

## Spring 2010

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*and More...*



## Active Certified Member Board Election

The PSERS Board of Trustees will conduct an active certified member election this fall. It is for an active certified member to serve a three-year term on the Board beginning January 1, 2011.

Members desiring to run for election for the active certified member seat must:

- ☑ Be an active certified member of the System (certified voting status designated on the annual *Statement of Account*).
- ☑ 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 members may write to:

Donna Peterson  
PSERS Election Coordinator  
PO Box 125  
Harrisburg, PA 17108-0125

Please be sure to specify in your request that you want information on the active certified member seat, as an annuitant election will also be held.

Your completed affidavit, nominating petition, and biographical form must be returned to Ms. Peterson at the above address by 4:30 p.m. on July 16, 2010.

Late receipt will disqualify any candidate from the election ballot.

The *PSERS Active Member Newsletter* is intended for general informational purposes and to alert members about important deadlines, changes, and developments in the law or retirement policy. It should not, however, be relied on as providing legal advice or as the basis for individual retirement planning and decisions. The Public School Employees' Retirement System provides personalized retirement information and counseling services that can be accessed by calling toll-free, 1-888-773-7748. The contents of this newsletter may not be used for any commercial purpose without PSERS' prior written permission.

## Fast Track Your Retirement Benefit

Some employers allow their employees to “spread out” their salary payments over an entire year even if the employee’s work is performed only during the time school is in session, usually from September through June. When the school year ends in June, the employee receives “balance of contract” payments in July and August for work performed in the previous school year. While this may be beneficial in maintaining one’s budget, in your final year of employment it will impact the processing of your PSERS retirement benefit.

How? Keep in mind that PSERS cannot finalize a retirement benefit until **all** information is reported by the employee’s employer(s), including “balance of contract.” If a member is still receiving salary, even though he or she is retired, this forces PSERS to pay a benefit in two-steps - an initial benefit payment based on the information reported to PSERS by the time of retirement, and a final benefit sometime after everything is reported. Since PSERS processes the initial benefit without the final data, the benefit is almost always underestimated, on average, by about 17% less than the finalized amount. Also, the time frame to process a finalized benefit could take up to 18 months. PSERS created this two-step process to provide a retiree with a source of income within 12 weeks of retirement, instead of making the retiree wait until all salary and

service information is reported.

**Note:** *Your contributions and interest are paid to you in a separate check from your monthly pension benefit, but could also be forced into a two-step benefit process as a result of the “balance of contract” payment.*

With the upgrades PSERS has made to its business system, we have the ability to pay most benefits in a single processing step. When we are able to process a retirement benefit in a single step, you receive what is owed to you in a single payment instead of two separate steps, eliminating the 18 month wait for the balance. By receiving a balance of contract payment in your final school year as one payment in the month of June, you increase your chances of having your benefit payment processed in a single step.

If you plan on retiring in June and you are a 9 or 10 month employee who normally receives payments for the school year over a 12-month period, you may want to contact your employer and ask if you may receive the balance of the salary owed to you in one payment in the month of June. While PSERS cannot guarantee that this will keep your retirement benefit from being processed via the two-step method instead of one-step, it’s a step in the right direction!

## PSERS Board of Trustee Meeting Schedule

June 11, 2010  
August 12, 2010  
October 8, 2010  
December 10, 2010

PSERS Board meetings are held in Harrisburg at PSERS, located on 5 North 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 Flurie, PSERS Executive Office at 1-888-773-7748, extension 4617.

## Name & Address Changes

**If you are an active member** of PSERS, please report any change of your name or address to your employer(s). It is up to your employer to notify PSERS of any changes.

**If you are a vested member who terminated active employment**, please submit any name or address changes in writing to PSERS. Be sure to include your name, social security number, and your signature in the letter.

To ensure your security, e-mailed name and address changes will not be accepted.

PSERS  
5 North 5th Street  
PO Box 125  
Harrisburg PA 17108-0125

Website Address:  
[www.psers.state.pa.us](http://www.psers.state.pa.us)  
Email Address:  
[ra-ps-contact@state.pa.us](mailto:ra-ps-contact@state.pa.us)

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

Phone Hours  
Weekdays  
(except holidays):  
7:30 a.m. - 5:00 p.m.

Toll-Free 1-888-773-7748  
Local Calls 717-787-8540  
TTY (Text) 717-772-5379

## Key Points to Remember When Reading *From the Desk of the Executive Director*

As you read Jeffrey Clay's article on this page, you will see that there has been much talk about the future funding of PSERS to meet the needs of our current and future members. When reading Mr. Clay's article, keep in mind these facts:

- ✓ PSERS has worked to provide education to the legislature, stakeholders, and the general public about contribution rate spike issues.
- ✓ PSERS does not lobby, but instead provides information and analysis to the legislature. We do not endorse or recommend specific legislation.
- ✓ **If** legislation passes that contains a reduction to member benefits, it would affect only those school employees who are hired or who return to service after the effective date of the legislation. **It would not affect current members.** For returning members, legislation reducing benefits would apply only to the service earned after the effective date of the legislation.
- ✓ The system is sound. As of the last actuarial evaluation dated June 30, 2009, the PSERS funded status was 79.2%. Benefits provided by PSERS are secure, as all PSERS pension benefit payments are guaranteed by the Commonwealth of Pennsylvania.

## From the Desk of the Executive Director

### *A Message from PSERS Executive Director, Mr. Jeffrey B. Clay...*

By now you have seen numerous news articles discussing the significant funding issues facing the Public School Employees' Retirement System (PSERS). These articles are partly the result of extensive educational efforts that PSERS has undertaken. It is extremely important that the Legislature, school employers, PSERS active and retired members, the news media, and the general public have a correct understanding of the funding issue. While PSERS works closely with reporters and constituent groups to make sure their articles and comments are as accurate as possible, there are times when they might not be entirely clear.

In particular, articles that discuss potential solutions to the funding issue can be quite confusing and alarming to PSERS retired and active members. When you read articles about the funding issue, it is important to understand that any change to the retirement system may only occur prospectively for new employees, not existing employees or retirees. Any change to the retirement plan for existing employees or retirees is restricted by constitutional impairment of contract (Article I, Section 17) issues.

For example, this means any potential changes, such as rescinding Act 9, increasing employee contributions, or converting PSERS to a 401K or hybrid plan, would only impact new hires after the effective date of any change. Current active and retired members of PSERS would not be impacted by these changes. This is because the courts have ruled that PSERS' pension benefits are contracts with the existing members of the System, and

are thus subject to the constitutional prohibition of impairment of contracts.

PSERS remains committed to providing continued educational efforts on the funding issue. As part of these efforts, I discuss the following series of guiding principles for possible solutions.

### **Guiding Principles**

1. It must be actuarially reasonable.
2. It should have an employer contribution rate that at a minimum should be the employer normal cost plus some reasonable amount to amortize the System's unfunded liability. A rate at the employer normal cost level would pay for the benefits earned during that year and would help minimize additional unfunded liability at the System.
3. It should be able to withstand the ups and downs of the investment markets.
4. It should reflect fiscally doable increases in the employer contribution rate to a reasonable plateau.
5. To the extent possible, it should have budgetary predictability for the Commonwealth and school employers.
6. It should incorporate provisions to avoid/mitigate a future funding crisis, e.g. an employer contribution rate floor set at the employer normal cost.

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## Northeast Office Relocation

The PSERS Northeast Regional Office has moved to a new location as of March 30, 2010! The Northeast office, which serves Lackawanna, Luzerne, Monroe, Northampton, Pike, Susquehanna, Wayne, and Wyoming Counties, is now located in Scranton, Pennsylvania.

The new office is conveniently reached from Routes 81, 11, and 307. The office is located 21 miles from Wilkes-Barre, 46 miles from Stroudsburg, 68 miles from Easton, 52 miles from Milford, 47 miles from Montrose, 32 miles from Honesdale, and 25 miles from Tunkhannock.

To contact the Northeast Regional Office at their new location, the address is:

Northeast Regional Office  
Suite 201  
417 Lackawanna Ave.  
Scranton, PA 18503-2013

The office's toll-free number remains the same, 888-773-7748, ext. 5375. The local number has changed to (570) 614-0269, and the new fax number is (570) 614-0278.

*From the Executive Director...Continued from page 3*

7. It should avoid undue risk, e.g., avoid excessive reliance on pension obligation bonds.

8. It should set a policy with respect to future cost-of-living-adjustments (COLAs), i.e. either:

- Are they to continue on an automatic or ad hoc basis? If so, they should be pre-funded to reduce their overall costs.

- Are they to be discontinued for all or some portion of present and/or future retirees?

9. It should address the potential of future benefit enhancements, e.g., when and at what funding level will they be permissible.

10. It must provide an adequate pension benefit at a

reasonable cost that will attract and retain school employees and reasonably sustain them when retired.

11. It must be legally correct and defensible, i.e., not subject to potentially successful litigation.

In closing, PSERS will continue to keep you apprised on the status of the funding issue and any potential legislation. For additional information on the funding issue, visit PSERS "Pension Funding 'Rate Spike' Resource" webpage at [www.psers.state.pa.us/press/pension\\_funding\\_issues/index.html](http://www.psers.state.pa.us/press/pension_funding_issues/index.html).

## Vesting Your PSERS Account

If you terminate school employment with at least 5 years of service and you wish to defer receiving a retirement benefit until a later date, your account will be automatically vested. There is no application to elect to vest your account.

It is important that you remember to keep your address and beneficiary information up to date when you leave school employment. Address changes for vested members who terminate all Pennsylvania public school employment should be submitted to PSERS in writing. The letter must contain your signature and at least the last four digits of your social security number for identification purposes. Address changes will not be accepted over the phone or by email.



Beneficiary information should be updated on the PSERS *Nomination of Beneficiaries* (PSRS-187) form. This form is available through the PSERS website at [www.psers.state.pa.us/forms/f187.pdf](http://www.psers.state.pa.us/forms/f187.pdf) or by contacting PSERS.



# 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. These programs review PSERS related topics such as: benefit options, withdrawal of contributions, rollovers, taxes, employment after retirement, legislative actions affecting PSERS, and health insurance.

Listed below are meetings scheduled from June 2010 through August 2010 (not inclusive, more dates may be added in some areas).

Meetings prior to June are listed on the PSERS website at [www.psers.state.pa.us/regional/FFYF\\_Schedule\\_Overview.htm](http://www.psers.state.pa.us/regional/FFYF_Schedule_Overview.htm).

If you need directions to any of the meeting sites, 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 programs. If you require an accommodation to participate, please contact your PSERS regional office.

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.

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 Intermediate Unit, McGuffey & Sullivan Rms., 475 E. Waterfront Dr.	July 28, 2010	1:00 p.m.
Allegheny	Pittsburgh	Ramada Inn & Conference Center, Ambassador Ballroom, 401 Holiday Dr.	July 7, 2010	1:00 p.m.
Fayette	Uniontown	Holiday Inn Uniontown, Appalachian Ridge Room, 700 W. Main St.	July 15, 2010	1:00 p.m.
Greene	Waynesburg	Waynesburg Central High School, Auditorium, 30 Zimmerman Dr.	July 14, 2010	1:00 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.	July 28, 2010 August 24, 2010	10:00 a.m. 10:00 a.m.
Bucks	Quakertown	Quakertown Area High School, 600 Park Ave.	August 4, 2010	10:00 a.m.
Delaware	Morton	Delaware County Intermediate Unit, Education Service Center, Rooms 171 & 172, 200 Yale Ave.	July 14, 2010 August 12, 2010	10:00 a.m. 10:00 a.m.
Montgomery	Fort Washington	Holiday Inn Philadelphia North, 432 Pennsylvania Ave.	August 11, 2010	10:00 a.m.
Montgomery	Kulpsville	Best Western Inn at Towamencin, 1750 Sumneytown Pk.	July 15, 2010 August 17, 2010	10:00 a.m. 10:00 a.m.
Philadelphia	Philadelphia	Philadelphia Ramada Northeast, 11580 Roosevelt Blvd.	July 13, 2010 August 5, 2010	10:00 a.m. 10:00 a.m.
Philadelphia	Philadelphia	Philadelphia School District Education Center, Auditorium, 440 N. Broad St.	July 22, 2010 August 24, 2010	10:00 a.m. 10:00 a.m.

<b>Southcentral Region, Toll-Free 1-888-773-7748, extension 5675</b> <b>Counties Served: Adams, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, &amp; York</b>				
County	City	Location & Address	Date	Time
Lancaster	Lititz	Warwick Middle School, Auditorium, 401 Maple St.	August 10, 2010	10:00 a.m.
York	York	York Suburban High School, Auditorium, 1800 Hollywood Dr.	July 8, 2010	10:00 a.m.
<b>Northwest Region, Toll-Free 1-888-773-7748, extension 5175</b> <b>Counties Served: Beaver, Butler, Clarion, Clearfield (DuBois Area School District only), Crawford, Erie, Forest, Jefferson, Lawrence, Mercer, Venango, &amp; Warren</b>				
County	City	Location & Address	Date	Time
Beaver	Monaca	Community College of Beaver County, Library Resource Center, 103 Conference Room, 1 Campus Dr.	August 5, 2010	1:00 p.m.
Clarion	Clarion	Riverview IU, 270 Mayfield Rd.	July 15, 2010	1:00 p.m.
Erie	Edinboro	Northwest Tri-County IU, 252 Waterford St.	July 29, 2010	1:00 p.m.
Venango	Franklin	Rocky Grove Jr/Sr High School, Auditorium, 403 Rocky Grove Ave.	August 3, 2010	1:00 p.m.
<b>Centraleast Region, Toll-Free 1-888-773-7748, extension 5475</b> <b>Counties Served: Berks, Carbon, Chester, &amp; Lehigh</b>				
County	City	Location & Address	Date	Time
Berks	Reading	Reading-Muhlenberg Career & Technology Center, Warren Rd.	June 16, 2010	4:30 p.m.
			July 14, 2010	11:00 a.m.
			August 17, 2010	11:00 a.m.
Carbon	Jim Thorpe	Jim Thorpe Area High School, 1100 Center St.	July 6, 2010	11:00 a.m.
Chester	Kennett Square	Hilton Garden Inn, 815 E. Baltimore Pk.	August 12, 2010	11:00 a.m.
Chester	Malvern	Great Valley Middle School, Choral Room, 255 N. Phoenixville Pk.	July 27, 2010	11:00 a.m.
Lehigh	Allentown	Rodeway Inn & Conference Center, 1151 Bulldog Dr.	July 13, 2010	11:00 a.m.
			August 19, 2010	11:00 a.m.
<b>Northeast Region, Toll-Free 1-888-773-7748, extension 5375</b> <b>Counties Served: Lackawanna, Luzerne, Monroe, Northampton, Pike, Susquehanna, Wayne, &amp; Wyoming</b>				
County	City	Location & Address	Date	Time
None available until the fall of 2010.				
<b>Centralwest Region, Toll-Free 1-888-773-7748, extension 5875</b> <b>Counties Served: Armstrong, Bedford, Blair, Cambria, Indiana, Somerset, &amp; Westmoreland</b>				
County	City	Location & Address	Date	Time
Blair	Altoona	Ramada Inn-Altoona, Plank Road exit	August 6, 2010	10:00 a.m.
Cambria	Ebensburg	The Cottage Inn, 4554 Admiral Peary Hwy., Rt. 22 W.	August 9 2010	10:00 a.m.

Centralwest Region, Continued				
County	City	Location & Address	Date	Time
Indiana	Indiana	Quality Inn, 1545 Wayne Ave.	August 13, 2010	11:00 a.m.
Westmoreland	Youngwood	Westmoreland County Community College, Commissioners Hall, 145 Pavilion Ln.	July 12, 2010	11:00 a.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
Lycoming	Williamsport	Holiday Inn Williamsport, 100 Pine St.	June 22, 2010	4:30 p.m.

## Termination Date vs. Retirement Date

PSERS receives many questions each year from retirees questioning their retirement date. There seems to be some confusion as to what constitutes the last day worked, the resignation date, the termination date, and the retirement date. Before you retire and to avoid confusion in the future, here is what you need to know -

The **Last Day Worked** is the last day for which you were paid where service was credited and contributions were withheld. If you used vacation or sick leave and received service credit, the last day worked reflects the last day paid.

The **Termination Date** is the date of official termination of employment by your employer. In most cases, this will be the same date as the last day of work.

The **Retirement Date** in most cases is the day following your termination date. For example, you terminated employment on June 11, 2010. Your date of retirement would be June 12, 2010.

There are exceptions, for example, if you elect an alternate date of retirement or your *Application for Retirement* (PSRS-8) is not received by PSERS within 90 days after your date of termination.

Beyond the 90 days, your retirement date is the date PSERS receives your application.

The **Alternate Date of Retirement** is, in some cases, selected by those choosing to delay the retirement date to qualify for benefits such as age 62 for normal retirement. There may be other situations where delaying your retirement date could be to your advantage. The alternate date must be later than both your last day of work and the termination

date provided by your employer. Because alternate date of retirement rules can be complex, you should always contact your PSERS regional representative for counseling on this matter. There are specific conditions as to when PSERS must receive your *Application for Retirement* (PSRS-8) in order for PSERS to honor your selected alternate date of retirement.



**PSERS  
5 N 5th Street  
PO Box 125  
Harrisburg PA 17108-0125**

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