

FREQUENTLY ASKED QUESTIONS: STATEMENT OF ACCOUNT FOR SCHOOL YEAR 2019-2020

Your *Statement of Account* reflects activity posted to your retirement account during the 2019-2020 school year. For additional frequently asked questions, refer to the PSERS website at psers.pa.gov.

What is my *Contribution Rate* and how is it determined?

The contribution rate is the percentage of your school salary/wages that you contribute to your retirement account. Your membership class and employment history determine your contribution rate. PSERS membership classes are determined by the date of your first qualified service. Please refer to the *Active Member Handbook* on the PSERS website for more information.

Why do my employer's contributions not appear on my statement?

In PSERS Defined Benefit (DB) Plan, employers contribute to the general fund of PSERS, not specifically to any one member's account.

What is a *School Year*?

For PSERS purposes, a school year is July 1 – June 30 regardless of when you began employment or when your district starts and ends classes each year. Your statement contains information for work performed in a school year. The information is based on when the wages are earned, not paid.

Why do I have values under both the *Days Worked* and *Hours Worked* columns?

Values will appear in the *Days Worked* and *Hours Worked* columns if you worked both a salaried or per diem position **and** an hourly position during the last school year.

How is the credit in my *Service* column determined?

Members of PSERS earn credit for service as follows: salaried or per diem employees must work at least 180 days to earn one full year of service. Hourly employees must work at least 1,100 hours to earn one full year of service. If you do not work enough days or hours to earn a full year of service credit, your partial year of credit is determined by dividing the days and/or hours you work by 180 (days) or 1,100 (hours).*

**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 the actual hours you worked divided by your expected work hours.*

How were my *Estimated Retirement Benefits* calculated?

If you are eligible, your retirement benefits are determined by a calculation, which is set by state law. The estimate on your statement shows what your benefits would have been had you retired as of June 30, 2020. Note that *you must apply for a disability retirement within two years of your last day of service. Please see the Let's Talk about Disability Benefits pamphlet for more information.*

- Only the Single Life Annuity retirement options are provided in the estimate on page 3 of your *Statement of Account*. If you are interested in viewing your other available retirement options, you may calculate your own retirement estimates using the online Retirement Estimate Calculator on the PSERS website. If you are within 12 months of retirement, you may also request a staff-prepared estimate from PSERS by submitting a *Request for Retirement Estimate* (PSRS-151) form.
- **Special Information for Class T-E and Class T-F Members:** Due to the passage of Act 5 of 2017, you are now eligible to withdraw your contributions and interest at retirement; however, this is not reflected on your statement. If you are nearing retirement, contact PSERS for a staff-prepared retirement estimate by submitting a *Request for Retirement Estimate*.

Please read page two (2) of *Frequently Asked Questions: Statement of Account* for School Year 2019-2020 for additional important information.

What information should I be aware of regarding my PSERS account?

- You are part of PSERS Defined Benefit plan which means that your retirement benefit is determined by a formula using your class multiplier, years of credited service, and your final average salary.
- You may not borrow from your account or use your account as collateral for loans. You may not withdraw any money from your account until you terminate all Pennsylvania public school employment and submit an *Application for Retirement* (PSRS-8) or an *Application for Refund* (PSRS-59).
- If you terminate service before you are eligible for a retirement benefit, you may refund your contributions and interest by calling PSERS and requesting a Refund Application Package. Once service is terminated, interest will no longer be applied to your account after the month of termination.
- Plan your retirement early in your career. Attend a *Foundations For Your Future* (FFYF) program that provides general information about PSERS benefits and services. No advanced registration is necessary. The FFYF meeting schedule can be found on the PSERS website.
- Increasing your salary by performing additional duties (e.g., overtime, work as a coach or department head, etc.) and/or increasing your service credit by working longer or purchasing service (if applicable) may enhance your PSERS benefit. *All requests to purchase service credit must be filed while you are an active, contributing member and within the statutorily prescribed time frame.*
- PSERS pension benefits are not offset for social security or automatically adjusted for inflation.

If I am no longer employed by a Pennsylvania public school, am I required to begin receiving my PSERS benefit by a certain age?

If you are no longer an active member of PSERS, the Internal Revenue Service (IRS) mandates that you begin receiving a Required Minimum Distribution (RMD) by April 1 of the calendar year following the year in which you reach your Required Beginning Age. The IRS defines the Required Beginning Age as 70 1/2 if a member was born on or before June 30, 1949, or age 72 if a member was born on or after July 1, 1949.

If you are nearing your Required Beginning Age and no longer working, contact PSERS to begin your retirement process. *Failure to comply with RMD requirements may result in interest and penalties, including a 50% penalty tax on the amount not distributed. If you have questions regarding RMD, we encourage you to seek advice from your tax consultant or the IRS.*

How can I get my money out of PSERS after I terminate employment with all public school employers?

You must apply to receive either a retirement benefit if you are vested or a refund if you are non-vested. There are strict time frames to apply for a PSERS benefit to ensure your earliest benefit effective date. To help ensure that you are properly prepared for your retirement, contact PSERS for Retirement Exit Counseling before terminating employment and applying for a retirement benefit. To attend Retirement Exit Counseling, you must have a staff-prepared estimate.

What is Multiple Service and when can I apply for it?

If you have former service credited with the Pennsylvania State Employees' Retirement System (SERS) for work performed for the Commonwealth of Pennsylvania (e.g., Labor & Industry, Transportation, etc.), you may elect multiple service, which combines state and school service. You must apply to elect multiple service membership through your Member Self-Service (MSS) account or submit the application for multiple service membership form to PSERS within 365 days of the date stated in your membership letter or prior to termination, whichever is earlier. For more information about multiple service, refer to the *Active Member Handbook* on the PSERS website.