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PSERS Board Elects Chairman and Vice Chairman

The Board of Trustees of the Public School Employees' Retirement System recently held its annual organizational meeting at its headquarters in Harrisburg. Melva S. Vogler, of Hawley, Wayne County, was re-elected Chairman of the PSERS' Board of Trustees and Nathan G. Mains, of Mechanicsburg, Cumberland County, was elected Vice Chairman.

The Board unanimously re-elected Ms. Vogler to a one-year term as Chairman. Ms. Vogler has been a member of PSERS' Board since 1994. She represented active members on the Board for twenty years and was elected in 2013 to serve as the Trustee for PSERS retired members. She has served as Chairman since January 2007. Ms. Vogler is a graduate of Susquehanna University. She also earned a master's degree from Marywood College and received her supervisory certificate from the University of Scranton. She retired from Wallenpaupack Area High School in 2013.

She currently serves on the Pennsylvania State Education Association (PSEA) Staff Pension Board and was a member of PSEA's Board of Directors from 1988 until August 2004 and served on its Budget Committee from 1991 through August 2004. She also is a member of the National Council on Teacher Retirement (NCTR) Legislation Committee. In addition she was a member of the Executive Board of the NCTR from November 2003 through November 2009 and served as the President of the NCTR. She also served on the National Institute on Retirement Security Board and on the Executive Committee of the Council of Institutional Investors. Ms. Vogler is currently a member of PSEA-Retired and Pennsylvania Association of School Retirees.

The Board also unanimously elected Nathan G. Mains to a one-year term as Vice Chairman. Mr. Mains serves ex officio on PSERS' Board as the Executive Director of the Pennsylvania School Boards Association, Inc. He began his tenure as Executive Director of the Pennsylvania School Boards Association in September 2013. In addition, he serves as a President and a member of the Board of the PA School Boards Insurance Trust, and as Chief Executive Officer of School Boards Services Corporation.

Mr. Mains holds a bachelor's degree in political science from Lebanon Valley College, participated in the Harvard Business School's Executive Education Program and attended Shippensburg University's graduate school for communications.

Additionally Mr. Mains serves as Treasurer of the Pennsylvania School District Liquid Asset Fund (PSDLAF), Secretary of the Board of EasyProcure, and as a member of the Board and Policy Committee Chair for the Pennsylvania Interscholastic Athletic Association (PIAA). He also serves as a member of the Advisory Board to the National School Boards Action Center and is the Board Secretary/Treasurer of EdPAC and the Pennsylvania Public Education Foundation. Mr. Mains is also a member of the Board of Directors of C.M. Regent Insurance Company, one of the leading insurers of school property in the United States.

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Death During Employment: The Importance of Nominating Beneficiaries

Why is it important to file and keep your nomination of beneficiaries form with PSERS up to date?

Keeping your nomination up-to-date ensures that your death benefits are paid according to your wishes.

Did you know that if you do not have a beneficiary on file with PSERS or if your named beneficiary dies before you, your death benefit is paid to your estate? Did you know that a PSERS death benefit paid to your beneficiary is *exempt* from state and local taxes if the beneficiary resides in Pennsylvania but a death benefit paid to your estate is taxable under state and local law upon being distributed from the estate?

If you want your death benefit to be paid according to *your* wishes, you must file and keep your nomination of beneficiaries form with PSERS up to date. Beneficiaries often use the death benefit to help pay the bills and make up for the lost income.

If you have a nomination on file and later change your mind and thought about updating your nomination, but never actually file another form with PSERS, your death benefit will be paid according to the nomination on file, not the one you may have been *meaning* to change but never did.

PSERS regularly encounter scenarios similar to these after a member dies:

- The member did not nominate a beneficiary.
 - John, a Pennsylvania public school employee, forgot to nominate beneficiaries. His wife and children depend on his income.

John passes away a few years later and his death benefit of \$500,000 is payable to his estate. To obtain that money, his family has to open an estate, which requires the payment of additional taxes and fees. If he would have nominated his wife and/or children as beneficiaries, they would have received his death benefit directly and sooner, without having to pay state or local taxes.

- The member did not keep his or her nomination of beneficiaries up-to-date.
 - Kristen began her career as a Pennsylvania public school employee and nominated her mother and father as her beneficiaries. Years later, she marries and has two children, but never updates her nomination of beneficiaries.

Kristen passes away, leaving behind her husband and two children. Her husband contacts PSERS inquiring about the death benefit of about \$700,000. Because Kristen did not update her nomination, the death benefit is payable to her mother and father. Her husband and sons receive nothing.

Keeping your beneficiary information up-to-date with PSERS ensures that your death benefit is paid promptly and in accordance with your wishes. At a minimum, we encourage you to review beneficiary information if:

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

Your beneficiaries are listed in your annual *Statement of Account*. You may nominate new beneficiaries or update your existing beneficiaries by submitting a *Nomination of Beneficiaries* (PSRS-187) available on the PSERS website www.psers.pa.gov.

PSERS Website Redesign

On March 1, PSERS released a redesigned website in order to better serve you, our members. Our new address is www.psers.pa.gov and any pages you may have bookmarked at the psers.state.pa.us address will redirect to the new homepage. We still provide the same resources in this new look.

Note: To sign into your Interaction account for access to your Statement of Account and your personalized online retirement estimator, click on the “Member Login (Interaction)” link on the upper right.

Your feedback is important to us. When visiting our site, please take a moment to take our survey regarding the accessibility, look, and feel of this redesign.

The screenshot shows the PSERS website homepage. At the top, there is a blue navigation bar with the PA.GOV logo and links for ABOUT, ACTIVE MEMBERS, LEAVING EMPLOYMENT, RETIRED MEMBERS, and EMPLOYERS. Below the navigation bar is a large banner image of a PSERS building with a search bar and a list of links: MEMBER LOGIN (INTERACTION), EMPLOYER LOGIN, FORMS & PUBLICATIONS, and PRESENTATIONS. A notification bar at the bottom of the banner reads: "Severity: 3-LOW Welcome to PSERS' redesigned website! This mobile-friendly site provides the same content with a new look and feel. Close More Details".

The main content area is divided into three columns:

- TOP PAGES:** Features a "Quick Links" section with a red apple icon and a list of links: FAQs, Member Forms, Member Publications, Financial Publications, Investment Program, Pension Funding Resources, Retirement Calculator, and Tax Calculator.
- PSERS NEWS:** Features a stack of newspapers icon and a list of news items: Public School Employees' Retirement Board Elects Chairman and Vice Chairman, PSERS' House Appropriations budget hearing, PSERS Announces Court Approval of \$335 million Settlement of Bank of America Securities Class Action, 2016 Summary Annual Financial Report (SAFR), and PSERS Investment Team Receives Innovation Award. A "+ More News" button is at the bottom.
- FEATURED:** Features an image of an elderly couple and a list of featured resources: Class T-F Election Resources, Divorce, Health Options Program, Reporting a Death, Updating Beneficiary/Survivor Information, Updating Personal Information, and Presentations.

The footer contains the PSERS logo and Pennsylvania Public School Employees' Retirement System name, along with contact information and regional offices. It also includes sections for "RIGHT-TO-KNOW", "REGIONAL OFFICES", "MISSION, VISION, VALUES", "BOARD OF TRUSTEES", "ORGANIZATION & STAFF", and "DISCLAIMER".

Fleetwood Regional Office Closing

The PSERS regional office located in Fleetwood (just outside of Reading), PA will be closed June 30, 2017.

The Public School Employees' Retirement System (PSERS) regularly evaluates its operations for possible improvements. Because the Fleetwood office's territories of Berks, Carbon, Chester and Lehigh are closely surrounded by the PSERS' offices in Bucks, Dauphin and Lackawanna counties, PSERS evaluated and discovered a potential opportunity to provide long-term financial savings without impacting service to our members. It is anticipated that service might be improved without the burden of keeping a small office open for walk-in traffic while also regularly providing presentations outside of the office. Presentations will continue to be provided and calls to the office will automatically be routed to staff in other regional offices.

Three Things Prospective Employees Need to Know about Retirement

Planning ahead will enable you to reflect on your career and celebrate your retirement. Accurate knowledge, rather than information from family, friends and coworkers, will ease your transition and help to clarify the process. Here are three reminders to help smooth your path to retirement.

1. **Obtain information from the correct source:**
PSERS: You must contact PSERS for information about your retirement account and to apply for retirement benefits. A staff-prepared estimate (allow 4-6 weeks) and Retirement Exit Counseling session (REC) will provide detailed information regarding your retirement application. At REC sessions, you have an opportunity to have your questions answered by PSERS' knowledgeable staff (see next page).

Your retirement payments do not begin automatically. You must submit an *Application for Retirement* (PSRS-8) to PSERS to initiate your benefits. In order to receive retirement benefits from your termination date you must submit your application within 90 days of your last day of work.

Your employer: You must contact your employer about terminating your employment in order to prevent delays in receiving your benefit. Also inquire about your eligibility for possible incentives and benefits like continued health insurance coverage and payment for unused sick/vacation/personal days. Your employer may have a deadline regarding such matters. If you are a 10—month employee, and your employer can issue any balance of contract in a lump sum in June, it can speed the processing of your retirement benefit.

2. **Consider other sources of income:**
Be certain to consider other potential benefits, income streams and resources, such as Social Security or other investments you may have, as well as out-of-pocket costs for things such as health and/or life insurance premiums, when planning for retirement. **Please note, PSERS representatives can provide information and answer questions about PSERS monthly payment options, but they cannot provide financial advice.** You may wish to work with a financial advisor for assistance with retirement planning, and with an accountant, tax preparer or the IRS for tax planning for retirement.

3. **Tie up loose ends:**
Service credit: Check that all of your service has been credited because service credit impacts the calculation of your retirement benefit. If you believe there is an error in your account or that you are missing service, contact PSERS immediately. You may be eligible to apply to purchase such service, but only before your final day of paid service.

Divorce/court order: If a divorce settlement or court order, such as child support, will impact your retirement benefit, you are responsible for providing PSERS with the necessary documents. Submit these documents promptly to avoid a delay in processing your benefit.

Health Insurance: See the following page for more information regarding the PSERS-sponsored Health Options Program (HOP).

This list, while not exhaustive, provides steps to assist you as you approach your retirement.

Member Self-Service Portal Update

PSERS previously announced that a new member self-service portal would be launching at the end of 2017 which will include many new features enabling members to access and take more action in their account.

In order to prevent impacting other critical functions occurring at the end of the year, such as the distribution of annual *Statements of Account*, Health Options Program plan selection, and 1099-R preparation, PSERS will implement this upgrade during the spring 2018.

The next PSERS newsletter will provide more information about this portal.

Looking Forward to Retirement: Make Sure You Are Covered

Most people look forward to the day when they can retire. Whether you plan to retire in 5, 10 or 15 years, one of the most important decisions you'll need to make is selecting your health care coverage. PSERS wants to make that decision a little easier for you, which is why we sponsor the **Health Options Program**, one of the most competitive retiree health plans available.

Most members of the Health Options Program enroll when they turn 65 and become eligible for Medicare or at retirement. At 65, unless you're still working, Medicare becomes your primary coverage for hospital and medical expenses. However, many people feel that the basic level of Medicare (called "Original" Medicare) provided by the government is not sufficient to meet their needs. They have two options for improving their coverage:

- A **Medicare Supplement plan** (sometimes called a Medigap policy) that pays all or part of the deductibles and/or coinsurance you would have to pay if you had just Original Medicare
- A **Medicare Advantage plan** (also known as a Medicare Part C plan) that replaces Original Medicare entirely.

Both of these options are available under the **Health Options Program** and for each, most people have a choice of plans. If you are starting to think about retiring, scan the code using a QR reader from your phone or mobile device for a short video about the Health Options Program. You may also **visit www.HOPbenefits.com or call 1.800.773.7725** for further details.



Retirement Exit Counseling

Each year, nearly 12 percent of all retirement applications submitted to PSERS contain errors which cause delays in processing retirement benefits. Attending a Retirement Exit Counseling session will help ensure that you understand your options and avoid errors when completing the necessary forms. Exit counseling is offered as a free service to PSERS members retiring in the current school year. Don't wait until the last minute!

Before you register for a session, you **must** request a staff-prepared retirement estimate by completing a *Request for Retirement Estimate* (PSRS-151). This form is found on the PSERS website under "Forms." Note: Once you have requested your estimate and are waiting to receive it, you may proceed to schedule your exit counselling session. PSERS also strongly suggests that all members who are planning for retirement attend a Foundations for Your Future (FFYF) seminar. More information on FFYF seminars is found on page 6 or on our website under "Leaving Employment."

Planning for retirement is one of the most exciting and complicated decisions you will make. Allow PSERS to make this process just a bit less stressful by taking advantage of the free resources available to all our members. Attending a REC session may prevent you from making a mistake that will permanently and negatively affect your retirement benefit.

PSERS

5 N 5th Street
Harrisburg PA
17101-1905

Toll-Free:
1.888.773.7748

Local Calls:
717.787.8540

FAX:
717.772.3860

Phone Hours:
Weekdays (except holidays)
8:00 a.m. - 5:00 p.m.

Website Address:
www.psers.pa.gov

Email Address:
ContactPSERS@pa.gov

Update Your Address

The United States Postal Service (USPS) returns more than 7,500 pieces of mail to PSERS each year due to incorrect addresses. This is a waste of your money and prevents important information from being received. It is essential for PSERS to have a valid mailing address on file for you. In the event that PSERS needs to contact you regarding any time-sensitive account issues, we need to make sure that our communication will reach you.

If you are currently working in a Pennsylvania public school, please report any change of address to your employer. Your employer will submit the information to PSERS.

If you have left public school employment, submit your address change to PSERS in writing. **You must include your signature and the last four digits of your social security number in the letter to ensure proper identification of your account.**

Seminars to Help You Understand Your Retirement Benefit

Regardless of the position you hold with your employer or how close you are to retirement, we suggest that you attend one of our *Foundations for Your Future* (FFYF) seminars at least once prior to retirement. These free 90-minute seminars are designed to provide you with the information you need to understand your PSERS retirement benefits and plan for your future. FFYF seminars are held around the Commonwealth throughout the year and enable members to meet and interact with a PSERS retirement counselor.

A complete list of seminars and a copy of our FFYF presentation can be found on the PSERS website by selecting "Foundations for Your Future" under "Leaving Employment." Your employer will also be notified when FFYF seminars are happening in your area.

In the event of inclement weather, a seminar may need to be cancelled or rescheduled if the facility where it is to be held has closed or dismissed early. Please check the PSERS website to verify that the date and/or location of the meeting you wish to attend has not changed due to weather conditions or other unforeseen circumstances.

Shared Risk for Act 120 Members

Act 120 of 2010 included an innovative risk-sharing program for all members who are new to PSERS after June 30, 2011. With the shared risk program, Class T-E and Class T-F members benefit when investments of the fund are doing well but share some of the risk when investments underperform. The member contribution rate begins within the specified range established for Class T-E or Class T-F members and is subject to an increase or decrease of 0.5 percent every three years depending on the PSERS investment performance. The member contribution rate, however, will never go below the base rate of 7.5 percent for Class T-E and 10.3 percent for Class T-F members, nor above 9.5 percent for Class T-E and 12.3 percent for Class T-F members.

The shared risk target was met for the first three-year evaluation period which ended June 30, 2014. The next evaluation period will be based on PSERS investment experience for the six year period ending June 30, 2017.

So what's next? After the close of the June 30, 2017 evaluation period, PSERS investment performance will be finalized. The PSERS Board will certify the member rate at their December Board meeting. If the shared risk target is not met for the next evaluation period, member contribution rates will increase to 8.0 percent for Class T-E members and 10.8 percent for class T-F members. Any changes in the Class T-E and Class T-F member contribution rate will be announced in the January 2018 newsletter and will go into effect July 1, 2018. If the member contribution rate changes, the new rate would remain in effect at least until the end of the next three-year evaluation period, June 30, 2021.

Pension Forfeiture

A PSERS member, who qualifies to receive retirement benefits, is guaranteed a monthly lifetime annuity. The right of a person to receive such benefits from PSERS, however, is subject to forfeiture as provided by the *Public Employee Pension Forfeiture Act*. This 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 contest 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 member is entitled to his or her contributions; however, a member's contributions and interest may be used to pay any court ordered restitution, provided the money has not been withdrawn by the member. If a member is already receiving a monthly annuity when convicted of, or pleads guilty or no contest to any of the crimes listed under the Pension Forfeiture Act, the annuity will stop.

The following are the Pennsylvania crimes listed under the Pension Forfeiture Act:

- 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
- Article III of the "Tax Reform Code of 1971"
- 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.

PSERS Board of Trustees Meeting Schedule

May 25, 2017

June 16, 2017

October 6, 2017

December 8, 2017

PSERS Board meetings are held in Harrisburg at PSERS, located at 5 N 5th Street.

In addition to Board meetings, Committee meetings are held throughout the year. All PSERS Board meetings are open to the public.

For exact meeting times or if you would like to attend and require an accommodation to participate, please call Barbara Book, PSERS Executive Office at 1.888.773.7748, extension 4617.

PSERS is proud to be an equal opportunity employer supporting workforce diversity.

PSERS
5 N 5th Street
Harrisburg PA 17101-1905

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Public School Employees' Retirement System
Important Information from the
Commonwealth of Pennsylvania