.state.pa.us) and select "Investments" then "Investment Performance and Asset Allocation Reports."

## 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 have electronic access to the status of the payment 24 hours a day, 7 days a week.
- Efficiency. ACH saves processing times and allows staff to focus 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.

An instruction sheet about how to initiate ACH or Wire Transfer is enclosed.

## 2021 State Aid

The Pennsylvania Department of the Auditor General administers the state's General Municipal Pension System State Aid Program and distributes these funds annually to eligible municipalities by October 1.

- The Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984) requires municipalities to deposit state aid funds into the pension plan within 30 days of receipt.
  - If only one pension plan is maintained by the municipality, then the total amount of the state aid received by the municipality must be allocated to this plan.
  - If more than one pension plan is maintained by the municipality, the municipality must determine how these funds are to be allocated between its pension plans.
- Written confirmation should be provided identifying the total 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 2021 MMO was previously paid to PMRS, these funds can be used to reimburse the municipality's general fund and any excess funds must be deposited into a pension plan within 30 days of receipt.
  - If a municipality has more than one pension plan, it must first meet each plan's MMO and then the excess state aid may be allocated between the plans. If the 2020 MMO was not previously paid and the state aid is less than the 2021 MMO, the entire amount must be deposited into a pension plan within 30 days of receipt and the balance of the MMO paid by December 31, 2021.
- If the 2021 MMO was not previously paid and the state aid is less than the 2021 MMO, the entire amount must be deposited into a pension plan within 30 days of receipt and the balance of the MMO paid by December 31, 2021.
- If the 2021 MMO was not previously paid and the state aid is more than the 2021 MMO, the entire amount must be deposited into a pension plan within 30 days of receipt.
  - If a municipality has more than one pension plan, it must first meet each plan's MMO and then the excess state aid may 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 2021 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 first as a credit before any state aid can be used to pay pension costs.
- State aid received in excess of the amount reimbursed to the general fund and 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 Pennsylvania Department of Auditor General unless the municipality also has a defined benefit plan.**

## **Need Help?**

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

- ✓ Rhonda Joy                      RJoy@PA.gov
- ✓ Vicki Long                        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

September 23, 2021

PMRS continues to make significant progress in our ongoing transformation. I am extremely proud of our staff and their efforts to distribute the 2019 financial reports that were delayed by the technology systems upgrade.

As of mid-September, we have sent more than 90 percent of the 770 plan reports and approximately 80 percent of the GASB 68 reports have gone out to employers. Our staff and actuaries are finalizing the 2019 Annual Comprehensive Financial Report, and we are on track to complete all 2019 reporting in October. Preparing and sending all 2020 financial reports including annual statements to members will begin shortly. We are applying key learnings from the 2019 reports to ensure that 2020 report distribution goes as smoothly and quickly as possible.

PMRS has been severely understaffed and this has been exacerbated by departures of key people over the last several years. We are hiring and onboarding new employees and are approaching our full employee complement. We are working with consultants to assess our organization and identify how we should be structured to maximize performance and attract and retain the talent needed to meet the demands of a modern financial institution.

Our new Project Management Office is managing the ongoing integration of our technology systems. Specifically, we are creating automated member communications and case management capabilities. This is critical to grow member confidence and satisfaction and reduce the workload for our staff.

Following an extensive selection process, we approved MFS to manage our \$150 million U.S. Large Cap Value equities mandate and Smith Graham to manage our \$50 million U.S. Small Cap Value equities mandate. Our investments continue to drive PMRS' strong financial performance and these actions will further our plan to move to a more passively managed portfolio and reduce investment costs.

PMRS has turned the corner and we are increasingly looking to the future. We are focused on developing a long-term strategy, structuring our organization, improving member and employer satisfaction, building a culture of empowerment, and growing our financial strength.

I look forward to sharing these plans with you in the coming months.

A handwritten signature in black ink that reads "Timothy A. Reese". The signature is fluid and cursive, 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.

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](mailto: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  \$ _____
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4. SOURCE OF THIS PAYMENT

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

\$ \_\_\_\_\_ State Aid - Act 205

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

\$ \_\_\_\_\_ Other (Please Explain)  
\_\_\_\_\_  
\_\_\_\_\_

5. CREDIT THIS PAYMENT TO

\$ \_\_\_\_\_ Municipal Account

\$ \_\_\_\_\_ Member Account

\$ \_\_\_\_\_ Administrative Cost  
\_\_\_\_\_ 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.**