

PMRS Employer Guidelines

The Pennsylvania Municipal Retirement System (PMRS) continues to focus on improving our effectiveness and efficiency in administrating more than 1,000 public pension plans. By understanding the information below, employers can help PMRS provide the highest level of service.

Employers are responsible for maintaining plan compliance.

- **Plan documents must be written to comply with all Internal Revenue Code (IRC) requirements.** PMRS provides IRS-approved tax qualified documents upon plan inception. Pension plan documents are reviewed and restated every 6-7 years to ensure IRC compliance. PMRS will contact employers when updates are required. Plan documents are often restated without any substantive changes being made to the plans.
- **Plans must be administered in accordance with the plan documents.** It is important to understand and follow the requirements outlined in the plan documents. This includes accurately submitting required documents on behalf of employees covered under the plan.
- **Employers should review their plan annually.** The best time for a review is prior to budget approval and collective bargaining.

Employers should understand the plan's adoption agreement.

The adoption agreement includes the variable provisions of the plan that the employer must be aware and familiar with, including:

- Employee eligibility requirements
- Types and amounts of allowable plan contributions
- Participant vesting requirements
- Benefit payment options

Employers should follow PMRS administrative requirements.

To ensure compliance all plans must:

- Enforce the plan's provisions for participation, contributions, and distributions
- Provide required plan notices to plan participants
- File required forms and documents for employee plan participants relating to retirements, terminations, new/rehired employees, contribution options (if applicable), and demographic information changes
- Maintain accurate records for participant accounts
- Bring the plan back into compliance (if needed) and pay any associated interest

Employers should maintain timely communications with PMRS.

To ensure accurate processing and payments all plans must:

- Promptly sign any amendments and/or restated plan documents sent from PMRS
- Report accurate payroll compensation and, if applicable, contributions on a quarterly basis
- Submit forms for any hired, terminating and retiring employee plan participants
- Inform PMRS if revisions to the plan are needed including those related to a collective bargaining agreement. A study of estimated costs associated with plan changes may be required and must be approved by the employer's governing authority and the PMRS Board.

**Note - that PMRS plan documents take precedence over collective bargaining agreements.*

Employers should maintain required records for Pennsylvania Auditor General audits.

The Auditor General audits all Pennsylvania public pension plans to ensure compliance with applicable state laws, regulations, plan documents and administrative procedures and policies. Examples of this include whether:

- State aid was administered in accordance with Act 205 requirements
- Employer contributions followed the plan's governing documents and applicable regulations
- Employee contributions (if required) are deducted, and deposited in accordance with the plan provisions and applicable regulations
- Benefit payments are properly determined in accordance with applicable regulations

Employers must maintain all PMRS documentation including (but not limited to):

- Minimum Municipal Obligation (MMO) worksheets and invoices
- Lists of plan participants
- Forfeiture letters
- Retired, vested, and terminated plan participant calculations
- Act 205 (Act 293 for counties) valuations
- PMRS financial reports
 - Summary of Municipal Reserve Account
 - Cash receipts and member activity
 - Governmental Accounting Standards Board (GASB 68) Valuation
 - PMRS' Annual Comprehensive Financial Report (ACFR)
 - PMRS' SSAE 18 (SOC 1 Type 2) report
- Plan documents including the Base Plan, Adoption Agreement and any amendments, ordinances, or resolutions

The Auditor General determines if an employer plan is eligible for state aid.

The Auditor General will use the employer's Act 205 (Act 293 for counties) report which outlines pension plan costs to determine eligibility for the General Municipal Pension System State Aid Program. PMRS uses the information from the Act 205 report to determine the annual cost of the plan included in the MMO.

Employers should reach out to PMRS to review their Act 205, funding ratio, distress level and/or MMO if they have questions.

PMRS is available to assist with questions or information requests.

Please contact one of our Client Relations Municipal Specialists at 717-787-2065 or toll free 1-800-622-7968.



P.O. Box 1165 | Harrisburg, PA 17108-1165
1.800.622.7968 | 717.787.2065 | 717.783.8363 fax
www.pmrspa.gov