

COMMONWEALTH OF PENNSYLVANIA  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

"to educate,"

from



# ACTIVE MEMBER HANDBOOK

*Partners for  
Your Future*

# Welcome to PSERS

Dear PSERS Member:

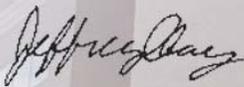
On behalf of the Board of Trustees and staff, I am pleased to greet you from the Public School Employees' Retirement System (PSERS).

You are a member of one of the oldest and largest public pension funds in the nation. PSERS was established in 1917 and today has over 500,000 active and retired members.

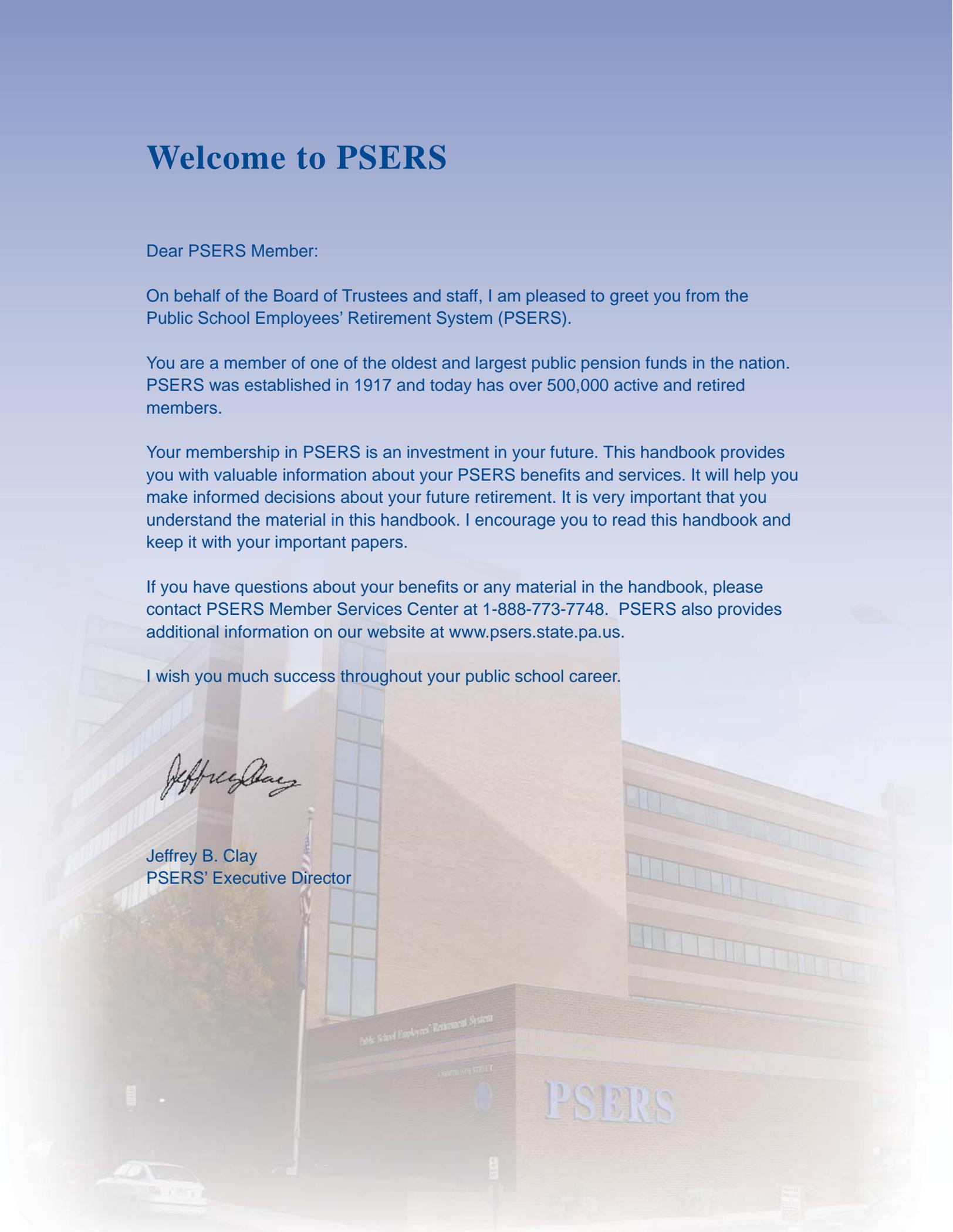
Your membership in PSERS is an investment in your future. This handbook provides you with valuable information about your PSERS benefits and services. It will help you make informed decisions about your future retirement. It is very important that you understand the material in this handbook. I encourage you to read this handbook and keep it with your important papers.

If you have questions about your benefits or any material in the handbook, please contact PSERS Member Services Center at 1-888-773-7748. PSERS also provides additional information on our website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

I wish you much success throughout your public school career.



Jeffrey B. Clay  
PSERS' Executive Director



# Table of Contents

About PSERS .....	1
Membership with PSERS .....	1-3
Membership.....	1
Full-Time Employees.....	1
Part-Time Employees .....	1-2
Waiving Membership .....	2-3
Working in a Charter School.....	3
Working for Community Colleges, Penn State University, and State-owned Universities..	3
PSERS Membership Classes and Contribution Rates .....	4-5
Membership Class.....	4
Contribution Rate .....	4-5
Shared Risk.....	5
Becoming Vested.....	5
Naming Beneficiaries.....	6
Death Benefits During Employment .....	6
Interest.....	6-7
Obtaining Service Credit.....	7-10
Credited Service .....	7
Approved Leaves of Absence.....	7
Purchasing Additional Service Credit .....	8
Types of Service Eligible for Purchase.....	8-9
Applying to Purchase NQPT Service.....	9
Methods of Payment .....	9
Purchase of Service Debt Plan - How It Works .....	10
Multiple Service Membership .....	10-11
Is Electing Multiple Service Right for You?.....	10-11
Electing Multiple Service Membership .....	11
Statement of Account .....	11
Divorce .....	12
Options When Leaving Service .....	12-17

Deferring Your Retirement Benefit.....	12-13
Refunding Your Contributions and Interest.....	13-14
Normal Retirement .....	14
Early Retirement.....	14
<i>Applying for Normal and Early Retirement</i> .....	15
<i>Retirement Calculation</i> .....	15
<i>Monthly Benefit Options</i> .....	16
Disability Retirement .....	17
<i>Disability Options</i> .....	17
Taxes on Your Retirement Benefit .....	17
Points to Remember .....	18-19
Preparing for Retirement .....	19
Employment in Pennsylvania Public School After Retirement.....	20
Pension Forfeiture .....	20
PSERS Appeals Process.....	21
Contacting PSERS .....	21

# About PSERS

PSERS is a governmental, cost-sharing, multiple-employer, defined benefit pension plan to which the school employers, Commonwealth, and school employees (members) contribute. A defined benefit plan means your retirement benefit is determined by a defined formula, which for PSERS is based on a pension multiplier, your credited years of service, and your final average salary.

PSERS is managed and controlled within applicable state and federal laws by a Board of Trustees. The Board is comprised of the following:

- The Secretary of Education
- The State Treasurer
- The Executive Director of Pennsylvania School Boards Association
- Two members appointed by the Governor
- Three representatives elected from the active certified members
- One representative elected from the active non-certified members
- One representative elected from the retired members
- One representative elected from the members of Pennsylvania School Boards
- Two State Representatives
- Two State Senators

All Board meetings are open to the public. You can find a meeting schedule published annually in the *PSERS Update* publication and on the PSERS website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

## Membership with PSERS

### Membership

Public school employers must report all of their employees to PSERS. Whether you are a full-time or part-time employee, an account is created for you at PSERS. Not everyone with an account, however, will qualify for PSERS membership.

### Full-Time Employees

If you are hired as a full-time employee, membership with PSERS is mandatory. Members who work full-time contribute a percentage of their salary toward a retirement benefit from the first day of employment.

### Part-Time Employees

If you are hired exclusively as a part-time employee, you must initially meet certain qualifications to become a member of PSERS.

- Part-Time Salaried employees are eligible for membership from the first day of employment.
- Part-Time Hourly employees must work at least 500 hours in a school year to become eligible for membership.
- Part-Time Per Diem employees must work at least 80 days to become eligible for membership.
- Employees with more than one part-time position must work a combination of days and/or hours where the service credit calculation is equal to 0.44 to become eligible for membership.
- Part-time employees who do not meet this membership criteria, have non-qualifying part-time (NQPT) service. Those who become members of PSERS (Class T-E and Class T-F members) after reaching membership criteria will have a one-year window to apply to purchase NQPT service credit. Your deadline date to apply is contained within the Welcome to PSERS packet you receive. You must apply to purchase NQPT service credit while you are still an active contributing member of PSERS and prior to your deadline.

Your employer may deduct your contributions from your first day of employment or begin deductions after you qualify for membership. If at the end of the school year you do not qualify for membership, PSERS will automatically refund to you all the contributions (non-qualified) you made within that school year. No *Application for Refund* (PSRS-59) is required.

Once you qualify for membership, deductions become mandatory and you retain your membership until there is a break in membership. A break in membership occurs when:

- A member terminates employment and refunds all contributions and interest.
- A non-vested member terminates employment without refunding his or her contributions and interest and does not return to active service for a period of two school years.
- A non-vested member is not reported by a Pennsylvania public school employer for a period of two school years, unless the member was granted multiple service membership and is active with the State Employees' Retirement System (SERS).

## **Waiving Membership**

Part-time salaried, part-time hourly, and part-time per diem employees may waive membership with PSERS. To qualify to waive membership with PSERS, you must provide to your employer proof of an Individual Retirement Account (IRA) or other eligible retirement plan such as a Traditional IRA, Roth IRA, Simplified Employee Pension (SEP), or a Savings Incentive Match Plan for Employees of Small Employers (Simple) IRA.

You must contact your employer to request waiving your PSERS membership. PSERS recommends that this process take place within the first 30 days of being hired, although you have until the end of the school year to make your final decision. Your employer will also ask to see verification of your individual retirement plan and submit your request to PSERS.

PSERS will send you a letter advising you that waiving membership must be approved by PSERS and that you need to contact your PSERS Regional Office to review the waiver process and obtain an *Enrollment Waiver Cover Letter* and the *PSERS Membership Waiver (PSRS-51)* form.

Once you waive membership, you are not eligible to purchase that service.

### **Working in a Charter School**

Charter schools are considered public school entities, although not all participate in PSERS. Some charter schools offer PSERS to some employees and not to others. Your ability to choose PSERS may depend on your job position. If you decide to begin employment with a charter school, you should first contact the charter school to ask if they participate with PSERS and if this option is available to you.

### **Working for Community Colleges, Penn State University, and PA State-owned Universities**

Employees working for a community college, Penn State University, or a PA state-owned university, may generally select a retirement plan from among PSERS, the State Employees' Retirement System (SERS), TIAA-CREF, or other approved retirement plans.

If you work for a public school and a community college, Penn State University, or a PA state-owned university, retirement contributions from both employers may be made to PSERS. If you qualify to do so, you may also contribute to PSERS and to another approved retirement plan provided by the community college/state-owned university. If the community college/state-owned university does not offer an approved retirement plan or you do not meet employment conditions to qualify for any of the other retirement plans offered by the community college/state-owned university, you must be enrolled in PSERS and PSERS retirement contributions must be withheld.



# PSERS Membership Classes and Contribution Rates

## Membership Class

PSERS has four membership classes: Class T-C (effective with Act 1967-34); Class T-D (effective with Act 2001-9); Class T-E and Class T-F (both effective with Act 2010-120). Your membership class is listed on your annual *Statement of Account*. (See “Statement of Account.”)

### **Class T-C includes members who:**

- Were active or inactive on June 30, 2001 and July 1, 2001 and did not elect Class T-D.
- Terminated service before July 1, 2001 and did not return to service.

### **Class T-D includes members who:**

- Became members between July 1, 2001 and June 30, 2011.
- Were Class T-C members and elected Class T-D.

**Class T-E includes members who** first became members on or after July 1, 2011, and did not elect Class T-F.

**Class T-F includes members who** were Class T-E members and elected Class T-F.

Class T-C members who return to service after a clear break in service of 90 days or more and were not eligible to elect Class T-D, will have any previous school service converted to Class T-D provided they work and earn credit for 3.00 years of service. Members who were eligible to elect Class T-D but did not, will retain any previous school service as Class T-C.

When previous school service is converted, all non-school service will remain as Class T-C except purchased intervening military service. See “Types of Service Eligible for Purchase” for a list of non-school service.

## Contribution Rate

Your membership class and employment history determines your contribution rate. The “Member Contribution Rates” table shows the various rates at which members contribute to PSERS.

<b>Member Contribution Rates</b>		
<b>Membership Class</b>	<b>Continuous Employment Since</b>	<b>Contribution Rate</b>
T-C	Prior to July 22, 1983	5.25%
T-C	On or after July 22, 1983	6.25%
T-D	Prior to July 22, 1983	6.50%
T-D	On or after July 22, 1983	7.50%
T-E	On or after July 1, 2011	7.50% base rate with “shared risk” provision
T-F	On or after July 1, 2011	10.30% base rate with a “shared risk” provision

## Shared Risk

With a “shared risk” program, Class T-E and Class T-F members benefit when investments of the Fund are doing well and share some of the risk when investments underperform. Your contribution rate will stay within the specified range (Class T-E - 7.5% and 9.5% or Class T-F - 10.3% and 12.3%), but may increase or decrease by 0.5% within the specified range once every three years, starting in July 1, 2015. Your member contribution rate will never go below the base rate or above the highest percentage rate. If, however, it is determined that PSERS is fully funded at the time of the comparison, your member contribution rate will revert to the base employee contribution rate for your membership class.

## Becoming Vested

Vested means you are eligible for a monthly retirement benefit after termination of employment. Your membership class determines the vesting rules as follows:

### Class T-C or Class T-D

- You have at least five (5) years of service with at least one (1) year of qualifying service rendered after July 1, 2001.
- You are age 62 or older with at least one year of service at termination of employment.

### Class T-E or Class T-F

- You have at least 10 years of qualifying service.
- You are age 65 or older with at least three (3) years of service at termination of employment.

You can refer to “Options When Leaving Service” or the PSERS publication *Your PSERS Benefits and Leaving Employment* (PSRS-9580) for more information regarding benefits for vested members.

## Naming Beneficiaries

All members should name a beneficiary. A beneficiary is the person(s) or entity(ies) you wish to receive your retirement benefits upon your death. You should complete the *Nomination of Beneficiaries* (PSRS-187) form included in your Welcome Packet and return it to PSERS. The form is also available on the PSERS website or by calling 1-888-773-7748.

You may name one or more primary beneficiaries and one or more secondary beneficiaries. You must also designate a guardian for each minor child who is named as a beneficiary. A guardian is the person designated to handle the minor child's financial affairs associated with PSERS.

Keeping your beneficiary designation up to date will ensure that benefits are paid promptly and in accordance with your wishes. If a beneficiary has not been named or your beneficiary predeceases you, your benefits will be paid to your estate.

At a minimum, you should review your beneficiary information if:

- You marry or divorce.
- One of your beneficiaries changes his or her name or address.
- One of your beneficiaries reaches age 18.
- You have a child or adopt a child.
- One of your beneficiaries dies.

You may submit a new *Nomination of Beneficiaries* (PSRS-187) to PSERS at any time before applying for retirement. The new form will supersede all previous forms.

## Death Benefits During Employment

If you are vested, your death benefit is determined by your age, gender, salary, years of credited service, and membership class. If your account is not vested, your death benefit equals your total contributions and interest. Your estimated death benefit is noted on your *Statement of Account*. (See "Statement of Account.")

It is important to submit a *Nomination of Beneficiaries* (PSRS-187) form to PSERS and that you keep your choice of beneficiary(ies) current to ensure that your account is disbursed according to your wishes. (See "Naming Beneficiaries.")

More information about death benefits during employment and during retirement is found on the PSERS website.

## Interest

By law, your retirement account accrues interest at a rate of four (4) percent compounded annually for active and vested members. (See "Becoming Vested.") Interest is posted to your account at the end of the school year.

Any contributions made during the current school year by an employee who does not qualify for membership within that same school year are considered non-qualifying. Non-qualifying contributions are NOT entitled to interest and are refunded without interest. Refer to “Part-Time Employees” for more information on qualifying for membership.

## Obtaining Service Credit

### Credited Service

Members of PSERS earn eligibility points (credits) for service as follows:

- Salaried or per diem employees must work 180 days to earn one eligibility point or one full year of service.
- Hourly employees must work at least 1,100 hours to earn one eligibility point or one full year of service. \*
- Employees with more than one position must work a combination of days and/or hours where the service credit calculation is equal to 1.00 to earn one eligibility point or one full year of service.

*\* If you work 9 or 10 months per school year in a full-time hourly position which requires you to work 900 to 1,100 hours, your service credit is calculated using your actual hours you worked divided by your expected work hours.*

Full-time service is defined as working 5 hours or more a day for 5 days a week or its equivalent of 25 or more hours a week. Members who work less than full time are considered to be part time and will receive credit based on a proportion to full-time service. Salaried employees who work less than 5 hours per day and/or 5 days per week are reported in days or a portion of a 5-hour day.

You may not receive more than one year of credited service within one school year.

### Approved Leaves of Absence

Approved leaves of absence is defined by PSERS as leave granted by the employer and approved by the school board. Approval and reason for the leave must appear in the board minutes. The following are types of approved leave:

- Special Sick Leave
- Sabbatical Leave
- Professional Study Leave
- Activated Military Leave
- Exchange Teacher Leave
- Collective Bargaining Leave

There are specific requirements for each type of leave of absence which, at the conclusion of your leave, may include a required period of time you must return to employment. You should refer to the PSERS website or contact PSERS for additional information.

You may purchase an approved leave if you did not make contributions to PSERS while you were on leave. You must apply to purchase this leave while you are an active contributing member to receive service credit.

## Purchasing Additional Service Credit

Active members of PSERS are eligible to apply to purchase service credit. PSERS must receive your purchase of service application(s) while you are an active contributing member.

PSERS strongly recommends you submit your purchase of service application(s) as early in your employment as possible. With certain types of service, you have a limited time frame in which to apply. Purchasing service credit may help you reach eligibility for vesting, a disability benefit, or an increased death benefit. Early purchases also help to avoid processing delays at retirement.

You will receive a *Statement of Amount Due* if your purchase of service application is approved. The *Statement of Amount Due* will contain options on how to pay for your purchase of service. Interest is applied to the unpaid balance at a rate of four (4) percent compounded annually.

Applications are available on the PSERS website or by contacting PSERS.

## Types of Service Eligible for Purchase

Active members who qualify can purchase the following types of school and non-school service:

### School Service

- Return of refund (reinstatement of prior service)
- Former uncredited full-time service
- Former uncredited qualifying part-time service
- Former uncredited non-qualifying part-time service
- Approved leaves of absence (see “Approved Leaves of Absence”)
- Activated military service
- Service with a county board of school directors (if paid by County Board of School Directors)

### Non-School Service

- Intervening military service
- Out-of-state school service
- Non-Intervening military service
- Maternity leave (prior to November 1, 1978)
- United States Government service in an education related capacity
- County nurse service
- Service with a county board of school directors (if paid by County Commissioners)
- Cadet Nurse Corps (during World War II)

For more details regarding each type of purchase and its respective cost, please refer to the PSERS publication, *Let's Talk About Purchasing Credit for Service* (PSRS-9640), or the PSERS website.

## Applying to Purchase Non-Qualifying Part-Time Service

Beginning July 1, 2011, active members of PSERS have specific time frames to apply for non-qualifying part-time (NQPT) service:

- Class T-C and Class T-D members active on July 1, 2011, have until June 30, 2014, to file an application to purchase NQPT service.
- Class T-C and Class T-D members who were not active on July 1, 2011, and return to active contributing status have one year from the date of notification by PSERS to file an application to purchase NQPT service.
- Class T-E and Class T-F members have one year from the date of notification by PSERS to file an application to purchase NQPT service.

To apply for NQPT service, you and your employer(s) where the service was rendered must complete the *Application to Purchase Credit for Part-Time Service* (PSRS-100). The application is available on the PSERS website under Forms. You may also contact PSERS to receive a copy of the form.

## Methods of Payment

You will receive a *Statement of Amount Due* once your purchase is approved. PSERS will automatically credit your account with the service and will establish a debt against your account for the balance due. The *Statement of Amount Due* will contain the different payment options available to you. These options are:

- A lump-sum payment within 90 days of the billing date.
- Payroll deductions if you are a full-time or part-time salaried employee. Part-time per diem or part-time hourly employees may elect this option at the discretion of the employer. Interest will continue to accrue on your debt while you are making payroll deductions until the debt is paid. Contact your employer to set up payroll deductions. (This option does not apply to SERS members purchasing service credit with PSERS.)
- Using money held in an IRA (regular/simple), 401(a), 401(k) (simple/safe harbor), SEP, 403(b) and governmental 457(b) plans.
- POS Debt Plan (See "Purchase of Service Debt Plan - How it Works" next.)

In some cases, you may have the option to rescind your purchase. Your *Statement of Amount Due* will note if this option is available to you. If you choose to rescind your purchase, you must notify PSERS in writing within 90 days of the date of your statement.

## Purchase of Service (POS) Debt Plan – How It Works

The POS Debt Plan, also known as an “actuarial reduction,” is beneficial for members who do not wish to pay the cost to purchase service in a lump sum or in monthly installment payments. This payment allows you to pay for your purchase after retirement by placing a debt against the equity in your account (your account’s Present Value).

When you retire, a small portion of your monthly retirement payment is set aside to pay for the purchase over the lifetime of your benefit payment. Even though a small portion of your monthly retirement benefit pays the debt, adding service credit to your account usually increases the amount of your monthly retirement benefit, especially if you are a Class T-C or Class T-D member.

Contact a PSERS regional representative if you need more information on the various payment options.

## Multiple Service Membership

Multiple Service membership allows you to combine your Pennsylvania public school service with State Employees’ Retirement System (SERS) service (for example, Department of Public Welfare, Department of Labor and Industry, Department of Transportation, etc.). Choosing this option may enhance your retirement benefit.

New or returning members of PSERS have 365 days from the date of notification from PSERS to elect Multiple Service membership. The election must also occur while you are an active contributing member of PSERS. You must, therefore, submit your request for Multiple Service membership to PSERS within 365 days of the date stated in your initial membership letter or prior to termination, whichever is earlier. PSERS will determine your eligibility after we receive your election form.



### Is Electing Multiple Service Right for You?

You may continue to receive your SERS retirement benefit while employed in a Pennsylvania public school if the SERS benefit you are receiving was not already based on a Multiple Service election. This may result in higher monthly income for you by being able to continue to receive your SERS retirement benefit along with your public school employment salary.

If you are receiving a retirement benefit from SERS and you have questions about the benefits of electing Multiple Service, you may want to contact your SERS retirement counselor to discuss your options.

When you elect Multiple Service membership and you are working in a job covered by SERS and a job covered by PSERS, you may only be credited with a maximum of one year (1.00) of service within a single year. Any overlapping service (service credited at the same time under both PSERS and SERS) would be adjusted to reflect not more than a single year of service. Your combined benefit payment may be higher if you maintain separate PSERS and SERS accounts and retire from each individually.

### **Electing Multiple Service Membership**

- Your contributions and interest will continue to earn interest as long as you remain active in either of the two Systems.
- Your record of service, contributions, and interest will remain separate in each System until you terminate service and apply for a refund or retirement.

When you apply for retirement, each System independently determines your eligibility and calculates your retirement benefit. The retirement will be based on the average of your three highest years' salary in either System, your combined years of credited service, and your withdrawal of contributions and interest, if applicable. The System from which you are retiring will pay you a combined retirement benefit. You should apply to both SERS and PSERS to receive a refund of your contributions and interest if you are not entitled to a monthly benefit.

Multiple Service members who contribute to both PSERS and SERS at the same time within the same year may have received credit for more than one year of service. When you retire, the two retirement systems will review your service and give you a proportionate benefit for the overlapping service. [You should check your service credit with each System prior to retirement.](#)

## **Statement of Account (SOA)**

All active, inactive, and vested members receive an annual *Statement of Account* (PSRS-5). The statement shows your total contributions, interest, years of credited service, wages, hours and days worked, a summary of debts against your account (if applicable), and an estimate of your monthly retirement benefits (if eligible). PSERS will mail your statement after all of your employer(s) report your salaries, contributions, and annual service for that school year. Any adjustments or purchases of service credit that are transacted after the statement generation date will appear on the following year's SOA.

Only one statement is sent to members who work for more than one school employer during the school year (July 1 through June 30). PSERS must first receive all the employer information (reports) to generate the statement.

The statement will also list your principal beneficiary(ies) unless you requested to omit the beneficiary information. You must submit a *Nomination of Beneficiaries* form (PSRS187) to PSERS and check the box which indicates that you do not want to have the name(s) of your beneficiary(ies) appear on your statement.

# Divorce

As the retirement benefit may be one of the largest financial assets a member may have, the division of the pension benefit may become an important issue in a divorce agreement.

The retirement benefits payable to a member of PSERS are sometimes classified as marital property that can be divided in a divorce. The division of marital property in a divorce is known as Equitable Distribution.

Any attachment of a member's retirement benefit for the purpose of Equitable Distribution must be accomplished through the terms of an Approved Domestic Relations Order (ADRO), under the terms set in the PSERS Retirement Code.

PSERS requires the submission of a Domestic Relations Order (DRO) for review and approval. If, as written, the DRO is acceptable to PSERS and approved and signed by both parties and the court, the DRO is then considered an ADRO.

In the event that there is no Equitable Distribution of the PSERS account, the former spouse must submit a *Waiver of Pension Benefits* (PSRS-1286) form to PSERS. This form is available on the PSERS website or by calling PSERS.

More information, including a sample ADRO, is found in the PSERS publication, *Divorce Guidelines and Forms* (PSRS-9681).

Failure to submit the proper documentation may cause a delay in the payment of your retirement benefit.

## Options When Leaving Employment

There are three options when you leave Pennsylvania public school service: defer retirement, refund, or retire. If you are leaving employment, you should refer to the PSERS publication, *Your Benefits and Leaving Employment* (PSRS-9580).

### Deferring Your Retirement Benefit

When you defer retirement, you leave your contributions and interest in your PSERS account and postpone receipt of your benefit until a later date. Deferring retirement is also known as vesting. You can defer your retirement benefit if:

#### Class T-C and Class T-D

- You terminate employment with at least five (5) years of credited service. \*
- You are 62 years of age or older with at least one (1) year of credited service.

\* *Special Rules apply if you terminated service before July 1, 2001. Contact PSERS for more information.*

## **Class T-E and Class T-F**

- You terminate employment with at least 10 years of credited service.
- You are 65 years of age or older with at least three (3) years of credited service.

It is extremely important to notify PSERS of any address and beneficiary changes. Keeping this information current will ensure that you receive important retirement information and that any death benefit will be paid to the correct person(s).

Your retirement account will continue to accrue interest at a rate of four (4) percent compounded annually on your account balance (contributions and interest) until you refund or retire. Interest is posted at the end of the fiscal year.

Receipt of your retirement benefits is not automatic. Once you decide to receive your retirement benefit, you must submit an *Application for Retirement* (PSRS-8) to start to receive your retirement benefit. PSERS strongly suggests that you attend a *Foundations for Your Future* program and a *Retirement Exit Counseling Session*. (See “Preparing for Retirement.”)

To have your retirement date as your date of superannuation (normal retirement) or a specific date, please submit your *Application for Retirement* (PSRS-8) within 90 days of that date (for example, your birth date).

If you are deferring receipt of your retirement benefit to any date other than your normal retirement date, your *Application for Retirement* (PSRS-8) must be received by PSERS prior to the alternate date. If your application is not received on or before that date, PSERS will use the date the application is received as the retirement date.

## **Refunding Your Contributions and Interest**

A refund is a return of your contributions plus any interest earned on this money. You may refund your contributions and interest if you terminate all employment in a public school entity, your employer(s) notify us, and you are not expected to return within 90 days. A refund is your only option if you terminate all Pennsylvania public school employment and:

### **Class T-C and Class T-D**

- You are under age 62 and have fewer than five (5) years of credited service. \*
- You are age 62 or older with less than one (1) year of credited service at the time you terminate active or inactive service.

### **Class T-E and Class T-F**

- You are under age 65 and have fewer than 10 years of credited service.
- You are age 65 or older with fewer than three (3) years of credited service at the time you terminate active or inactive service.

\* *Special Rules apply if you terminated service before July 1, 2001. Contact PSERS for more information.*

To receive a refund, you must complete an *Application for Refund* (PSRS-59). If you are a Multiple Service member of PSERS (have combined your SERS and PSERS accounts), you must apply to receive a refund from both SERS and PSERS. By law, PSERS will not credit interest to accounts that are not vested. Interest for non-vested members will cease at termination. (See “Becoming Vested”) Members on an unpaid leave of absence will continue to receive interest for up to 24 months.

## **Normal Retirement (Unreduced Benefit)**

Normal retirement, also known as superannuation or full retirement, is a no-penalty benefit where all age and/or service requirements are met. You may receive a normal retirement benefit when you terminate public school employment and if:

### **Class T-C and Class T-D**

- You are age 62 with at least one (1) full year of credited service at the time you terminate active or inactive service.
- You are age 60 and have 30 or more years of credited service.
- You have at least 35 years of credited service regardless of age.

### **Class T-E and Class T-F**

- You are age 65 with at least three (3) years of credited service at the time you terminate active or inactive service.
- You attain at least 35 years of credited service and reach an age that in combination is equal to or greater than 92 (for example, 36 years of service plus age 56 equals 92).

## **Early Retirement (Reduced Benefit)**

Early retirement is available to members who do not meet the normal retirement requirements. Early retirement is available to:

- Class T-C\* or Class T-D members who are under age 62 at termination and have at least five years of credited service.
- Class T-E or Class T-F members who are under age 65 at termination and have at least 10 years of credited service.

An early retirement factor is used to reduce your monthly benefit based on your membership class, age at time of retirement, and years of service at time of termination.

A special early retirement is available if you are at least age 55 and have 25 or more years of credited service (“55/25”). A “55/25” retirement is reduced by one quarter of one percent per month for each month you are under normal retirement requirements.

\* *Special rules apply if you terminated service before July 1, 2001. Contact PSERS for more information.*

## **Applying for Normal and Early Retirement**

To apply for a retirement benefit, you must submit an *Application for Retirement (PSRS-8)*. To make your retirement date the day after you end (terminate) all public school employment, PSERS must receive your retirement application within 90 days of your termination date. If you go beyond the 90-day time frame, your date of retirement becomes the day PSERS receives your application unless you selected a specific future date. This means that you cannot collect an annuity retroactive to the day after your termination date.

## **Retirement Calculation**

PSERS is a defined benefit plan which means that your benefit is computed using a specific calculation. Your calculation depends on your membership class.

**If you are a Class T-C or Class T-E member**, you will receive an annual retirement benefit, payable monthly, under the following calculation:

$$\begin{aligned} &2.0\% \times \text{Final Average Salary} \times \text{Years of Credited Service} \\ &= \text{Yearly Benefit under the Maximum Single Life Annuity} \end{aligned}$$

**If you are a Class T-D member**, you will receive an annual retirement benefit, payable monthly, under the following calculation:

$$\begin{aligned} &2.5\% \times \text{Final Average Salary} \times \text{Years of Credited Class T-D School Service} \\ &\qquad\qquad\qquad \text{Plus} \\ &2.0\% \times \text{Final Average Salary} \times \text{Years of Credited T-C or Non-School Service} \\ &= \text{Yearly Benefit under the Maximum Single Life Annuity} \end{aligned}$$

**If you are a Class T-F member**, you will receive an annual retirement benefit, payable monthly, under the following calculation:

$$\begin{aligned} &2.5\% \times \text{Final Average Salary} \times \text{Years of Credited Service} \\ &= \text{Yearly Benefit under the Maximum Single Life Annuity} \end{aligned}$$

The above calculation applies to the Maximum Single Life Annuity retirement option at normal retirement. All other retirement options have an option-reducing factor applied to the basic calculation.

In most cases, the final average salary is an average of your three highest school years' salaries. If you are a Class T-E or Class T-F member, your benefit may not be more than your final average salary. For terminations before the end of the school year, salary for that part of the year may be used in combination with a proportionate percentage of a prior school year. School years with part-time service may be annualized for the salary calculation.

If you are a Class T-C or Class T-D member not on disability retirement, you may elect to withdraw all or part of your own contributions and accrued interest except for payments made for the purchase of maternity leave or county nurse service. Your benefit is reduced in accordance to how much you elect to withdraw with your chosen benefit option. (See "Monthly Benefit Options.")

## ***Monthly Benefit Options***

Your options when choosing to receive your retirement benefit are: Maximum Single Life Annuity, Option 1, Option 2, Option 3, and Option 4 (Customized).

### **Maximum Single Life Annuity**

This provides the maximum monthly benefit amount available. If at the time of your death you have not received an amount equal to your contributions and interest, then the balance is paid to your beneficiary(ies).

### **Option 1**

Your monthly benefit is reduced and a "Present Value" is assigned to your account. If at the time of your death you have not received in monthly benefits an amount equal to your account's Present Value, then the balance is paid to your beneficiary(ies).

### **Option 2**

Your monthly benefit is reduced based on your age and gender and the age and gender of your survivor annuitant at retirement. At the time of your death, the same monthly benefit is paid to your survivor annuitant throughout his or her lifetime.

### **Option 3**

Your monthly benefit is reduced based on your age and gender and the age and gender of your survivor annuitant at retirement. At the time of your death, one-half of your monthly benefit is paid to your survivor annuitant throughout his or her lifetime.

### **Option 4 (Customized)**

Your monthly benefit is customized as none of the other options meets your needs. This option is subject to certain conditions. You should contact a PSERS regional representative for more information on this option.

Under Options 2, 3, or 4 (if it included a survivor), you may name a new survivor annuitant and/or elect a different option if your marital status changes or your designated survivor annuitant dies before you. PSERS will recalculate your monthly benefit based on your new survivor annuitant's age and gender and your age and gender at the time of the change. It is possible that your monthly benefit will be further reduced in this recalculation. If your survivor annuitant dies before you and you do not elect a different option, you will continue to receive a reduced monthly benefit. Special rules apply if you are divorced. Contact your local regional office for more information before making a change.

## Disability Retirement

Sometimes illness or other factors prohibit you from performing the work that you were hired to do. If this is the case, then you may be eligible to receive a disability benefit. You need to meet all of the following requirements to apply for a disability benefit.

To apply for a disability benefit, you must:

- Have become disabled while an active member of PSERS.
- Be disabled at the time of application.
- Have at least five years of credited service with PSERS. Multiple Service members may not combine SERS and PSERS service credit to reach the five year requirement.
- Be physically or mentally unable to perform the duties as indicated in your job description.
- Apply for disability retirement benefits within two school years of your last day of service or paid leave, whichever is later. For example, if you leave service in March of the current school year, you have two school years (July 1 through June 30) from the close of the current school year to apply. If you do not apply within the two school years, you will forfeit all rights to apply for a disability retirement benefit.

You must contact a PSERS regional representative to request the PSERS *Application for Disability Retirement* packet. For more information, you should refer to the PSERS publication, *Let's Talk About Disability Retirement Benefits* (PSRS-9540).

## Disability Options

Regardless of your membership class, you do not have the option to withdraw your contributions and interest with a disability benefit. If you are vested (see "Becoming Vested"), you may elect the Maximum Single Life Annuity or a survivor annuitant option (Options 2, 3, or Customized Option 4). Your beneficiary(ies)/survivor annuitant will receive a benefit based on what you would have received under a regular retirement benefit.

## Taxes on Your Retirement Benefit

Your PSERS monthly retirement benefits are subject to federal withholding tax. PSERS retirement benefits are not subject to Pennsylvania state or local income tax. Therefore, PSERS will not withhold these taxes from your monthly benefit payments. If you are planning to live elsewhere, you should contact state and local tax agencies in that state to determine whether your benefit is taxable.

For more information about the tax consequences when withdrawing your retirement funds, please refer to the PSERS publication, *Let's Talk About Taxes on Your Retirement Benefits* (PSRS-9600) or the PSERS website.

## Points to Remember

While an active member of PSERS, there are some things you can do to ensure you remain well informed about your PSERS account.

- 1. Make sure your address is always up to date in our records.** – PSERS sends all active and inactive members, and vestees an annual *Statement of Account* to the address we have on file. Members also receive the *Active Member Newsletter*, the *PSERS Update*, as well as other account related information via mail. While employed with a Pennsylvania public school, notify your employer of any change or correction of address. Your employer will report your address change to PSERS. Otherwise, notify PSERS directly in writing. Be certain to include your name, old and new addresses, the last four digits of your Social Security number, and your signature.
- 2. Review your Statement of Account.** – Your *Statement of Account* is mailed yearly, usually in the mid-to late fall of the year. When you receive your statement, be sure to review all of the information provided. If your beneficiary information is not up to date, please submit a new *Nomination of Beneficiaries* (PSRS-187) form. If you do not agree with salary or service reported by your employer, please contact your employer to resolve any discrepancies. All other inquiries should be directed to PSERS.
- 3. Keep your beneficiary information up to date.** - Keeping your beneficiary information up to date ensures that benefits are paid according to your wishes. You should review and consider submitting to PSERS a new *Nomination of Beneficiaries* (PSRS-187) form if:
  - You or your beneficiary divorces or marries.
  - One of your beneficiaries dies.
  - One of your beneficiaries has a name or address change.
  - You have a child or adopt a child.
  - A minor beneficiary reaches age 18.

The most recently received form will supersede all previous forms.

- 4. You may not borrow from your account.** - Under the law, you must terminate all Pennsylvania public school employment to receive any funds from your account. PSERS may not, therefore, provide you with a loan or allow you to borrow funds from your account. Additionally, your funds in PSERS may not be attached, assigned, used for collateral, and are also excluded from the bankruptcy estate under section 541 (c)(2) of the Bankruptcy Code.
- 5. Create an online Interaction account.** – *Interaction* is PSERS online source for member account information. To create an *Interaction* account, go to the PSERS website and click on “Online Applications.” *Interaction* will give you access to a retirement estimate calculator and past *Statements of Account*.
- 6. Use the Online Retirement Calculator.** – PSERS provides a *Retirement Calculator* so that you can create your own retirement estimates. If you have an *Interaction* account, signing into *Interaction* when using the retirement calculator will pre-fill the estimator with your most recent *Statement of Account*. You can also sign on as a guest to use the calculator, but you will need a copy of your most recent *Statement of Account*.

- 7. Take advantage of PSERS online resources.** –Whether you are a new, active, or retired member, the answer to most of your retirement-related questions can be found within the PSERS website. News, Board information, forms, processing time frames, publications, and every phase of your membership life cycle is easily accessible online at [www.psers.state.pa.us](http://www.psers.state.pa.us).



## Preparing for Retirement

Retiring is one of the most important choices you will make. PSERS strongly recommends all members do the following:

- 1. Attend a Foundation for Your Future program.** – PSERS regional representatives present these sessions throughout the school year in numerous locations to review critical information about the Retirement System. A list of scheduled meetings and locations is available on the PSERS website and is published in the *PSERS Active Member Newsletter*. Please contact the regional office associated with the meeting if you require an accommodation to participate.
- 2. Request a staff-prepared retirement estimate.** – If you are within 12 months of your retirement date, you can request an estimate of your benefit by submitting a *Request for Retirement Estimate* (PSRS-151) form found on the PSERS website or by contacting PSERS. If you are more than 12 months from your retirement date, use the online *Retirement Calculator* application available on the PSERS website.
- 3. Schedule an Exit Counseling session.** – After receiving a PSERS estimate and making the decision to retire, you should call your PSERS regional office to schedule an appointment for a *Retirement Exit Counseling* session. Here you will receive assistance filling out your application and ensure that you have all necessary forms. Regional representatives schedule sessions to accommodate a small group.

# Employment in Pennsylvania Public Schools After Retirement

PSERS does not generally permit retirees to return to work for a Pennsylvania public school employer without the loss of their monthly benefit **unless** they qualify for specific exceptions. Information regarding returning to public school employment exceptions may be found in the PSERS publication, *PSERS Return to Service Guidelines and Clarifications* (PSRS-9682), located on the PSERS website.

## Pension Forfeiture

The right of a person to receive retirement benefits from PSERS is subject to forfeiture as provided by the Public Employee Pension Forfeiture Act (“Pension Forfeiture Act”). The Pension Forfeiture Act states that all service and benefits payable to a PSERS member must be forfeited if the member is convicted of, or pleads guilty or no defense to any of the crimes listed under the Pension Forfeiture Act when the crime is committed through the member’s position as a public employee or when the member’s public employment places the member in a position to commit the crime(s).

The Pennsylvania crimes listed under the Pension Forfeiture Act are:

- Theft by deception
- Theft by extortion
- Theft of services
- Theft by failure to make required disposition of funds received
- Forgery
- Tampering with records or identification
- Misapplication of entrusted property and property of government or financial institutions
- Bribery in official and political matters
- Threats and other improper influence in official and political matters
- Perjury
- False swearing
- Unsworn falsification to authorities
- False reports to law enforcement authorities
- Witness or informant taking a bribe
- Tampering with or fabricating physical evidence
- Tampering with public records or information
- Intimidation of witnesses or victims
- Retaliation against witness, victim, or party
- Obstructing administration of law or other governmental function
- Official oppression, speculating or wagering on official action or information
- The following crimes when committed by a school employee against a student: rape, statutory sexual assault, involuntary deviate sexual intercourse, sexual assault, aggravated indecent assault, indecent assault, and indecent exposure

The Pension Forfeiture Act also includes all Federal criminal offenses that are substantially the same as the above listed crimes.

A member’s contributions and interest may be used to pay any court ordered restitution, provided the monies have not been withdrawn by the member.

## **PSERS Appeals Process**

A member of PSERS who disagrees with an official decision reached by the PSERS staff has the right to request a review by the PSERS Executive Staff Review Committee. The request for an Executive Staff Review must be received by PSERS within the time frame stated in the letter notifying you of PSERS' decision. All appeal requests must be made in writing and sent to:

Executive Staff Review Committee  
5 N 5th Street  
Harrisburg PA 17101-1905

If an appeal is denied by the Executive Staff Review Committee, the disputing party has the opportunity to request an administrative hearing before an independent hearing examiner. Instruction on how to proceed with the appeals process is included in the letter sent to you by the Executive Staff Review Committee.

## **Contacting PSERS**

You may contact PSERS toll-free at 1-888-773-7748, Monday through Friday, except on major holidays. PSERS also has regional offices located throughout the state. A complete list of all PSERS regional offices and their operating hours are found on the PSERS website.

Harrisburg Headquarters  
5 N 5th Street  
Harrisburg PA 17101-1905

Toll-Free: 1-888-773-7748  
Local Telephone: 717-787-8540

Email Address: [ContactPSERS@pa.gov](mailto:ContactPSERS@pa.gov)

Website: [www.psers.state.pa.us](http://www.psers.state.pa.us)



*Disclaimer*

*The Public School Employees' Retirement System (PSERS) provides this document for educational and informational purposes. Information in this document is general in nature, does not cover all factual circumstances and is not a complete statement of the law or administrative rules. The statements in this document are not binding. In any conflict between the statements in this document and applicable law or administrative rules, the law and administrative rules will prevail.*

*This document is designed solely to provide an overview of benefits available to PSERS members and is not intended to be a substitute for retirement counseling.*

PRSRT STD  
U.S. Postage Paid  
Harrisburg PA  
Permit No. 254

Public School Employees' Retirement System  
5 N 5th Street  
Harrisburg PA 17101-1905