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Summer 2012

Active Certified & Non-Certified Board Elections

As only one candidate submitted the required election forms and petitions for each respective Board of Trustees seat, there will be no active certified member election or active non-certified member election in 2012.

Both Mr. Gallante and Ms. Beck are to serve a three-year term on the Board beginning January 1, 2013.

Glen S. Gallante and Deborah J. Beck will be "elected by acclamation" by the PSERS Board of Trustees, in accordance with Section 46 of Robert's Rules of Order at the December 7, 2012, board meeting.

This will be Mr. Gallante's third term as a PSERS Trustee. He will hold the seat as the active certified member. This will be Ms. Beck's first term as a PSERS Trustee. She will hold the seat as the active non-certified member.

Mr. Gallante is an Instructional Support Teacher in the Stroudsburg Area School District. He has taught second and third grades as well as high school health and physical education.



Mr. Gallante

He currently serves on the Pennsylvania State Education Association's (PSEA) Board of Directors (Northeast Region President). He has been his local PSEA president since 2001. In addition, he has served on PSEA's Professional Rights and Responsibilities Committee, Property Committee, Constitution and Bylaws Committee, and Budget Committee.

Mr. Gallante is currently chair of the PSERS Audit/Budget Committee, and he also serves on the Health Care and the Technology Steering Committees.

Mr. Gallante is an avid golfer and motorcyclist.

Ms. Beck is a high school principal secretary at Upper Darby High School in Delaware County. She previously was the office manager at a family-owned business and was responsible for purchasing, account management, and customer service.



Ms. Beck

She has a bachelor's degree in Early Childhood Education from Ohio Wesleyan University.

Ms. Beck currently serves as the Vice President of UDESPA (Upper Darby Education Support Professional Association) and has attended National Education Association and Pennsylvania State Education Association training sessions.

She was Home and School President, served on the After Prom Committee for Upper Darby High School, and on the Parent Involvement Committee and District Strategic Planning Committee for the Upper Darby School District.

Ms. Beck resides with her husband Bill in Drexel Hill, PA and has three children. She enjoys traveling and creating stained glass art.

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.

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):
7:30 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.

PSERS Board of Trustees Meeting Schedule

August 9, 2012
October 5, 2012
December 7, 2012

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.

From the Desk of the Executive Director

"Behind the Scenes at PSERS"

from PSERS Executive Director, Mr. Jeffrey B. Clay...

PSERS continues its series of "Behind the Scenes at PSERS" articles with a tour of the Bureau of Administration (BOA). BOA is responsible for maintaining PSERS' facilities, purchasing and contracting, documenting administrative policies and procedures, business continuity, maintaining PSERS automobiles, mail services, imaging, printing, and other administrative services necessary to support agency functions.

The Bureau, one of the smallest in the Agency, has approximately 19 staff and 4 additional staff contracted for security and building maintenance. BOA is organized into three divisions: the Purchasing and Contracting Division, the Administrative Services Division and the Security and Business Continuity Division. Though a small bureau, the Agency could not function on a daily basis without BOA. BOA impacts all areas of PSERS from making sure the mail is delivered, to printing the forms needed by members to retire, to maintaining the safety and operations of PSERS' facilities.

Purchasing and Contracting:

This division procures materials, supplies, and services needed to support the organizational goals. The division also develops, monitors, processes and evaluates contract usage in the agency. In 2011, this division processed over 800 purchase transactions for the Agency.

Administrative Services:

This division manages buildings and grounds for the agency, both at headquarters and at the seven regional locations. It also provides mail, imaging, printing and copying services to the agency, in addition to asset management, automotive and other administrative services.

All member correspondence and forms sent to PSERS are electronically imaged and made available for PSERS business units, generally within 72 hours of receipt. In 2011, PSERS' Mail and Imaging Center processed 151,792 pieces of incoming mail and 462,174 pieces of outgoing mail, and imaged 692,358 documents. This is in addition to the over 974,000 documents that were mailed and processed during 2011 which included: Member *Statement of Accounts*, 1099's, check change letters, and Non-Qualifying Part-Time purchase of service notification letters.

Security and Business Continuity:

This division develops and implements policies, programs and procedures that are necessary to ensure that PSERS' human, technology, and capital resources are secure. This division is also responsible to ensure that PSERS is prepared to quickly recover and continue critical operations, like in

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the event of a disaster, processing retirement checks, and investing assets.

PSERS has developed a Continuity of Operations Plan (COOP) to minimize the effect an unscheduled interruption would have on operations and to provide for the prompt and effective continuation or resumption of critical business functions in the event of an emergency. PSERS holds annual exercises to ensure that our planned recovery processes will function in the event they are ever needed. These exercises are valuable tools that can improve individual performance, reveal planning weaknesses, or identify gaps in resources.

For example, one of our recurring COOP exercises is designed

to assess the ability of essential PSERS staff to work from home. Teleworking is a significant element of PSERS Investment Office and Office of Financial Management continuity planning.

During or after an event that would cause the PSERS headquarters to be unreachable or uninhabitable, essential employees may be required to work from home. These employees must be prepared to carry out critical agency business functions from home using Commonwealth laptop computers or home computers until such time as they are notified to report to a location designated by their supervisor.

PSERS continues to increase the efficiency of its operations and

BOA is one area where we have seen results.

In 2012, the division completed the relocation of the Mechanicsburg Field Office to PSERS' Headquarters for an estimated savings of \$50,000+ in rental fees per year. Additionally, PSERS overhauled its agency vehicle program and reduced the number of agency vehicles to 12 and reassigned vehicles based on the Agency's mission and staff travel requirements.

In the next newsletter, the "tour of PSERS operations" will continue and will focus on another area of PSERS' operations that is not as well known or recognized by PSERS' members.

Choosing or Changing Beneficiaries

Twenty years ago, John had just started working in a Pennsylvania public school. He was single with a great job, and really didn't think anything "bad" would ever happen to him. He was young and felt invincible. Life was good.

John receives his PSERS "Welcome Packet" in the mail and dutifully fills out his PSERS *Nomination of Beneficiaries* (PSRS-187) form, naming his younger brother as his beneficiary. John figured that he was going to live a long, long time and if anything in his life changed, he'd remember to fill out another form.

Fast forward to the present. John is now married with three kids. John unexpectedly loses his life.

His family is distraught over his untimely death. On top of dealing with this tragic loss of a husband and father, his family finds out that John never remembered to change his beneficiary. John's brother gets it all...and John's wife and kids are left with nothing.

In far too many cases, members never review or think about their beneficiary designation after they start employment.

Remembering to keep your beneficiary information up to date ensures your PSERS death benefit is paid according to your wishes. Remember to submit a new beneficiary 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.

If you do not remember who you named as your beneficiary, or if you need to update that information, you may want to fill out and submit a new *Nomination of Beneficiaries* (PSRS-187) form.

The form is available through the Forms button on the PSERS website, www.psers.state.pa.us, or by contacting PSERS.

Purchasing NQPT Service Processing Time Frame

Non-qualifying part-time (NQPT) service is part-time employment in a Pennsylvania public school where you worked less than 80 days (if hired on a per diem basis) or 500 hours (if hired on an hourly basis) within a single school year. An application to purchase NQPT service credit must be received within specific deadlines and while you are an active contributing member.

A letter was sent to all PSERS members notifying them of the deadline in which one had to submit their applications to purchase this type of service credit.

Submitted applications will be held for processing until your eligibility window closes. We delay the processing to determine if the service is actually non-qualifying part-time service or qualifying part-time service, and that PSERS has received all of your applications. If you apply to retire prior to the

processing of your application(s), PSERS will process your application(s) in conjunction with the processing of your retirement benefit.

Those T-C and T-D members who have until June 30, 2014, to apply to purchase NQPT service should not expect to receive information regarding their eligibility until sometime after June 30, 2014.

If you have this type of employment time in a Pennsylvania public school and you wish to apply, the application may be printed directly from the PSERS website, www.psers.state.pa.us, under the Forms button, and then under Purchase of Service. You may also contact PSERS to receive a copy of the form. The correct form on which to apply for this purchase is the *Purchase Credit for Part-Time Service* (PSRS-100).

Purchasing Student Public School Employment

The ability to purchase service credit is always "fact specific." This is especially true when employment is rendered in a Pennsylvania public school when one was also a student.

The request to purchase employment rendered in a Pennsylvania public school while you were also a student would be denied if:

- The position was part of a financial aid package.
- You received a tuition waiver for the employment.
- The service was part of your student curriculum.
- You received academic credit for the employment.
- The relationship was not employer/employee, but that of a teacher/student.
- The employment was only available to students, and no one from the outside workforce could fill the position in the absence of student applicants for the position(s).

- The position was that of a Graduate Assistant or a Resident Assistant.
- There are no detailed Social Security earnings.

Active contributing members of PSERS may apply to purchase service credit for time worked as a public school employee. While retirement credit for work performed as a student is not completely prohibited, the courts have determined there are only specific situations during which a student is truly a school employee engaged in work and receiving compensation related to a public school.



If you apply to purchase student employment, you have the responsibility to provide

proof of the position type and that none of the bulleted items listed was applicable to your situation. Such proof may come from the employer or may be supplied by you from your records of employment history, financial aid, etc. All criteria is considered when making a purchase of service eligibility determination.

Foundations for Your Future (FFYF)

As a part of its educational outreach, PSERS provides *Foundations for Your Future* seminars for active members. PSERS regional representatives present these seminars throughout the school year to provide all active members with general information about PSERS benefits and services. Attendance at a *Foundations for Your Future* seminar will help you begin to plan for your retirement early in your career. During these programs, PSERS examines topics such as benefit options, withdrawal of contributions, rollovers, taxes, and legislative actions affecting PSERS.

As this printed schedule is subject to change due to weather or other unforeseen conditions, we highly suggest that prior to leaving for a meeting, you verify the dates and times listed through the schedule posted on the PSERS website. If a school location experiences an emergency/weather closing, the meeting will be canceled.

Listed below are seminars scheduled from September 2012 through November 2012 (not inclusive, more dates may be added in some areas). Seminars prior to August are listed on the PSERS website at www.psers.state.pa.us. If you need directions to any of the locations, please contact your regional office, the PSERS Member Service Center at 1-888-773-7748, or access the PSERS website. If there is a demand for additional seminars during the year, PSERS may add seminars and post them to the PSERS website. PSERS employers in the area will receive seminar notices as well. **Please Note:** Advance registration is not required to attend any of these seminars. If you require an accommodation to participate, please contact your PSERS regional office.

Southwest Region, Toll-Free 1-888-773-7748, extension 5775 Counties Served: Allegheny, Fayette, Greene, & Washington

County	City	Location & Address	Date	Time
Allegheny	Homestead	Allegheny I.U., McGuffey & Sullivan Rooms, 475 E. Waterfront Dr.	September 12, 2012 November 20, 2012	4:30 p.m. 4:30 p.m.
Allegheny	Monroeville	Community College of Allegheny County, Boyce Campus, South Wing, Room 440 (Auditorium/ Lecture Hall), 595 Beatty Rd.	November 28, 2012	4:30 p.m.
Allegheny	Pittsburgh	Community College of Allegheny County, North Campus, 3rd Floor Conference Room (Room 3002), 8701 Perry Hwy.	October 10, 2012	4:30 p.m.
Allegheny	Pittsburgh	Clarion Hotel and Conference Center, 401 Holiday Dr.	October 24, 2012	4:30 p.m.
Fayette	Uniontown	Holiday Inn Uniontown, Appalachian Ridge Room, 700 W. Main St.	October 25, 2012	4:30 p.m.
Greene	Waynesburg	Waynesburg Central High School, Auditorium, 30 Zimmerman Dr.	October 3, 2012	4:30 p.m.
Washington	Charleroi	Mon Valley Career and Technology Center, Classrooms 1 and 2, 1 Guttman Blvd.	October 11, 2012	4:30 p.m.
Washington	Washington	Trinity Middle School, Auditorium, 50 Scenic Dr.	September 19, 2012 November 7, 2012	4:30 p.m. 4:30 p.m.

Southeast Region, Toll-Free 1-888-773-7748, extension 5575 Counties Served: Bucks, Delaware, Montgomery, & Philadelphia

County	City	Location & Address	Date	Time
Bucks	Bensalem	Bensalem High School, North Wing Audion, 4319 Hulmeville Rd.	October 1, 2012 November 14, 2012	4:30 p.m. 4:30 p.m.
Bucks	Quakertown	Quakertown Area High School, 600 Park Ave.	October 23, 2012	4:30 p.m.
Delaware	Morton	Delaware County I.U., Education Service Center, Rooms 171 & 172, 200 Yale Ave.	October 15, 2012 November 7, 2012	4:30 p.m. 4:30 p.m.
Montgomery	Kulpsville	Holiday Inn Lansdale, 1750 Sumneytown Pk.	October 11, 2012 November 27, 2012	4:30 p.m. 4:30 p.m.
Montgomery	Pottstown	Pottstown Senior High, N. Washington St.	October 25, 2012	4:30 p.m.

Southeast Region, Toll-Free 1-888-773-7748, extension 5575 (continued)

County	City	Location & Address	Date	Time
Philadelphia	Philadelphia	Ramada Philadelphia NE, 11580 Roosevelt Blvd.	October 10, 2012 November 15, 2012	4:30 p.m. 4:30 p.m.
Philadelphia	Philadelphia	Philadelphia School District Education Center, Auditorium, 440 N. Broad St.	October 4, 2012 November 14, 2012	4:30 p.m. 4:30 p.m.

Southcentral Region, Toll-Free 1-888-773-7748, extension 5675

Counties Served: Adams, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, & York

County	City	Location & Address	Date	Time
Adams	New Oxford	Lincoln I.U., 65 Billerbeck St.	October 11, 2012	4:30 p.m.
Cumberland	Summerdale	Central Penn Conference Center, College Hill & Valley Rd.	October 15, 2012	4:30 p.m.
Dauphin	Harrisburg	PA State Farm Show Building, 2300 N. Cameron St., Enter via Maclay St. to Maclay St. Lobby, Meeting Room B	September 10, 2012	4:30 p.m.
Franklin	Chambersburg	Chambersburg Area Middle School, Auditorium, 1151 E. McKinley St.	November 1, 2012	4:30 p.m.
Huntingdon	Entriken	Lake Raystown Resort and Conference Center, 3101 Chipmunk Crossing	October 25, 2012	4:30 p.m.
Lancaster	Lancaster	Lancaster Lebanon I.U., 1020 New Holland Ave.	September 6, 2012 November 15, 2012	4:30 p.m. 4:30 p.m.
Perry	Millerstown	Greenwood High School, Auditorium, 405 E. Sunbury St.	October 4, 2012	4:30 p.m.
York	York	York Suburban High School, 1800 Hollywood Dr.	September 25, 2012 November 7, 2012	4:30 p.m. 4:30 p.m.

Northeast Region, Toll-Free 1-888-773-7748, extension 5375

Counties Served: Lackawanna, Luzerne, Monroe, Northampton, Pike, Susquehanna, Wayne, & Wyoming

County	City	Location & Address	Date	Time
Lackawanna	Archbald	Valley View Jr./Sr. High School, Auditorium, 1 Columbus Dr.	November 7, 2012	4:30 p.m.
Luzerne	Nanticoke	Luzerne County Community College, Educational Conference Center, Auditorium 132, 1333 S. Prospect St.	October 23, 2012	4:30 p.m.
Northampton	Easton	The Eastonian Banquet and Convention Center at the Holiday Inn Express, 90 Kunkle Dr.	October 25, 2012	4:30 p.m.
Susquehanna	Montrose	American Legion Gardner - Warner Post 154, RR 4, Elk Lake Rd.	November 15, 2012	4:30 p.m.
Wayne	Hawley	Wallenpaupack High School, Library, HC 6	October 30, 2012	4:30 p.m.

Centraleast Region, Toll-Free 1-888-773-7748, extension 5475

Counties Served: Berks, Carbon, Chester, & Lehigh

County	City	Location & Address	Date	Time
Berks	Reading	Reading-Muhlenberg Career & Technology Center, Warren Rd.	October 25, 2012	4:30 p.m.
Carbon	Jim Thorpe	Jim Thorpe Area High School, 1 Olympian Way	November 7, 2012	4:30 p.m.
Chester	Kennett Square	Hilton Garden Inn, 815 E. Baltimore Pk.	November 8, 2012	4:30 p.m.
Chester	West Chester	J. R. Fugett Middle School, Auditorium, 500 Ellis Ln.	October 11, 2012	4:30 p.m.
Lehigh	Allentown	Rodeway Inn & Conference Center, 1151 Bulldog Dr.	October 24, 2012	4:30 p.m.

Centralwest Region, Toll-Free 1-888-773-7748, extension 5875
Counties Served: Armstrong, Bedford, Blair, Cambria, Indiana, Somerset, & Westmoreland

County	City	Location & Address	Date	Time
Armstrong	Ford City	Lenape Heights Country Club, 950 Golf Course Rd.	October 2, 2012	4:30 p.m.
Blair	Altoona	Ramada Inn-Altoona, I-99, exit 31, (Plank Road)	November 19, 2012	4:30 p.m.
Cambria	Ebensburg	Admiral Peary AVTS, Room 204, 948 Ben Franklin Hwy.	October 24, 2012	4:30 p.m.
Indiana	Indiana	IUP Kovalchick Convention and Athletic Complex, 711 Pratt Dr.	November 8, 2012	4:30 p.m.
Indiana	Youngwood	Westmoreland County Community College, Commissioners Hall, 145 Pavilion Ln.	November 27, 2012	4:30 p.m.

Northwest Region, Toll-Free 1-888-773-7748, extension 5175
Counties Served: Beaver, Butler, Clarion, Clearfield (DuBois Area School District only), Crawford, Erie, Forest, Jefferson, Lawrence, Mercer, Venango, & Warren

County	City	Location & Address	Date	Time
Beaver	Monaca	Community College of Beaver County, Health Sciences Building – Auditorium, 1 Campus Dr.	November 1, 2012	4:30 p.m.
Butler	Butler	Butler Area SD Intermediate School 551 Fairground Hill Rd.	November 7, 2012	4:30 p.m.
Clarion	Clarion	Riverview I.U., 270 Mayfield Rd.	November 15, 2012	4:30 p.m.
Crawford	Saegertown	Saegertown High School, Auditorium, Mook Rd.	November 5, 2012	4:30 p.m.
Erie	Edinboro	Northwest Tri-County I.U., 252 Waterford St.	October 1, 2012	4:30 p.m.
Jefferson	Brookville	Calvary Church, 110 Evans St.	October 11, 2012	4:30 p.m.
Lawrence	New Castle	Lawrence County Career Tech Center, 750 Phelps Way	October 25, 2012	4:30 p.m.
Mercer	Mercer	Mercer Jr./Sr. High School, Auditorium or LGI Room, W. Butler St.	October 23, 2012	4:30 p.m.

Northcentral Region, Toll-Free 1-888-773-7748, extension 5275
Counties Served: Bradford, Cameron, Centre, Clearfield (all districts except DuBois Area), Clinton, Columbia, Elk, Lycoming, McKean, Montour, Northumberland, Potter, Schuylkill, Snyder, Sullivan, Tioga, & Union

County	City	Location & Address	Date	Time
Centre	State College	State College Area High School South, Auditorium, 650 Westerly Pkwy.	October 2, 2012	4:30 p.m.
Clearfield	Clearfield	Clearfield Area Middle School, Auditorium, 602 Mill Rd.	September 13, 2012	4:30 p.m.
Columbia	Berwick	Berwick Area Senior High School, Auditorium, 1100 Fowler Ave.	October 25, 2012	4:30 p.m.
Lycoming	Williamsport	Holiday Inn Williamsport, 100 Pine St.	November 1, 2012	4:30 p.m.
McKean	Smethport	Smethport Area Jr./Sr. High School, Auditorium, 412 S. Mechanic St.	September 11, 2012	4:30 p.m.
Northumberland	Montandon	Central Susquehanna I.U., Main Building, Lawton Ln.	September 6, 2012	4:30 p.m.
Schuylkill	Mar Lin	Schuylkill I.U., Education Center for Exceptional Children Gymnasium, 17 Maple Ave., Pottsville-Minersville Hwy.	September 25, 2012	4:30 p.m.
Tioga	Wellsboro	Wellsboro High School, Auditorium, 225 Nichols St.	October 11, 2012	4:30 p.m.

The Only Way to Go!

In preparation for retirement, from July 1, 2011 through May 31, 2012, 6,428 members of PSERS took advantage of attending the PSERS Exit Counseling session.

Exit counseling is offered as a service to anyone retiring in the current school year. Six to nine months prior to your date of retirement, contact your PSERS regional office to schedule an Exit Counseling session.

Attending an Exit Counseling session will help you to avoid delays with the processing of your retirement benefit due to errors from incorrectly completing the *Application for Retirement* or *Application for Disability Retirement* form.

The requirements for attending an Exit Counseling session are:

- ✓ You plan to retire during or at the completion of the current school year.
- ✓ You have obtained from PSERS a current estimate of your retirement benefits. If you have not done so, complete and submit to PSERS a *Request for Retirement Estimate* (PSRS-151) form.
- ✓ After receiving your benefit estimate, call your PSERS regional office to schedule your Exit Counseling Session.

Don't wait until the last minute to schedule a session or pass up your chance to attend. It may prevent you from making a mistake that will forever negatively affect your retirement benefit.

Pension Maximization - What is it?

"Pension maximization" is a term mentioned by financial advisors and insurance agents, but the term doesn't appear on the *PSERS Application for Retirement* (PSRS-8). So what is it and should you consider it? Ultimately, it comes down to your decision to take a higher monthly pension *and* purchase a life insurance policy, or take a reduced monthly pension and guarantee a PSERS benefit for your survivor.

PSERS offers single life annuities, which provide a benefit based on a single lifetime (yours), and Joint Survivor Annuities, which provide a benefit based on two lifetimes (yours and your designated survivor).

The PSERS Maximum Single Life Annuity provides you with the highest monthly benefit, but the benefit is paid only during your lifetime. Option 1 provides a slightly reduced monthly benefit from the Maximum Single Life Annuity and protects a declining death benefit for a beneficiary(ies) for a limited time. If a Joint Survivor Option such as Option 2 or 3 is selected, you accept a lower monthly benefit payment for your lifetime in order to protect a monthly benefit payment for your survivor for his or her lifetime.

The concept of pension maximization is that you can elect the Maximum Single Life Annuity instead of Option 1, 2 or 3, use the difference in the monthly benefit amount to purchase private insurance to financially protect your beneficiary or survivor, and possibly be better off financially.

For example, let's say that 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 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 higher monthly benefit payment under the Maximum Single Life Annuity, Rita may be able to use all or part of the difference of \$200 to purchase a life insurance policy on her life and name her husband as the beneficiary. If Rita dies first, the proceeds of the insurance are available for her husband. He can use the money to buy an annuity to be paid to him during his lifetime.

But...does "pension maximization" work? The concept seems simple enough, but it should be carefully investigated. The possible advantages to pension maximization are...

- If Rita's husband dies first, she can cancel the life insurance policy and have the benefit of the higher monthly pension from PSERS without the insurance expense. She can also opt to keep paying for the life insurance policy, creating a larger estate for her heirs.
- If Rita and her husband have long lives in retirement, the insurance policy may have cash value, which they could withdraw.
- If Rita dies first, her husband has some flexibility how he uses the insurance proceeds, including the ability to receive a lump sum.

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Pension Maximization - What is it? (continued from page 8)

- For any reason at any time, Rita can decide to cancel the life insurance policy and use the annual premium for other expenses.

The possible disadvantages to pension maximization or questions to ask are...

- Are you sure you qualify and can obtain the life insurance policy you'll need? Certain conditions may make you unable to obtain a life insurance policy.
- If a pension maximization plan depends on you obtaining a life insurance policy, have all approvals been obtained and is the policy in full force before it is too late to change your option selection with PSERS? Imagine that you choose the Maximum Single Life Annuity, your benefit is processed by PSERS, and you then receive a notice from the insurance company that you do not qualify for life insurance. You can't change your option with PSERS and your spouse, who you were going to protect, is now left without an income at your death.
- The PSERS fund is guaranteed by the Commonwealth of Pennsylvania. If a life insurance policy or an annuity is purchased, the pay-off of the benefits will depend on the long-term financial strength of the company providing the plans. If the company fails, you may lose the insurance coverage, and/or lose any cash value of that insurance policy.
- The PSERS Joint Survivor Option is guaranteed to pay a monthly payment for the life of the named survivor even if the payments would exceed the remaining value of the account. Would an insurance-based annuity do the same, or when the value has been met, would the payments stop?
- Making a comparison of the different plans and insurance options requires that you contact an insurance salesperson or financial advisor to provide the insurance costs and potential annuity cash flow. You should compare these and the potential taxation of the insurance payment with the PSERS benefit payment. Keep in mind that a PSERS benefit payment is not subject to state and local taxes. You would have to discuss the tax liability for any insurance payment with a tax professional.
- If a private annuity is purchased, it may or may not have a provision for Cost-of-Living Adjustments (COLA). At times, historically, COLA's have been granted on the members' pensions from PSERS. While there is no guarantee that the Pennsylvania Legislature may enact any future COLA for PSERS retirees, it still remains a possibility.
- If an insurance premium is missed on a private policy, it may cause a lapse and/or cancellation of the policy.
- How will private insurance and annuity costs and benefits be affected by interest rates, inflation, or a change in marital status?

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.

Updating Your Address

It is important to make sure that you always keep your address up to date with PSERS. Throughout the year, PSERS mails our newsletters and other important and timely information.

If you are currently working in a Pennsylvania public school, **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. Mail your information to:

PSERS
5 N 5th Street
Harrisburg PA 17101-1905

You must include your signature and at least the last four digits of your social security number in the letter to assure proper identification of your account.

Online Estimate Calculator Update

The PSERS website's online estimate calculator has been updated. As part of that update, there is now only one online retirement estimate calculator. This is truly a case where "less" is really "more."

You now have the option on a single calculator to sign in as a "guest" or sign in through your PSERS Interaction account. If you have an Interaction account, the estimator will populate the calculator with the service, final average salary, contributions, and interest from your most recent PSERS *Statement of Account*. If you sign in as a guest, you will need a copy of a recent PSERS *Statement of Account* to complete fields within the estimate calculator.

The estimate calculator now includes the capability to produce estimates for those newer PSERS members who are Class T-E or Class T-F members. Class T-E and Class T-F members are those who became new members of PSERS on or after July 1, 2011.

Though not an official estimate, the PSERS retirement estimate calculator allows you to produce an unlimited number of unofficial estimates of your potential PSERS retirement benefits. This can provide you with a general idea of the potential retirement benefit available to you. Your decision, however, to retire and/or option selection should not be based on the results using the retirement estimate calculator, as the calculator's accuracy is based on supplied information which may differ from your actual account information.

The online estimate calculator is not designed to calculate estimates for the following:

- Members who only work part-time.
- Members who are inactive (not presently working for a Pennsylvania public school).
- Members who have a frozen annuity (retired from PSERS and later returned to active Pennsylvania public school employment).
- Members who are calculating disability benefits.

If your account falls into any of the above categories, please complete and send to PSERS the *Request for Retirement Estimate* (PSRS-151).

If you are a multiple service member, one who has combined State Employees' Retirement System (SERS) and PSERS service, you may use the estimator provided you add any non-concurrent SERS service and your SERS contributions.

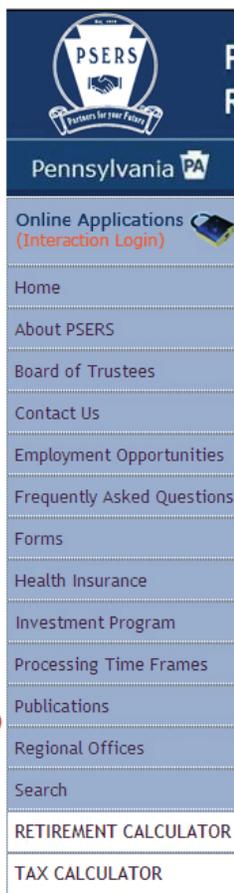
If you are seriously considering retirement within the next 12 months, it may be in your best interest to receive a retirement estimate from PSERS. PSERS will provide up to two staff-prepared estimates within a 12-month period. To obtain a PSERS retirement estimate, complete a *Request for Retirement Estimate* (PSRS-151) and forward it directly to PSERS.

PSERS Interaction Your Online Resource

Having an Interaction account with PSERS allows you to access your latest *Statement of Account* information, as well as the convenience of having pre-filled information when you access the estimate calculator.

To obtain an Interaction account, go to the PSERS website, www.pfers.state.pa.us, and click on the "Online Applications (Interaction Login)" button. When you reach the Interaction Web Applications page, click on "Create an Interaction Account. Click here."

Answer a few simple questions and a letter containing your user name and password will be mailed to your home address. When you receive the letter, sign into Interaction to activate your account.



New Statement of Account Design

With input from our active members through an online questionnaire, we have redesigned your annual *Statement of Account*. Your statement as of June 30, 2012, which is usually processed and mailed in the mid to late fall of the year, will provide a more detailed overview of your account information.

Beneficiary Information - If you requested your beneficiary information to appear when you completed your *Nomination of Beneficiaries* (PSRS-187) form, the names of up to ten of your primary (principal) beneficiaries will appear. The prior statement design limited the number of names that appeared to four.

Multiple Employers Listed - For those who work in more than one reporting unit, up to eight employers can be listed on the statement. This is especially beneficial to those of you who work in multiple part-time positions throughout a single school year.

Wages Reported to PSERS by Your Employer - Reported wages will also be listed on the statement. You'll be able to see exactly what wages your employer reported to PSERS for the school year.

Detailed Breakdown of Contributions, Interest, and Service - The new statement will provide a more detailed breakdown of these items not only credited for the school year, but any adjustment, purchase of service credit, or purchase of service adjustment.

Debt Summary - Purchase of service credit debts, frozen annuity debts, the debt owed on an overpayment of benefits, and payments made on those debts will be reflected on the statement. The type of debt will also be identified, as well as the original debt amount, any adjustments, any interest applied, and the remaining balance due. Debts or purchases that took place prior to PSERS updating our business system in 2005, will be identified only as "Transfer CIs." Debts and/or purchases after updating the business system will actually provide you with the name of the type of debt.

Estimated Retirement Benefit - The estimate will be provided based on the potential amount you could receive as of the statement date. The calculation will include the application of an actuarial debt for amounts owed to PSERS for outstanding purchase of service credit debts, frozen annuity debts, etc.

Estimates showing a retirement date projected to a normal (superannuated) retirement will no longer appear on the statement. The PSERS Retirement Calculator will be available on the PSERS website, www.psers.state.pa.us, for your use to project a future retirement date.

Again, your statement will be mailed to your home address after the close of the 2011-2012 school year and subsequent validation of the reported information. You should receive your statement in the mid to late fall of 2012.

Retiring in the Next 12 Months?

If you are planning to retire at the end of the 2012-2013 school year, by now you should have:

- ✓ Requested a PSERS Retirement Estimate.
- ✓ Contacted your employer to discuss benefits available through them, such as payment for unused vacation, sick leave, sabbatical leave, and health insurance.
- ✓ Contacted other retirement sources, such as the Social Security Administration or a financial planner or a tax consultant, if appropriate.
- ✓ Investigated your employer's guidelines for retiring, terminating, and resigning. Failure to notify your employer that you have resigned will delay the processing of your benefit.
- ✓ Scheduled and attended a PSERS Exit Counseling session through your PSERS Regional Office. Be prepared when you attend to choose your retirement option. The PSERS regional representative will show you how to properly complete the *Application for Retirement* (PSRS-8) and any other necessary applications or forms.

If you have questions as you prepare for retirement, contact your PSERS regional office. Office contact and location information is available on the PSERS website, www.psers.state.pa.us, or call our toll-free number.

**PSERS
5 N 5th Street
Harrisburg PA 17101-1905**

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**Don't let a simple mistake when completing an application become a costly mistake!
PSERS offers Exit Counseling for our members!
As retirement season approaches, don't forget...
Contact your PSERS Regional Office for assistance!**

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