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# MANAGEMENT DIRECTIVE

570.1  
Amended  
Number

COMMONWEALTH OF PENNSYLVANIA  
GOVERNOR'S OFFICE

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Subject:

State Employees' Retirement System, Duties of Departments and Agencies

By Direction Of:

  
Eric Henry, Executive Director, State Employees' Retirement System

Date:

May 8, 2006

The responsibilities of Agency Heads and other officials with respect to the State Employees' Retirement System (SERS) are described herein.

1. **PURPOSE.** To describe the duties and responsibilities of department heads and agencies for actions required by the State Employees' Retirement Code, Act 31, March 1, 1974, as amended. •
2. **SCOPE.** This directive applies to all departments and agencies under the Governor's jurisdiction and to activities of the State Employees' Retirement System (SERS). •
3. **RESPONSIBILITIES.**
  - a. **Department and Agency Heads.** •
    - (1) Appoint, in writing, subject to approval by the State Employees' Retirement Board, an agency liaison in each agency.
    - (2) Ensure that sufficient administrative support is committed to accomplish the duties assigned herein and in all retirement related directives.
    - (3) Ensure that service and earnings records, including hours paid, quarterly and annual earnings, and other employment history records are maintained in conformance with SERS standards and made available to SERS as required.
    - (4) Ensure that human resource and payroll transactions, as they relate to employees' membership in SERS or members' eligibility for benefits, are completed and reported in a timely manner. •
  - b. **Agency Department/Agency liaisons.** •
    - (1) Implement and administer procedural requirements developed by SERS.
    - (2) Review department/agency policies, practices, and procedures to ensure compliance with retirement law and the requirements of SERS. •
    - (3) Coordinate with SERS field offices to provide services to department and agency employees. •
    - (4) Sign documents concerning SERS when delegated to do so by the department/agency head. •

- **c. Human Resource Offices** are to determine employment status of new employees (permanent or non-permanent, full-time or part-time) to be used in establishing SERS membership. The Commonwealth payroll system uses the terms permanent and non-permanent instead of the terms listed in the Retirement Code, which are salaried and wage to describe employment status.

(1) Permanent is equivalent to salaried. A permanent part-time employee is required to become a member of SERS upon his or her hire date regardless of hours worked.

(2) Non-permanent is equivalent to wage. A non-permanent part-time employee is not required to become a member of SERS until he or she meets the 750 hour requirement.

(3) A full time employee, either permanent or non-permanent, is required to become a member of SERS upon his or her hire date.

- **d. Human Resource and Payroll Offices.**

(1) Jointly determine appropriate percentage deduction rate for employees' retirement payroll contributions.

(2) Coordinate maintenance of employment records and employees' accounts.

#### **4. PROCEDURES.**

- **a.** SERS mails Statements of Account to all active members and inactive members on leave without pay, to the home addresses provided to SERS through the various agencies' Human Resources offices. The statements show total contributions, interest, and service credited to members' accounts at the end of the previous year. The statements also include member's date of birth, sex, retirement coverage, contribution rate, beneficiary (unless the member requests that the beneficiary not be listed), final average salary, and the most recent year's retirement-covered earnings. Questions concerning statements are to be directed to the member's SERS regional counseling center.
- **b.** Enclosure 1 contains procedures to be used when preparing documentation for membership, termination, and changes in status. The actions required are the responsibility of agency heads but will usually be accomplished or coordinated by the department/agency liaison.

1 Enclosure:

Guidelines, Forms, and Procedures to be Applied When Completing the Types of Actions Shown

**This directive replaces, in its entirety, *Management Directive 570.1*, dated August 4, 2000.**

**GUIDELINES, FORMS, AND PROCEDURES TO BE APPLIED  
WHEN COMPLETING THE TYPES OF ACTIONS SHOWN**

**1. MEMBERSHIP.**

**a. Mandatory Membership.**

(1) The following rules are to be applied in determining when contributory membership in the State Employees' Retirement System (SERS) is mandatory. These rules apply to all State employees except those listed in 1.b.(2)

(a) ALL FULL-TIME SALARIED OR WAGE (permanent) employees must join effective their first day of employment. •

(b) ALL PART-TIME SALARIED (permanent) employees must join effective their first day of employment. •

(c) PART-TIME WAGE employees (hourly or per diem - non-permanent) must join SERS effective their first day of employment if it is reasonable to expect that the employee will be compensated for at least 750 hours or 100 days (per diem) in the calendar year. If such employment cannot be anticipated, then such employees are precluded from membership in SERS until they are compensated for 750 hours or 100 days in any calendar year. Membership will be effective retroactive to the first day of employment in the calendar year in which the employee is compensated for 750 hours or 100 days of service. SERS will bill the member for this service, if the member was not enrolled effective their first day of employment. The member will then be required to pay contributions from that date forward. Once an employee qualifies for membership, such membership shall be mandatory and continuous until termination of employment, regardless of the number of hours or days worked in subsequent years. An employee who qualifies for membership may elect to purchase credit for any other previously uncredited service. •

**NOTE:** In determining whether an employee is expected to be compensated for 750 hours or 100 days in the calendar year, it is NOT the nature of the position the employee may occupy at the moment that should be considered; rather, it is the nature of the individual's employment. The position in which the individual is initially employed may be for a limited term, but if the individual is expected to be employed on a full-time basis, then he or she should begin membership effective the first day of employment.

(d) Any employee, regardless of the current type of employment, who already is a member of SERS, MUST resume contributory membership effective the first day of employment. Examples would include the employment of an annuitant (except under the provisions of Section 5706 of the Retirement Code), a vestee, a former active contributing member who has not withdrawn accumulated deductions, or a person who is currently an active contributory member by virtue of being employed in another SERS covered position (dual employment).

(2) Persons employed under a special employment program, which may be created in the future, are to be considered Commonwealth employees and are subject to the same employment definitions and SERS membership rules as specified in paragraphs 1.a.(1). •

(3) If a question arises concerning the membership status of an employee, SERS will make the final determination.

**b. Non-mandatory Membership.**

(1) Optional membership is available to certain individuals. Once membership is elected, it is irrevocable unless termination of State service occurs. Those who decline membership, or take no action and are considered to have declined membership, will be permitted to join at a later date provided they are actively

- employed in a position eligible for membership in SERS. (Agency liaisons: Refer to *Management Directive 570.6, Optional Membership in State Employees' Retirement System*, and Form SERS-161, Declination of Membership.)

(2) Following is a list of those individuals whose membership is optional:

- (a) Governor.
- (b) Lieutenant Governor.
- (c) Members of the General Assembly.
- (d) Heads or deputy heads of administrative departments.
- (e) Members of any independent administrative board or commission.
- (f) Members of any departmental board or commission.
- (g) Members of any advisory board or commission.
- (h) Secretary to the Governor.
- (i) Budget Secretary.
- (j) Legislative employees.

(k) School employees who have elected membership in the Public School Employees' Retirement System (PSERS).

(l) Eligible employees of the Department of Education, State System of Higher Education, Community Colleges, or The Pennsylvania State University who may elect to participate in an approved independent retirement program. Once membership is elected, it is irrevocable unless a bona fide break in service occurs.

(3) An optional membership employee must be informed of the opportunity to join SERS and of the benefits, rights, duties, and other conditions of membership.

**c. All Memberships.**

(1) Upon receipt of a new hire transaction or receipt of retirement contributions on behalf of the employee, members are sent a Welcome Package from SERS. This package will consist of the following:

- (a) A welcome letter explaining the new member's responsibilities.
- (b) A form allowing the new member to make changes to any incorrect information in his or her member record. This information includes the member's name, home address, social security number, date of birth, employing agency, and the effective date of membership.
- (c) A nomination of beneficiary form.
- (d) A form to request multiple service credit.
- (e) A form to request to purchase prior state and/or nonstate service.

- (f) A sheet of important information.

When a member has less than a 60-day break in employment and returns to service, a welcome package will not be sent.

(2) New members to the State Employees' Retirement System are not required to submit proof of their date of birth to SERS; however, employers are required to obtain sufficient proof of an employee's date of birth in order to establish this information in the official personnel record. The employee's original Birth Certificate or Baptismal Certificate is acceptable. However, if these are unavailable, any two of the following should be used to establish the employee's date of birth:

- (a) Selective Service Record
- (b) Armed Forces Discharge
- (c) Passport
- (d) School Record
- (e) Life Insurance Policy
- (f) Naturalization Record
- (g) Alien Registration Record
- (h) Marriage Record listing birth date or age, and date of record
- (i) Letter from Social Security benefit recipients verifying age
- (j) Federal Census Record (taken as close to age five as possible)
- (k) Physician's or Midwife's record of birth
- (l) Valid Pennsylvania Driver's License
- (m) Bible or other Family Record

(3) In completing the Welcome Package, all employees must indicate the following:

(a) Any prior Pennsylvania public school service. An employee who had previous service with PSERS and who wishes to elect Multiple Service, must do so within 365 days from their date of entry into SERS. •

(b) Any annuity being received from PSERS. If an annuity is being received from PSERS, the employee may elect to have the annuity discontinued and receive Multiple Service credits OR receive credit in SERS while continuing to receive the annuity from PSERS. This does not apply if the employee was a Multiple Service member at the time of retirement, in which case the election of Multiple Service and the discontinuance of the annuity is mandatory. For those who have the option, Multiple Service must be selected within 365 days from their date of entry into SERS. Failure to exercise the option within the established time frames will result in forfeiture of the option. •

## **2. TERMINATION OF MEMBERSHIP.**

a. All terminating employees must be advised by the employing agency to contact the appropriate SERS Regional Counseling Center to complete the appropriate forms.

- b. The following are to be submitted to SERS by the employing agency upon the death of an active member of SERS.

(1) If the deceased employee was otherwise eligible for retirement benefits either on the basis of normal retirement or early retirement:

(a) Certified copy of death certificate.

- (b) Service and salary information as requested by SERS.

- (2) If the deceased employee was not eligible for retirement benefits (i.e., not yet of normal retirement age and less than 5 years credited service):
- Certified copy of death certificate.

## **3. CHANGES IN STATUS FOR ALL INDEPENDENT AGENCIES ONLY. (SERIES 900)**

- a. Inter-agency transfers of personnel must be reported through the internet application. The losing agency would process a termination and the gaining agency would process a new hire transaction.
- b. All other changes affecting a member's status in the SERS are to be reported through the internet application.