




Reporting process: service credit

Retirement Benefits Training
Fiscal year 2023

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Employer reporting representatives

- PEBA's Member Account Services has staff assigned to each employer to help with:
 - Monthly deposits;
 - Quarterly payroll reports;
 - Service credit and contract lengths; and
 - Supplemental reports.
- Select *EES Assistance* in EES for your representative's name and contact information.

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Service credit and quarterly reporting

- Employers provide information through quarterly reporting payroll data that is an important part of a member's retirement account.
- PEBA relies on this information to calculate a member's service credit.
- Service credit is awarded based on the reported contract length, months paid and compensation.
 - Subject to the monthly compensation threshold.
- State ORP participants and return-to-work retired members do not earn service credit.

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Monthly compensation threshold for service credit

- If a member earns the monthly compensation threshold per month and is actively employed for the entire month, he will receive one month of service credit.
 - Currently \$580 per month.
 - Increases in conjunction with increases to the federal minimum wage.
 - Minimum wage × 80 hours per month = monthly compensation threshold.
- If compensation is less than the threshold, he will receive a portion of the month's service credit based on his total compensation amount and months paid.

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Contract length and service credit

- Contract length is the number of months per fiscal year (July-June) that a member is paid compensation.
 - Year-round employment is a contract length 12.
- For certain positions, if a member is paid for only a portion of the fiscal year, the contract length is the number of months he is paid.
 - Some school districts and higher education institutions are paid over 9, 10 or 11 months rather than 12 months.
 - Contract lengths of 9, 10 or 11 months are intended for school district and higher education employees only.

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Contract length and service credit

- Changing a member's reported contract length during a fiscal year may create service credit issues.
- Example: September quarterly report includes member with a 10-month contract length.
 - Member earns one-tenth of a year of service for each month paid.
 - If contract length changes to 11 or 12 months, member is short service credit for the year.
- See the Contract length chart in the *Covered Employer Procedures Manual* for more information.

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