

FREQUENTLY ASKED QUESTIONS

Your Defined Benefit *Statement of Account* and *Defined Contribution (DC) Participant Summary* reflect activity posted to your retirement account during the 2019-2020 school year. The information displayed is as of June 30, 2020. For additional frequently asked questions, refer to the PSERS website at psers.pa.gov.

Defined Benefit Statement of Account for 2019-2020

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. Refer to the *Active Member Handbook* on PSERS' website for more information.

Why do my employer's defined benefit (DB) contributions not appear on my *Statement of Account*?

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 DB Plan information in your *Statement of Account* 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 1100 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 1100 (hours).*

**If you work 9 or 10 months per school year in a full-time hourly position which requires you to work 900 to 1100 hours, your service credit is calculated using the actual hours you worked divided by your expected work hours.*

Defined Contribution Participant Summary on June 30, 2020

What are Eligibility Points and how are they determined?

You earn one eligibility point for each school year (July 1-June 30) in which school service is rendered and you contribute to the PSERS Defined Contribution (DC) Plan. You must earn three eligibility points to be vested and eligible to receive your employer's DC contributions in your PSERS DC Plan account and the earnings on those contributions, if any, after termination of employment.

Why does the amount in my *Total Balance* column not match the *Vested Balance* column?

The ***Total Balance*** includes the contributions made by you and your employer(s), the investment performance on those contributions, and the fees, costs, and expenses deducted from your PSERS DC account.

The ***Vested Balance*** is the amount you are eligible to receive after you terminate public school service. You are 100% vested in, and eligible to receive, the balance in your PSERS DC account that is attributable to your DC participant contributions, your after-tax voluntary contributions, and your rollover contributions. You need three eligibility points to be eligible to receive your employer's DC contributions and earnings on those contributions, if any. The Vested Balance includes investment performance and is adjusted for the fees, costs, and expenses deducted from your DC account.

Why do the amounts in my *Defined Contribution Participant Summary* not match the amounts in my *Defined Contribution Quarterly Statement*?

The amounts displayed in your Defined Contribution Participant Summary show a snapshot of your account as of June 30, 2020. Access your DC account online through the PSERS Member Self-Service (MSS) Portal for your most up to date DC account balance.

Want to learn more about your DC plan? We've developed one-page summaries, in depth articles, and educational videos. Check out these helpful resources at psers.pa.gov and in your DC account!

Please read page two (2) of *Frequently Asked Questions* for additional important information.

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

- You contribute to both PSERS Defined Benefit (DB) and Defined Contribution (DC) Plans.
 - In PSERS DB Plan, your retirement benefit is determined by a formula using your class multiplier, years of credited service, and your final average salary.
 - In PSERS DC Plan, your retirement benefit is based on the amount of contributions in your account and investment performance, adjusted for fees, costs, and expenses. Your DC contributions and earnings, if any, are available for you to withdraw when you terminate your employment or retire.
- 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 apply for retirement or a refund in PSERS DB Plan or request a distribution in PSERS DC Plan.
- If you terminate service before you are eligible for a retirement benefit in PSERS DB Plan, 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.
- 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 retirement 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 DB benefit or DC distribution 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? PSERS DB Plan

You must apply to receive either a retirement benefit if you are vested or a refund if you are non-vested.

- There are strict timeframes 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.

PSERS DC Plan

You must request a distribution in PSERS DC Plan after terminating employment from public school employers.

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 in PSERS DB Plan. 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.