

Changes for Current Employees

Act 120 of 2010 is pension reform that Keeps the Promise of a secure retirement for current and future school employees. It addresses the employer pension spike by providing a more affordable payment plan for the Commonwealth and school districts to fund the Public School Employees' Retirement System (PSERS), and pay for past actuarial losses, while also protecting taxpayers.

Most of the benefit changes in Act 120 (HB 2497, the new pension law) do not affect current school employees. The only current school employees affected by Act 120 are (1) those who would like to purchase Non-Qualifying Part-Time (NQPT) service (described below), and (2) part-time per diem and hourly employees. All the remaining changes will only affect people who become new members of PSERS on or after July 1, 2011. See www.psea.org/pension for a fact sheet regarding changes affecting new members.

(1) Members who want to purchase Non-Qualifying Part-Time service

Non-Qualifying Part-Time service (NQPT) refers to service by part-time per diem or hourly employees who work fewer than 80 days or 500 hours during a school year. NQPT service does not qualify a person for membership in PSERS, but credit for such service can be purchased if an individual later becomes an active contributing member of PSERS.

- Beginning July 1, 2011, all current active members of PSERS will have a three-year window to submit an application to purchase NQPT service. At the end of this three-year window (July 1, 2014), members enrolled in PSERS before July 1, 2011, will lose their rights to purchase any previous NQPT service.
- Current members who are inactive but return to active service after July 1, 2011, and individuals who become new members of PSERS on or after July 1, 2011, will have a one-year window to purchase NQPT service.
- Guidelines to purchase part-time service and an application are on the PSERS website at www.pasers.state.pa.us/forms/f100.pdf.

New Pension Law (HB 2497/Act 120 of 2010)

(2) Part-Time Per Diem and Hourly Employees

Previously, part-time per diem and hourly school employees had to work 80 days or 500 hours each year to qualify for PSERS membership. As a result, they could qualify for membership one year, and not qualify the next year. The law has now been changed so that once part-time employees qualify for membership, this year or at any point in the future, they will get credit for their service. These part-time employees will no longer have to re-qualify for membership each year.

How do employees pay for NQPT service?

NQPT service can be purchased:

- By payment in full within 90 days of PSERS processing your application.
- Through an agreed-to payroll deduction plan.
- Through actuarial debt. With an actuarial debt, applicants will not have to make payment at the time of purchase, but will pay for the service through an adjustment to their monthly benefit in retirement.

Do employees have a three-year limit on purchasing other types of service?

No. The three-year limit only applies to NQPT service. Other types of service, for example military service or out-of-state school service, can be purchased at any time by an active contributing member of PSERS.

