

Fall 2008

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Melva Vogler Returns to Active Certified Seat on Board

Melva Vogler returns to the Active Certified Seat on the PSERS Board of Trustees. She was “elected by acclamation” by the PSERS Board of Trustees, in accordance with Section 46 of Robert’s Rules of Order, for a term of three years. No active certified member election will occur in 2008 as only one candidate, Melva Vogler, submitted the required election forms/petitions for the election.



Ms. Vogler, current PSERS Board Chairman, has served as a trustee since 1994. She teaches mathematics at Wallenpaupack High School, earned a Bachelor’s Degree at Susquehanna University, and a Master’s at Marywood University. Ms. Vogler is currently President of the National Council on Teacher Retirement (NCTR) and on the Executive Committee of the National Institute on Retirement Security (NIRS). She has served on

PSEA’s Board of Directors and as the Northeastern Region President for fifteen years. She is currently President of the Wallenpaupack Education Association.

Melva Vogler and her husband, Harold, have two children, Robert, a teacher and Carol, an auditor.

PSERS Financial Reporting Acknowledged

As a member, you can be assured that PSERS keeps accurate and detailed records of the money you have invested for your retirement. For the 25th consecutive year, PSERS has qualified for the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the PSERS Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2007. This report provides an in-depth review of the financial, actuarial, and investment status of the Retirement Fund. The CAFR was graded “proficient” in all grading categories.

The *PSERS Retired 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.

From the Desk of the Executive Director...

Dear Members,

Below is an article about a recently released report from the National Institute of Retirement Security (NIRS). NIRS is a not-for-profit organization established to help foster a deeper understanding of the value of retirement security to employees, employers, and the economy through national research and education programs.

As you know, defined benefit plans, like PSERS, continue to be criticized as being too costly. This report provides evidence to the contrary.

While the examples stated within the article are not figures specific to PSERS, I hope you find this article and link to the attached report helpful in your understanding of defined benefit pension plans.

Sincerely,
Jeffrey B. Clay
PSERS Executive Director

New Report Calculates Pensions Half the Cost of Individual Accounts

A new report finds that a defined benefit (DB) pension plan can deliver the same level of retirement income to a group of employees at 46% lower cost than an individual defined contribution (DC) account. The report finds that certain built-in features of DB plans enable the systems to be the most fiscally efficient way to provide retirement income.

The analysis calculates that DB pension plans:

- Avoid the problem of “over-saving” by pooling the longevity risks of large numbers of individuals – resulting in a 15% cost savings.
- Are ageless and therefore can perpetually maintain an optimally-

balanced investment portfolio rather than the typical individual strategy of down-shifting over time to a lower risk/return asset allocation – resulting in a 5% cost savings.

- Achieve higher investment returns as compared to individual investors because of professional asset management and lower fees – resulting in a 26% cost savings.

The study, “A Better Bang for the Buck: The Economic Efficiencies of Defined Benefit Pension Plans,” was published by the National Institute on Retirement Security on August 14, 2008.

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717-772-5379

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

Website Address:
www.psers.state.pa.us
E-mail Address:
ra-ps-contact@state.pa.us

PSERS is happy to provide visually impaired readers with our publications in large print or audiocassette. Please contact PSERS to request either of these free services.

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

PSERS Mission Statement

The Board of Trustees and the employees of the Public School Employees' Retirement System ("System") serve the members and stakeholders of the System by:

- Providing timely and accurate payment of benefits.
- Maintaining a financially sound System.
- Prudently investing the assets of the System.
- Clearly communicating members' and employers' rights and responsibilities.
- Effectively managing the resources of the System.

Updated:

June 20, 2008

Originally Adopted:

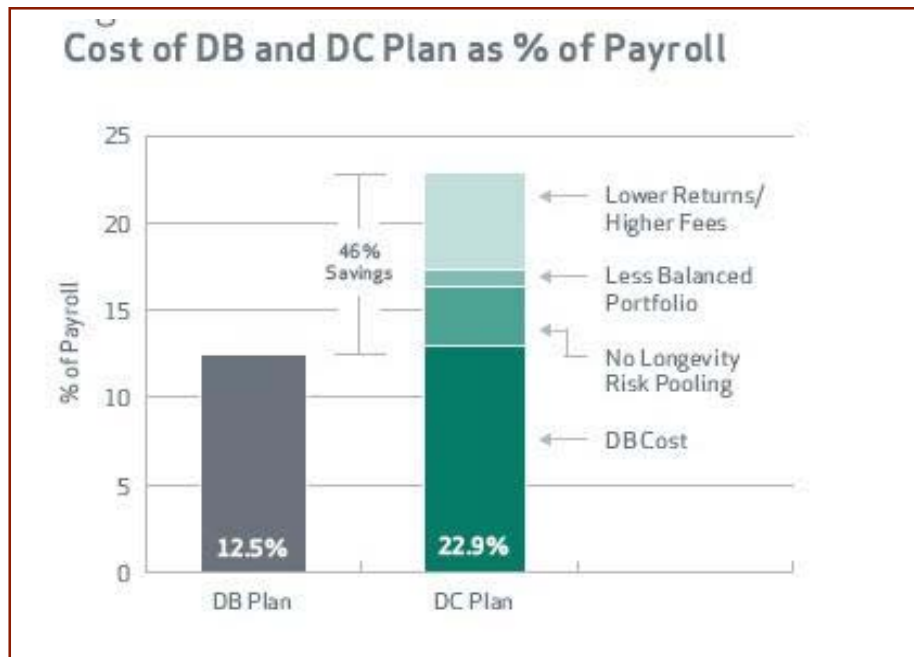
May 25, 2000

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"The analysis is somewhat of a myth buster when it comes to conventional wisdom on the cost of retirement plans," said Beth Almeida, report author and Executive Director of the National Institute on Retirement Security. "The analysis clearly indicates that the qualities inherent in DB plans – particularly, the pooling of risks and assets – fuel their fiscal efficiency. Importantly, the report provides a new lens for policymakers, employers and employees, who are all struggling to ensure adequate retirement income with the fewest dollars possible."

"The model makes an 'apples to apples' calculation of the actual dollar contributions required for a DB and DC plan to achieve the same target retirement benefit," said William (Flick) Forna, report author and Senior Vice President with Aon Consulting. He added, "The efficiencies of DB plans already are well documented. This report, however, is important in terms of quantifying the magnitude of those efficiencies."

The model calculates that the cost to fund the target retirement benefit of \$26,684 annually, or \$2,224 monthly with cost of living adjustments. Under the DB plan, contributions of 12.5% of payroll are required each year, while the cost to provide the same target retirement benefit under the DC plan is 22.9% of payroll each year. In other words, the DB plan can provide the same benefit at a cost that is 46% lower than the DC plan as depicted below:



In dollar terms, to achieve the target retirement income, the DB plan needs to have accumulated approximately \$355,000 for each participant in the plan by the time the worker turns 62, while the DC plans must accumulate

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Retiree Name & Address Changes

Please submit any name or address changes to PSERS in writing.

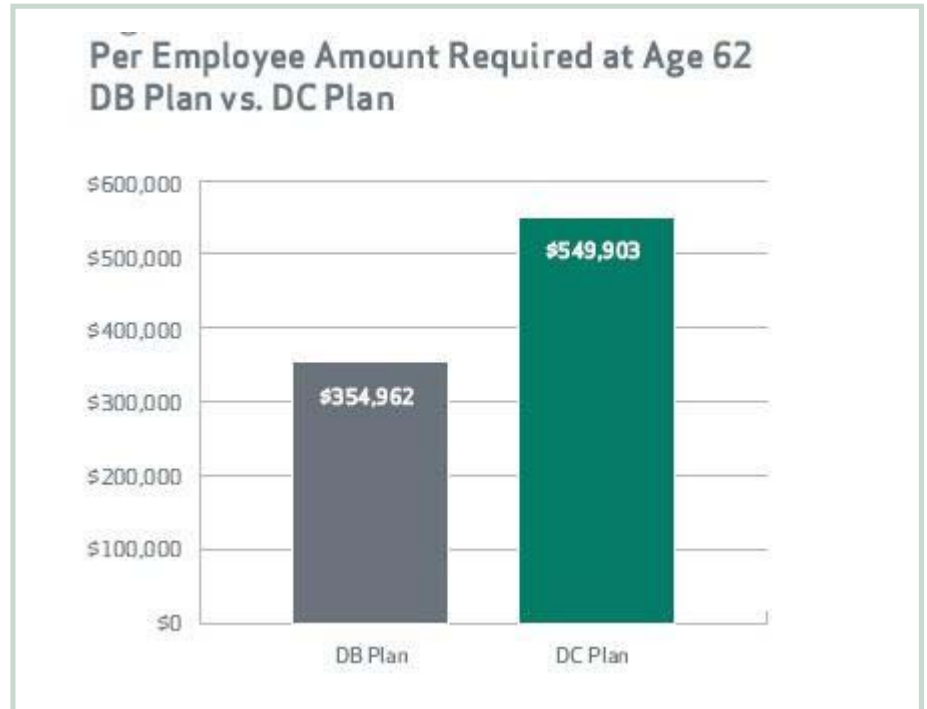
Be sure to include your signature and social security number in the letter, and the effective date of the change, or you can print a *Change of Address for PSERS Retirees (PSRS-1301)* form from the PSERS website at www.psers.state.pa.us/forms/f1301.pdf, complete it, and mail it to PSERS.

PSERS will not accept address changes from an e-mail, by phone, or from anyone but the PSERS retiree. If you have named a Power-of-Attorney (POA) and the POA was approved by PSERS, the POA may make the address change request on your behalf.

If your monthly payment is mailed to your home address, please be sure to notify PSERS of your address change at least 8 weeks prior to moving, and be sure to file a forwarding order with the postal system, as well. If you are moving in January or February, to ensure your Internal Revenue Service Form 1099-R is sent to your new address, please notify PSERS by late November of the previous year.

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almost \$550,000 per participant as outlined in the figure on the graph below. This difference – almost \$200,000 per participant – illustrates the large dollar savings that DB plans yield for employers, employees, and taxpayers.



The report also indicates that DC plans are essential to the retirement security equation. DC plans enable workers to save for retirement in a manner that reflects their individual situations.

To read a copy of the report “A Better Bang for the Buck: The Economic Efficiencies of DB Plans,” please visit the National Institute for Retirement Security’s website at www.nirsonline.org, or the pdf version can be printed from the NIRS website by selecting Research, then selecting Reports, and accessing the report from the menu. If you do not have Internet accessibility, the NIRS can be reached at:

NIRS
Suite 207
1730 Rhode Island Ave NW
Washington DC 20036

Additional Information About NIRS - The NIRS organization was founded in 2007 by the Council of Institutional Investors, the National Association of State Retirement Administrators, and the National Council on Teacher Retirement.

Sending Gifts to PSERS Employees

On occasion, grateful members of the Public School Employees' Retirement System (PSERS) offer or send without notice, gifts to PSERS employees. These gifts are either meant to thank a PSERS employee for exceptional service or as a remembrance during the holidays or other special occasions.

We thank you for the recognition of good service. As a Commonwealth agency however, PSERS cannot accept these gifts. We'd like to take this opportunity to explain that, according to the Governor's Code of Conduct, our employees may not accept these gifts.

Our employees are here to serve you. We appreciate the fact that you think the service you received is worthy of special attention, but sending any Commonwealth employee a gift can be problematic for the employee. Therefore, we do request that you refrain from sending any gifts to PSERS employees. Letters of appreciation are welcome and will be placed in the staff member's official personnel file as a tribute to their level of service to you.

By following the Governor's Code of Conduct, we can ensure that PSERS continues to be a Commonwealth agency in which you have complete confidence that our employees meet and exceed the standards of conduct you expect in the administration of your pension plan.

Borrowing From Your PSERS Account?

The Pennsylvania Public School Employees' Retirement System Retirement Code (Act 96 of 1975) not only establishes the rules for PSERS to manage your retirement account, but protects your PSERS benefit as well.

Under this law, PSERS may not loan you money. Your funds in PSERS may neither be used for collateral nor attached or assigned. The only way PSERS members can receive their contributions and interest from their account is to terminate employment with all public school employers and apply for benefits.

When you are retired, this same law prevents the liquidation of your monthly benefit in a lump sum payment. This guarantees that you will receive a monthly benefit payment for the rest of your life.

These provisions under the law help to ensure that once you have retired, your benefit is protected well into your future.

Direct Deposit Electronic Transfer of Monthly Annuity

You must complete the **Authorization for Direct Deposit - Electronic Transfer of Monthly Benefit** (PSRS-116) form if you wish to have your monthly benefit payment sent directly to your financial institution.

The form can be printed directly from the PSERS website at **www.psers.state.pa.us/forms/f116.pdf**, or you may contact PSERS to receive a copy of the form.

When you complete the form, you should make certain that the information is completed in full and that the account number and routing number are clearly written and accurate.

If you change financial institutions for the direct deposit/electronic transfer of your monthly benefit payment, please keep in mind that this process **may take up to 8 weeks or longer**. We suggest that you do not close your old account until the first payment is successfully received into your new account.

Mailer-Daemon - Failure Notice

“Your message did not reach some or all of the intended recipients” is an e-mail message that is becoming a common sight in the e-mail inboxes at PSERS. We are receiving a greater number of requests for information via e-mail, but when we respond, the member’s e-mail service provider rejects our responses.

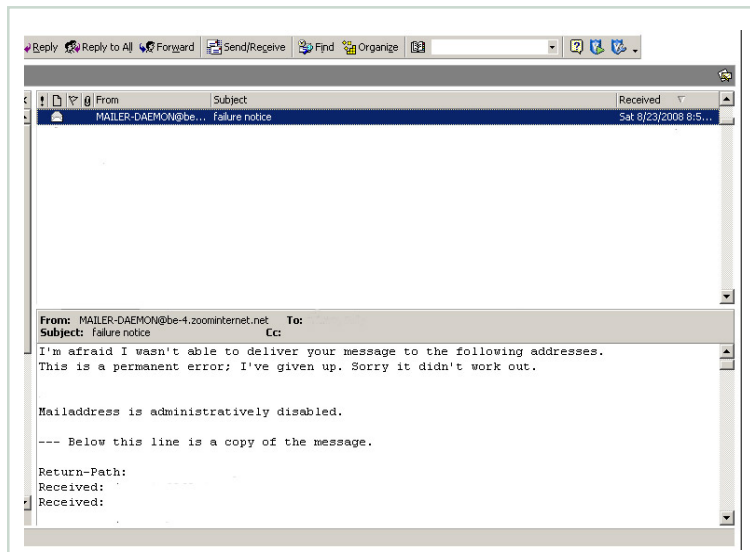
As e-mail filters become increasingly more restrictive, some Internet Service Providers

(ISP) and

e-mail service filters route

e-mails from PSERS to your junk or spam e-mail files, or fail to deliver our return responses at all.

This situation not only holds true for responses to your e-mail inquiries, but also when you



cannot remember your **Interaction** password and you initiate the step for your password information to be e-mailed to you.

If you do not directly receive an e-mail from PSERS containing your password information in your in-box, please be sure to check your junk or spam mail e-mail boxes.

If you know how to adjust settings in your e-mail and have done so to prevent junk or spam mail, you may want to temporarily remove those settings before resetting your PSERS password or while waiting for a response to the e-mail you sent to PSERS. You can simply turn those settings back on after receiving the e-mail containing your new password or our response.

E-mail other than password e-mail returned to PSERS as undeliverable will be e-mailed a second time. If the second e-mail is returned, we will send a letter containing the response if we can positively identify the sender. We receive many e-mails that are unsigned, or we may have several members with the same name or a similar name, making it extremely difficult to make a positive identification.

Password e-mail cannot be resent, nor will a follow-up letter be sent, as password e-mail is automatically generated. Please keep in mind when e-mailing PSERS, if you don't receive a response, it may be your junk and/or spam mail filters preventing you from receiving our reply.

PSERS Board of Trustees Meeting Schedule

December 12, 2008

These meetings are held in the 4th floor Boardroom of PSERS' headquarters at 5 North 5th Street in Harrisburg. In addition to these Board meetings, Committee meetings are held at various times 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.

PSERS 2009 Monthly Annuity Payment Dates & Calendar

January							February							March							April									
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- Projected Check Mailing Date (actual date may differ from date shown)
(Please wait until the 10th of the following month before contacting PSERS about a missing payment.)
- Electronic Transfer Date (Payment should be available in your financial institution by 9:00 a.m.)
- State Holiday (PSERS Offices Closed)



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