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Active Certified Board Elections

The Public School Employees' Retirement System (PSERS) Board of Trustees will conduct two active certified member elections this fall. One election will be for the active certified member seat currently held by Mr. Frederick T. Berestecky which expires December 31, 2016. This seat is referred to herein as "Seat A" and will be a **full three-year term**, from January 1, 2017, to December 31, 2019.

The second election will be a special election for the active certified member seat currently held by Mr. James M. Sando who retired as an active educator in February 2016. He submitted a resignation from the PSERS Board of Trustees, effective December 31, 2016. The special election for his seat ("Seat B") will be for a **four-year term**, commencing January 1, 2017, through December 31, 2020.

Members who desire to run in either the regular or special election for the active certified seats must:

- Be an active certified member of PSERS. (Certified members are those in a position requiring certification by the Department of Education.)
- Choose between running for the regular election with a three-year term ("Seat A") or the election to complete the remainder of the existing term and a subsequent three-year term ("Seat B"). **You may not run for more than one seat.**
- Submit an affidavit and nominating petition with 500 or more valid signatures of other PSERS active certified members.
- Submit a completed biographical form.

To receive a nomination packet and more information on the duties and responsibilities of Board members, interested active members may email, fax, or write to:

Lori Koch, PSERS Election Coordinator
5 N 5th Street
Harrisburg PA 17101-1905

Email: lorkoch@pa.gov
Fax: 717.772.5372

Please be sure to specify in your request whether you want a nomination packet for the **active certified regular election** ("Seat A") or the **active certified special election four-year term** ("Seat B"). Failure to do so will enter you in the regular election ("Seat A").

Your completed affidavit, nominating petition, and biographical form must be returned to Ms. Koch at the email address, mailing address, or fax above by **4:30 p.m. on July 8, 2016**. Late receipt will disqualify any candidate from the election ballot.

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. The contents of this newsletter may not be used for any commercial purpose without PSERS' prior written permission.

Misconceptions about Retirement

In our previous issue, we discussed three misconceptions PSERS members have when preparing for retirement. We are back with three more that we hope will assist you as you plan your retirement.

Misconception: You can keep retiring a secret from your employer.

When PSERS receives a retirement application, we will reach out to your employer to request your termination record. A termination record is electronic verification from an employer stating that an individual is no longer employed by that Pennsylvania public school. We cannot process benefits for you until your employer provides this information.

Furthermore, in order to have your retirement benefits start the day after your termination date, you must submit your application within 90 days of your termination date. If you delay submitting your *Application for Retirement* (PSRS-8) so that your employer does not receive the request for your termination record, you run the risk of missing pension payments retroactive to the day after your termination date. Your termination date is the last day you worked in most cases.

Remember, you must complete and submit your *Application for Retirement* to PSERS in addition to notifying your employer. Notifying your employer does not initiate the retirement process, but it is a necessary step before PSERS can begin to calculate your benefits.

Misconception: A termination date and retirement date are the same.

A **termination date** and a **retirement date** are two different things that are defined within the PSERS Retirement Code. Your **termination date** is the last day of work, paid leave, or unpaid leave with your employer. Your **retirement date** is the first day you are considered retired by PSERS, and your benefit payments will be retroactive to this date once processing is completed. Your retirement date will typically be the day after your termination date unless you submit your application more than 90 days after your termination date OR choose to delay your retirement until a later date.

Keep in mind that your retirement date does not have to occur on a work-day. It can be any day, even a holiday, because your retirement date will be based on your termination date and/or when the application is received.

Misconception: The 90-day filing deadline for retroactive benefits is based on the school board approval date.

You do not need to wait for employer or school board approval before you file your retirement application with PSERS. Notifying your employer of your intention to retire does not automatically establish your retirement date with PSERS. Your retirement will be effective as of the day after your termination date as long as your *Application for Retirement* is received no more than 90 days after your termination date.

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.state.pa.us

Email Address:
ContactPSERS@pa.gov

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

90 Days is Not 3 Months

To further dispel the misconceptions previously mentioned, we will examine the Retirement Code as it defines the effective date of retirement. The Code references 90 calendar days, **not** three months.

RETIREMENT CODE Effective Date of Retirement (Retirement Date)

The first day following the date of termination of service of a member if he has properly filed an application for an annuity within 90 days of such date or:

(1) In the case of a member who applies for an annuity subsequent to 90 days after termination of service, the date of filing such application or the date specified on the application, whichever is later.

(2) In the case of a vestee who files an application for an annuity within 90 days of his superannuation age, the attainment of such age.

(3) In the case of a vestee who defers the filing of an application for an annuity to a date later than 90 days following attainment of superannuation age, the date of filing or the date specified on the application, whichever is later.

(4) In the case of a finding of disability, the date certified by the board as the effective date of disability.

What does this mean for you if you're planning to retire?

If you terminate on June 30, you can file your *Application for Retirement* (PSRS-8) any time within 90 days of June 30 and your retirement date will still be July 1. June 30 plus 90 days is **September 28**. Unfortunately, some may assume that September 30 is within the 90 day period based on the thinking that there are 30 days per month, so 90 days must be 3 months. The Retirement Code refers to 90 calendar days, and because not all months have 30 days, **90 days is not three months**.

If you were to file your retirement application on September 30, believing that it is within the 90-day window from the termination date of June 30, you would lose out on 3 months' worth of annuity payments.

Bottom line: Do not put off filing your retirement paperwork until the last minute. Delays can be extremely costly. To aid in your retirement planning, PSERS offers Retirement Exit Counseling free of charge to our members. Read more about this service on page 5 of this newsletter.

PSERS Board of Trustees Meeting Schedule

June 10, 2016
October 7, 2016
December 7, 2016

PSERS Board meetings are held in Harrisburg at PSERS, located at 5 N 5th Street. In addition to these 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.

Understanding Pension Maximization

"Pension maximization" is a term used by financial advisors and insurance agents. It is a strategy where a person takes a higher monthly pension and purchases a life insurance policy in lieu of taking a reduced monthly pension to guarantee a benefit for his or her survivor.

In order to fully understand pension maximization from the perspective of your PSERS benefit, it is important to understand your annuity options. PSERS offers Single Life Annuities, which provide a benefit based on a single lifetime (yours), and Joint and Survivor Annuities, which provide a benefit based on two lifetimes (yours and your designated survivor's). The following are the definitions of PSERS monthly options:

- **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, the balance is paid to your beneficiary(ies).
- **Option 2 or 3 (Joint Survivor Option):** Your monthly benefit is reduced based on your age and the age of your survivor annuitant at retirement. At the time of your death, Option 2 provides 100% while Option 3 provides 50% of your monthly benefit to your survivor annuitant throughout his or her lifetime.

Using a pension maximization strategy, the Maximum Single Life Annuity is elected instead of Option 1, 2, or 3. The difference in the monthly benefit amount is used to purchase private insurance to financially protect your beneficiary or survivor.

Example:

Rita Retiree can choose to receive a monthly benefit of \$2,000 by electing Maximum Single Life Annuity, or Rita can choose Option 2 and receive \$1,800 (\$200 less than the Maximum option) per month.

If Rita chooses Option 2 and names her husband as a Joint and Survivor, upon Rita's death, PSERS will provide to Rita's husband for the rest of his life the same monthly benefit payment of \$1,800 that Rita was receiving at the time of her death.

If Rita chooses the Maximum Single Life Annuity, Rita may be able to use all or part of the \$200 difference to purchase a life insurance policy on herself and name her husband as the beneficiary. The proceeds of the insurance are available for her husband if Rita dies first. This may provide more financial flexibility.

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(Pension Maximization...continued from page 4)

If you are considering pension maximization here are a few things to keep in mind:

- Make sure you qualify and can obtain the life insurance policy you will need.
 - Before you submit paperwork to PSERS electing Maximum Single Life Annuity, you are highly encouraged to have the documents securing your life insurance policy finalized. You cannot change your option with PSERS if you find out you do not qualify for the life insurance policy after your benefits have been processed.
- Unlike your PSERS monthly benefit, a life insurance policy is not guaranteed by a governmental entity.
- The PSERS Joint and Survivor Annuity Options are guaranteed to pay a monthly payment for the life of the named survivor even if the payments would exceed the remaining value of your account.
 - When the value has been met for an insurance-based annuity, the payments may stop.
- In order to make a comparison of the different plans and insurance options, you must contact an insurance salesperson or financial advisor to provide the insurance costs and potential annuity cash flow.
 - Keep in mind that a PSERS benefit payment is not subject to Pennsylvania state and local taxes. Please discuss the tax liability for any insurance payment with a tax professional.

PSERS takes no position for or against pension maximization. It can be a useful tool in certain circumstances, but also has the potential for financial problems. Prior to your retirement, as with other important financial decisions, PSERS encourages you to seek qualified, independent financial advice.

Retirement Exit Counseling

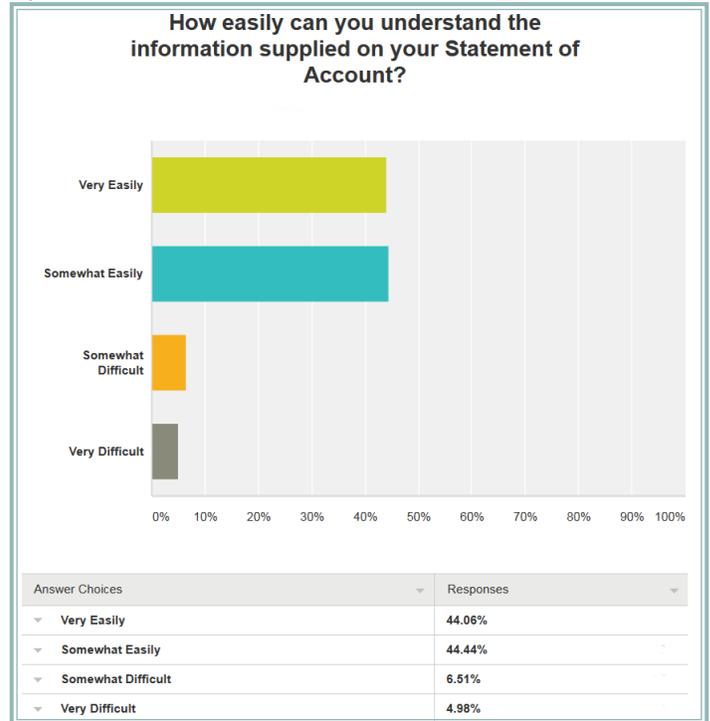
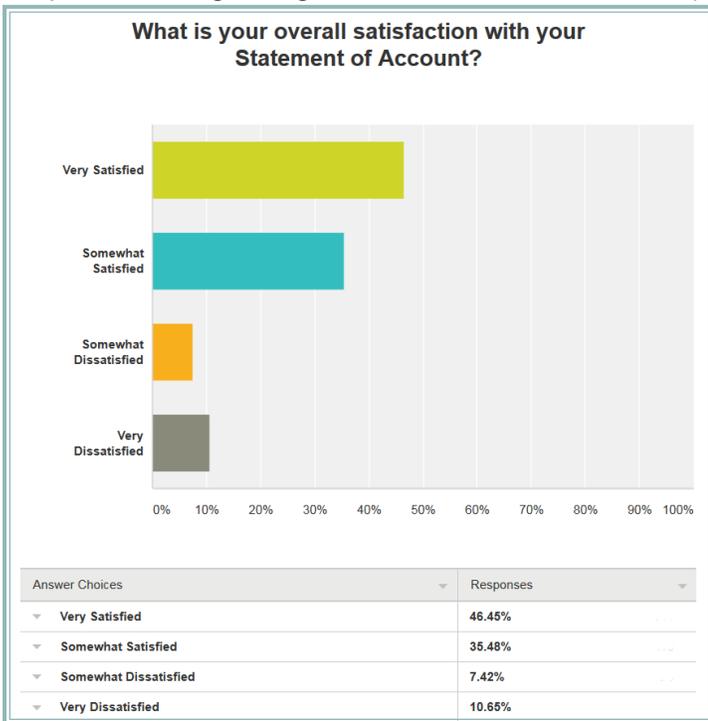
Each year, nearly 12 percent of all retirement applications submitted to PSERS contain errors which cause delays in processing retirement benefits. Attending a Retirement Exit Counseling session will help ensure that you understand your options and avoid errors when completing the necessary forms. Exit 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 schedule 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 in scheduling your exit counselling session. PSERS also strongly suggests all members who are planning for retirement to attend a Foundations for Your Future (FFYF) seminar. More information on FFYF seminars is found on page 7 or on our website under "Regional Offices."

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 Retirement Exit Counseling may prevent you from making a mistake that will permanently and negatively affect your retirement benefit.

Your Responses to the Statement of Account Survey

We are pleased to present the results of the Statement of Account Survey we posted on www.psers.state.us. The graphs below depict ease of understanding and overall satisfaction from respondents regarding their *Statement of Account (SOA)*.



While we are pleased that most respondents were satisfied with their *Statement of Account (SOA)*, we also hope to adequately address some of your concerns. Please take a few minutes to read over the following:

Help! I have not received my SOA yet.

- As long as you have a valid address on file with PSERS, we mail your SOA after receiving your salaries, contributions, and days and/or hours worked for the school year from your employer(s). This process begins early in September and ends by December 31, unless the reporting from your employer(s) is delayed. If you work for more than one employer, PSERS must receive the information from all of your employers before your SOA is mailed.

If you believe that your address on file is not valid, please refer to the article on the following page for instructions on how to update your mailing address.

The beneficiary information listed on my SOA is incorrect.

- You may contact PSERS to correct a misspelling. If, however, you know your beneficiary(ies) has changed addresses or you wish to nominate a new beneficiary(ies), you must submit a new *Nomination of Beneficiaries (PSRS-187)*. The form is available at www.psers.state.us.

My employer made an adjustment but it does not appear on my SOA.

- When an adjustment is made after generation of your SOA, the adjustment will appear on next year's *Statement of Account*.

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(SOA Survey...continued from page 6)

I want to view my SOA online, but I can't find it.

- To access your SOA online, you need an established Interaction account. Interaction is PSERS' secure online web application. To establish an account, click on the "Online Applications" button on our homepage. Your username and password information will be mailed separately to your home address.

Please allow one week after receiving the hardcopy of your SOA before viewing it online.

My financial institution is requiring more current account information. How can I access the most up-to-date information in my account?

- If you need information that is more current than your last SOA for financial verification, you may submit a PSERS *Verification of Deposit* (PSRS-1326) form, available on our website. Most requests are processed within 3 – 5 business days of receipt by PSERS.

We appreciate you taking the time to share your thoughts; and we encourage you to continue participating in relevant surveys that you may come across on our website.

Please keep in mind: if you would like assistance, contact us directly. Your identity is protected on surveys you complete with PSERS, and as such, we are unable to assist you from just your response on a survey.

Thank you for helping us better serve you.

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. 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.

Additionally, you will want to ensure that you receive your *Statement of Account* from PSERS each year. The statement is a snapshot of your account for the previous school year, displaying your service credits attained, your contributions, and your estimated benefits. An invalid address on file will prevent you from receiving this document.

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 left employment and have deferred receiving your retirement benefit until later, 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.**

Building Foundations for Your Future

Regardless of the position you hold with your employer or how close you are to retirement, you should attend a PSERS Foundations For Your Future (FFYF) seminar at least once prior to retirement. These free 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 allow members to meet and interact with a PSERS retirement counselor. Each seminar lasts approximately 90 minutes. A complete list of seminars and a copy of our FFYF presentation can be found on the PSERS website under Regional Offices. 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.

PSERS
5 N 5th Street
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Important Information from the
Commonwealth of Pennsylvania