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Annuitant Members to Vote in Board Election this Fall

Watch your mailboxes for a ballot!

All annuitant members of the Public School Employees' Retirement System (PSERS) will receive a ballot in early November 2010 to vote in an election that will select an annuitant member representative on the PSERS Board of Trustees. The term is for three years beginning in January 2011. Here are the biographies of the candidates (in alphabetical order):

REGIS J. LAUGHLIN

Regis J. Laughlin is the immediate Past President of the PA State Education Association - Retired (PSEA-R). He is also a member of the PA Association of School Retirees (PASR) in Allegheny County. Mr. Laughlin graduated from Ambridge High School, earned a B.S. and M.Ed. from Indiana State Teachers College, plus did graduate work at Bloomsburg University, Penn State, and the University of Pittsburgh.

Laughlin has served as Membership Chair, Chief Negotiator and local President of PSEA-R. He was also their statewide Legislative Chairperson, Political Action Director, and on their Board of Directors.

Mr. Laughlin resides in Monroeville, PA.

SALLY J. TURLEY (incumbent)

Sally J. Turley retired in 1995 from the Clearfield Area School District. She earned a B.S. degree from Indiana University of PA and M.S. degree from West Virginia University. She holds memberships in PA State Education Association - Retired (PSEA-R), National Education Association (NEA), PA Association of School Retirees (PASR), American Association University Women (AAUW) and formerly in the American Association of Family and Consumer Sciences (AAFCS).

Turley has served as a PSERS Annuitant Board Member since 2001. She is the current Board Vice-Chair and chairs the Health Care Committee, as well as serving on the By-Laws/Policy, Appeals/Member Services, Personnel, and Finance Committees.

Mrs. Turley resides in Greensburg, PA.

From the Desk of the Executive Director

A Message from...

PSERS Executive Director, Mr. Jeffrey B. Clay

Update on the Pension Funding Issue and the Employer Contribution Rate Recertification

In my last column I discussed the extensive educational efforts PSERS has undertaken over the past year to explain the employer contribution rate spike and the funding issues facing PSERS to various employer and member organizations, and the Legislature.

Traveling across the Commonwealth and giving over 60 presentations over the last year and a half to various school boards, school business officials, active and retired member groups, and legislators gave me the opportunity to hear firsthand the concerns and comments of PSERS members and employers.

As legislators and school officials achieved a better understanding of the funding issue, the focus has now turned towards finding a solution to the funding issues. Thus, a number of pieces of legislation have been introduced to address the funding issue. More legislation or amendments to pending bills can be expected as we get closer to the employer contri-



Mr. Clay

bution rate spike in Fiscal Year 2012/2013. Examples of some of the bills already introduced in the current Legislative session include:

Senate Bill 566 – Introduced by Senator Patrick Browne, *and...*

House Bill 1174 – Introduced by Representative Scott Boyd

These are identical bills that have been introduced in both chambers of the General Assembly. The bills propose the establishment of a Defined Contribution Plan for all new members enrolling in PSERS.

Senate Bill 1185 – Introduced by Senator Yaw, *and...*

House Bill 2135 – Introduced by Representative Glen Grell

These are identical bills that have been introduced in both chambers of the General Assembly. The bills propose the establishment of a Hybrid Pension Plan for all new members enrolling in PSERS. The Hybrid Plan would have components of both a Defined Benefit Plan and Defined Contribution Plan.

House Bill 2497 – Introduced by Representative Dwight Evans

This bill proposes a series of actuarial changes to PSERS and SERS

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PSERS Board of Trustees Meeting Schedule

October 8, 2010
December 10, 2010
January 21, 2011
March 11, 2011
April 29, 2011
June 10, 2011
August 11, 2011
October 7, 2011
December 9, 2011

PSERS Board meetings are held in Harrisburg at PSERS, located at 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.

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.

and includes eligibility and benefit changes for new PSERS and SERS members hired after the effective date of the legislation.

Of all pension funding legislation that has been introduced, House Bill 2497 is the only piece of legislation addressing the funding issue that has passed one chamber of the General Assembly; that being the House of Representatives. Passed on June 16, 2010, the bill was sent to the Senate, where it was referred to the Senate Finance Committee. As of the date this article was written, the bill still resides in this Senate committee without having been acted upon.

PSERS will continue to closely monitor pension legislation this Fall when the Legislature returns to session and provide analytical and technical support for new bills and/or amendments to the existing bills.

If no legislation to resolve the pension funding issue passes this Fall, PSERS will continue its educational efforts on this important issue particularly in light of the expected changes to take place in the Office of the Governor and the General Assembly due to the November elections.

The pension funding issue also remains a top issue for the PSERS Board of Trustees (PSERSB). As a consequence of passage of the Fiscal Code Bill (Act 2010-46) that accompanied the Commonwealth's

General Fund Budget (Act 2010-1A), the PSERB met in July 2010 and recertified the employer contribution rate for Fiscal Year 2010-2011. The rate was decreased from 8.22 percent down to 5.64 percent as directed under the provisions of Act 46.

Unlike past re-certifications of the employer contribution rate by the PSERB, this re-certification was not the result of either a modification of PSERS' funding methodology or any other change made to the Public School Employees' Retirement Code. Therefore the PSERB passed a resolution that voiced its concern and stated that the mandated recertification of the employer contribution rate not only fails to address the serious long-term under-funding of PSERS, but increases the unfunded liability of PSERS.

To read the resolutions passed in conjunction with the recertification of the employer contribution rate go to PSERS' website at: www.pasers.state.pa.us/org/board/resolutions/2010/2010index.htm and click on PSERB Resolution 2010-26 and PSERB Resolution 2010-27.

For more information on the PSERS funding challenges go to PSERS' website at: www.pasers.state.pa.us/press/pension_funding_issues/index.html.

Retiree Name & Address Changes

Please submit any name or address changes to PSERS in writing. You can do this either by letter or by completing the *Change of Address for PSERS Retirees* (PSRS-1301) form. You can print the form from the PSERS website at www.pasers.state.pa.us/forms/f1301.pdf.

Be sure to include your signature, social security number, and the effective date of the change.

PSERS will not accept address changes from an email, 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.

Reminder! Failure to keep PSERS informed of your current address, whether your payment is mailed to you or sent electronically, could result in the temporary suspension of the payment of your monthly benefit.

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7:30 a.m. - 5:00 p.m.

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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.

Federal Tax Withholding Information

The Internal Revenue Service (IRS) will periodically change or adjust the federal tax withholding tables. As a result, if you have federal tax withheld from your PSERS pension, you *may* notice a difference in your net monthly benefit payment beginning in January 2011.

If the change to your federal tax withholding amount results in an increase or a decrease to your monthly check or direct deposit **you will receive a separate letter specifically identifying this change.**

Retirees can receive a copy of their PSERS Benefit Summary which shows the gross amount of your monthly benefit payment, the federal tax withholding, Health Options Program (HOP) deductions, and Premium Assistance reimbursements by contacting PSERS.

You can view and verify any change in your monthly benefit payment on-line if you have a PSERS Interaction account. Interaction accounts provide you with the advantage of immediate, 24-hour access to your Benefit Summary payment information.

Interaction accounts can be obtained by PSERS retirees through the PSERS website, www.psers.state.pa.us, by clicking on "Interaction Application" and then "Click here if you need an Interaction account."

Access to Interaction will also provide you with immediate access to your current 1099-R for tax reporting information.

If your federal tax withholding should change and you wish to adjust the amount withheld for federal taxes, you need to complete and submit to PSERS a *W-4P*

Benefit Summary Tip

If you click on Interaction's Benefit Summary, select a year and nothing appears, make sure you do not have "pop-ups" blocked through your Web browser or other software security settings.

form. This form is available through the PSERS website at www.psers.state.pa.us/forms/W-4P.pdf, or through the IRS website at www.irs.gov/pub/irs-pdf/fw4p.pdf, or by contacting PSERS. A federal monthly withholding tax calculator is available on the PSERS website at www.psers.state.pa.us/fedwithholding/DISPLAYTAX.aspx, to assist you with the completion of a *W-4-P* form.

PSERS cannot advise you on tax matters. We encourage you to seek advice from your tax consultant or the IRS for further information.

Returning to School Employment After Retirement

Retired members of PSERS often ask about working after retirement in a Pennsylvania public school, charter school, community college, or public university. The Retirement Code states that after the retiree has a bona fide break in employment, a PSERS retiree may be employed in a Pennsylvania public school without affecting the retirement benefit under one of two conditions:

1. In an emergency or shortage of personnel situation.
2. A defined extracurricular situation.

A bona fide break in service is a 90-day break in service between termination and re-employment without a pre-arranged termination and re-employment agreement.

Emergency or Shortage of Personnel

An emergency or shortage of personnel is: a situation in which there is an increase in the workload and creates a serious impairment of service to the public; or there is a shortage of appropriate subject certified teachers or other personnel. If this exists:

- ✓ The retiree may work throughout the school year (July 1 – June 30) provided the emergency or

shortage remains in effect and the employer is unable to fill the position with a non-retiree.

- ✓ The emergency cannot exceed the school year. The employer must justify and document the reason for an extension and why the position could not be filled by a non-retiree.

PSERS expects the employer to make a good faith effort to fill a position with a non-retired individual before employing a retiree.

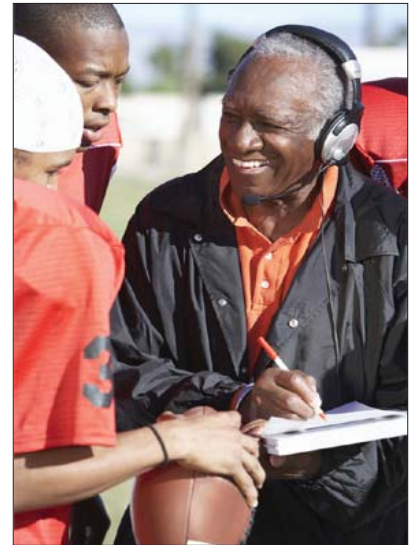
Employment in an Extracurricular Position

Extracurricular position is defined as a position in which the job duties must be performed primarily outside regular instructional hours and not as part of the mandated educational curriculum. Additional rules apply:

- ✓ The employment must be under a separate contract.
- ✓ The written contract must include a waiver of any potential retirement benefits.

Employment in an extracurricular position does not require the existence of an emergency or shortage. The *Retirement Code* specifically allows for

extracurricular administrative positions and positions that do



not work directly with students. (For example, an athletic director is eligible for the extracurricular designation.)

Employment in a Community College or Public University

Emergency employment at any of the state's community colleges, Penn State University, or the 14 state-owned universities is not common as there are generally many qualified people to fill the vacancy. The college or university can simply choose not to offer the course that semester.

The same emergency rules apply with regards to recruitment efforts and the length and nature of emergency. There must also be a bona fide break in service from all Pennsylvania public school employers and no pre-arrangement for

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employment with the college or university prior to retirement.

Approved post-retirement employment with one of these employers is based on a retiree's eligibility to elect an alternate



retirement plan. Some plans, such as State Employees' Retirement System (SERS) and TIAA-CREF, have membership requirements based on the number of hours or days the employee works. If you do not meet the requirements to join these or another retirement plan, your PSERS benefits will be suspended.

If you are receiving a retirement benefit based on

combined SERS and PSERS service credit (multiple service), you may not return to employment in a community college or university where SERS is offered as a retirement plan.

A retiree should contact the proposed employer to determine the minimum membership requirements for other retirement plans. PSERS does not maintain membership eligibility requirements for other retirement plans.

Employment in a Charter School

Returning to employment after retirement in a charter school is based on the enrollment of the retiree in a retirement plan. Under the Charter School Law (CSL), employees of a charter school must be enrolled in PSERS unless the employer provides an alternate plan. Some charter schools offer membership in PSERS to some of their employees and provide an alternate plan to other employees. If you are employed in a non-emergency capacity, you will need to be in the charter school's alternate retirement plan; otherwise, your monthly pension will be suspended.

Questions about returning to service should be directed to PSERS prior to accepting employment. Submit the facts surrounding the terms of

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.

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employment by letter to PSERS. We will then advise the employer and retiree whether the employment complies with the Retirement Code.

Further Questions and Returning to School Employment

The information contained in this article is meant to serve as a guide addressing many of the typical circumstances or questions that may arise when one considers returning to school employment. It does not cover all possible issues and situations. Additional information is available on the PSERS website at www.psers.state.pa.us/

Publications/Return%20to%20Service%20Guidelines%20and%20Clarifications1.pdf. Further questions not addressed in this article should be directed in a letter to PSERS.

Please Note - If a PSERS retiree returns to employment without meeting the criteria for the emergency or shortage of personnel or extracurricular position, the retiree becomes an active member of PSERS. **Monthly pension payments will be suspended.** Once all public school employment is terminated, one must reapply for retirement (complete and submit a new retirement application) to PSERS.

Premium Assistance Reminder!

If you are receiving Premium Assistance reimbursements from PSERS for your participation in your school employer's medical insurance plan and that participation ends, you must enroll in the PSERS Health Options Program (HOP) to keep receiving Premium Assistance.

If you do not enroll in HOP when your school employer's coverage ends, you must call 1-866-483-5509 to terminate Premium Assistance payments.

If you do not notify PSERS, you will be billed for any overpayments you receive. While we do annually identify retirees who received overpayments, it is your responsibility to

immediately notify PSERS, not your school employer's, when you are no longer enrolled in a Premium Assistance approved plan.

If you receive Premium Assistance payments from PSERS, you agreed to these terms when you signed the PSERS application to receive Premium Assistance. The form states that you agree that it is your responsibility to notify PSERS of any change in the amount of the premium paid, or if your school terminates the plan, any payments made in error would be returned to PSERS. When signing the application, you agree to allow PSERS to withhold overpayments from future PSERS annuity payments.

Direct Deposit or 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 or if you wish to change accounts and/or financial institutions.

PSERS can deposit your monthly benefit payment into your checking or savings account. We cannot deposit your payment into a money market account.

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.

It may take up to 8 weeks or longer to make this change. If you are changing accounts and/or financial institutions, **PSERS strongly recommends that you do not close the old account until your monthly benefit payment is deposited into your new account.**

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