

COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

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RETIRED MEMBER HANDBOOK

*Partners for
Your Future*

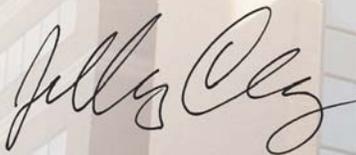


A message from PSERS' Executive Director...

Congratulations on your retirement! I am pleased to present to you a copy of the "Retired Member Handbook." Please keep this important document in a convenient location, as it will serve as a helpful reference manual throughout your retirement.

In addition, PSERS' dedicated, trained staff is available to answer any questions you may have regarding your retirement. PSERS' Member Service Center is available by calling toll-free 1.888.773.7748.

Best wishes for a happy, healthy retirement!



Jeffrey B. Clay
PSERS' Executive Director

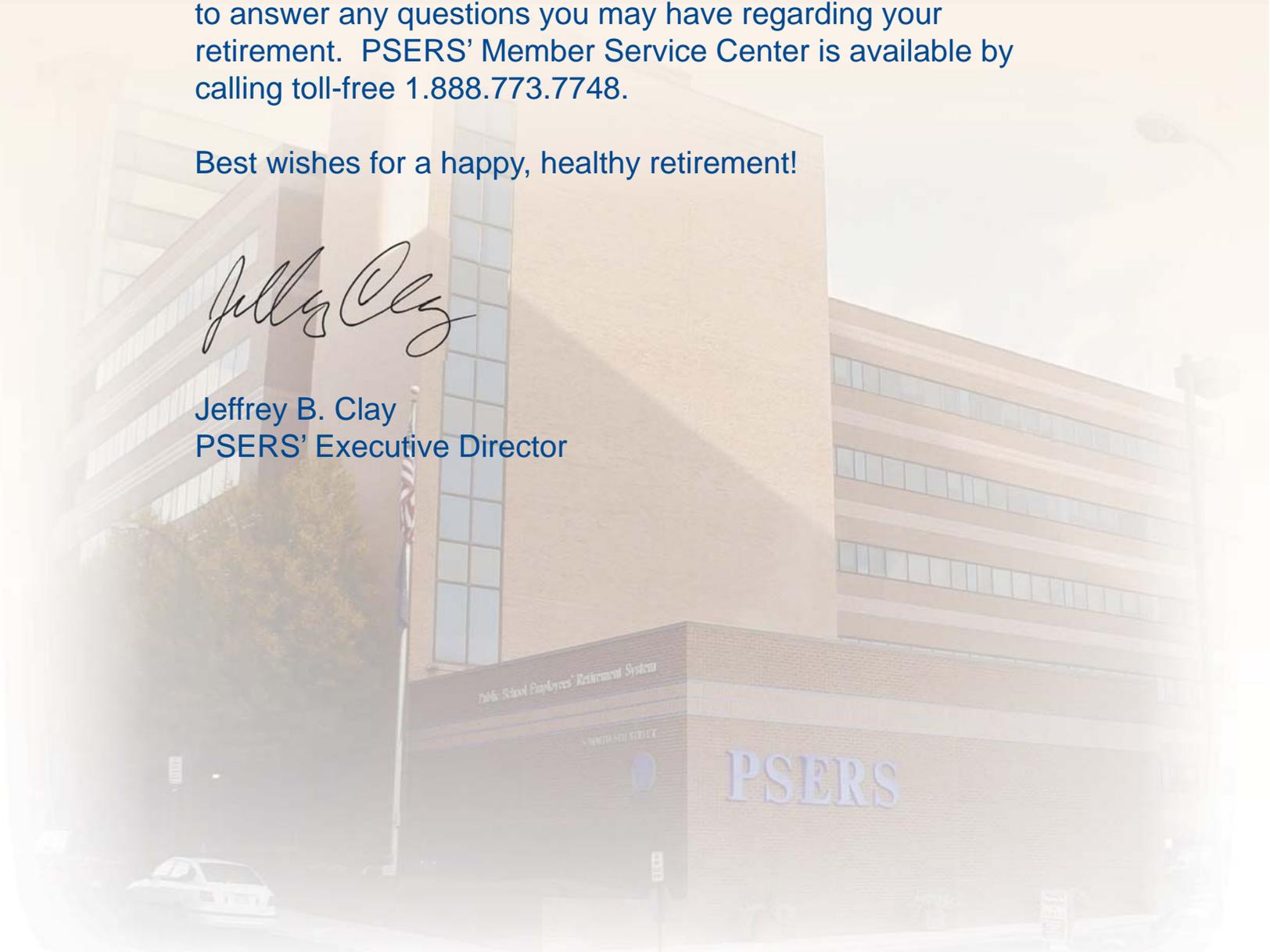


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PSERS Retirement Process

Retirement Payments

Congratulations! You have worked hard and are now ready to embark on a new phase of your life. To begin the retirement process, you must notify your employer of your retirement date and submit the necessary retirement forms to PSERS. It is recommended that you attend an *Exit Counseling* session where you can receive assistance filling out your retirement application and ensure that you have all the necessary forms.

Retirement benefits are finalized after PSERS receives all of the following information:

- Properly completed application(s)
- Date of termination as reported from your employer
- Your last salary and service as reported from your employer

PSERS will send you a letter once your benefit is finalized. The Benefit Letter will confirm your retirement choices and benefit options, contain payment amounts and estimated payment dates, and include *Intent to Change* information. (See “The *Intent to Change* Process,” next.)

It is recommended that you have savings or income for up to two months between the time when your income from your employer stops and your retirement benefit from PSERS begins.

In limited circumstances, PSERS may pay an estimated benefit if PSERS does not have your last salary and service reported from your employer by the expected date. Once your employer(s) submits the final reports indicating all salaries and service you rendered prior to your retirement, PSERS will recalculate your monthly benefit to reflect any necessary adjustments.

PSERS will send you a retroactive payment in the event that you were underpaid. If you were overpaid, PSERS will require you to return the overpayment or accept a reduction of your monthly benefit to recover the overpayment.

The *Intent to Change* Process

Included in your Finalized Benefit Letter is the *Intent to Change the Terms of the Retirement Plan* (PSRS-1242) form. If after reviewing the information in your Benefit Letter you wish to change your retirement election, you must complete and submit the PSRS-1242 to PSERS. The terms of your retirement benefit will be binding unless PSERS receives this form.

PSERS must receive the completed *Intent to Change* form by the due date specified in your letter. If you file, you will be sent a letter stating that you must do one of three things within 30 days:

- Attend PSERS counseling.
- Waive PSERS counseling.
- File to request additional time to attend PSERS counseling.

If you ultimately choose to change the terms of your retirement, you will be required to file a *Revised Application for Retirement* within 30 days of retirement counseling or PSERS' receipt of your counseling waiver form.

Until a new retirement application is filed with PSERS, you will continue to receive payment(s) according to the terms of your initial retirement application until the matter is resolved. If you elect to change your retirement option or the terms of the selection, any overpayment made to you must be returned to PSERS. Any money due to you from PSERS will be paid to you.

The following conditions must be met under this regulation:

- PSERS must receive the *Intent to Change the Terms of the Retirement Plan* form within the deadline stated in your Benefit Letter.
- Only you or your legal representative may request the change.
- If you die before filing the *Intent to Change the Terms of the Retirement Plan* form or a *Revised Application for Retirement*, your legal representative cannot continue the *Intent to Change* process.
- You may use the *Intent to Change* process to apply for a disability retirement benefit; however, you must meet the additional requirements for a disability retirement benefit.

Actuarial Reduction (Permanent Reduction)

An actuarial reduction is a reduction in the total value of your account to cover a debt you owe to PSERS prior to calculating your monthly benefit (such as the completion of a purchase of service credit obligation, eliminating the frozen present value of a previous retirement benefit, correction to the account, overpayment, etc.). This reduction to the total value will result in a lower monthly benefit.

Your Retirement Benefit (Normal or Early)

At retirement, you selected one of the following choices for your lifetime retirement benefit:

Maximum Single Life Annuity – This option provides the maximum monthly benefit amount. If at the time of your death you have not received an amount equal to your contributions and interest, then the balance is paid to your beneficiary(ies). Under this option, you may name more than one beneficiary and you can change your beneficiary(ies) at any time.

Option 1 – Your monthly benefit is reduced to provide for a death benefit. If at the time of your death, you have not received in monthly benefits an amount equal to your account's present value established at the time of retirement, then the balance is paid to your beneficiary(ies). Under this option, you may name more than one beneficiary and you can change your beneficiary(ies) at any time.

Option 2 – Your monthly benefit is reduced based on your age and the age of your survivor annuitant at retirement. At the time of your death, the same monthly benefit is paid to your survivor annuitant throughout his or her lifetime. Under this option, you may name only one survivor annuitant. Special rules may apply if you elect a non-spouse survivor annuitant.

Option 3 – Your monthly benefit is reduced based on your age and the age of your survivor annuitant at retirement. At the time of your death, one-half of your monthly benefit is paid to your survivor annuitant throughout his or her lifetime. Under this option, you may name only one survivor annuitant. Special rules may apply if you elect a non-spouse survivor annuitant.

Customized (Special) Option 4 – You will receive a monthly payment for life based on a plan of your own actuarially equivalent design other than those listed above. This plan must be approved by PSERS.

Partial Lump-Sum Withdrawal (Class T-C and Class T-D Members Only)

If you are a Class T-C and Class T-D member, you have the option to withdraw in a lump sum an amount equal to or less than your contributions and interest. Your monthly benefit is reduced because of the withdrawal. PSERS is required to withhold 20 percent for federal income tax.

You do not have the option of receiving your regular monthly benefits in one lump sum payment. Class T-E and Class T-F members cannot withdraw their contributions and interest in addition to receiving a regular monthly benefit.

If you are under age 55 at the end of the calendar year in which you terminate employment, begin to receive a retirement benefit before reaching age 59½, and do not roll over your taxable withdrawal, you may be required to pay an “Additional 10% Tax on Early Distribution” to the IRS. PSERS will not withhold this additional tax. You may avoid this tax by rolling over your payment. (See “Rollovers and Direct Rollovers,” next.)

Rollovers and Direct Rollovers

Class T-C and Class T-D members may roll over their contributions and interests received at the time of retirement. These payments may be rolled directly to an Individual Retirement Account (IRA) or other qualified plan by PSERS or you may roll over the money into an IRA or other eligible retirement plan yourself within 60 days of receiving the payment from PSERS. If you choose to roll the payment on your own, you may recoup the federal taxes PSERS withheld through the Internal Revenue Service (IRS) when you file your income tax return.

The Disability Benefit

A PSERS’ disability benefit is an actual retirement benefit. It is not an insurance policy that supplements your salary.

Disability benefits may be granted short- or long-term and may be reviewed at any time. They are subject to approval, denial, or renewal based on your medical information.

You may receive a disability benefit from PSERS and receive a disability benefit from another plan such as Workers’ Compensation, Social Security, and/or an independent insurance company. Receipt of a disability benefit from another plan does not adversely impact your PSERS disability benefit. Be sure to check with your disability benefit provider for their restrictions.

A PSERS disability retirement benefit is not available to members who are already receiving a regular PSERS retirement benefit. You may not “switch” from a regular retirement benefit to a disability retirement benefit. You may use the *Intent to Change* process to apply for a disability retirement benefit; however, you must meet the additional requirements for a disability retirement benefit.

If you are under normal retirement and receive a PSERS disability benefit, you will be required to submit an *Annual Earnings Statement*. Your yearly earnings combined with your yearly disability benefit cannot exceed your annual earnings limitation, which is generally based on your last school year salary.

More information is found in the PSERS pamphlet *Let’s Talk About Disability Retirement Benefits* (Publication #9540) located on the PSERS website.

Your Monthly Payment

Your monthly payment is paid at the end of the month (e.g. monthly payment dated January 31 covers the month of January). PSERS will notify you when there is a change to your monthly payment.

PSERS requires that all new retirees have their monthly payment sent directly to their financial institution as an electronic transfer. You must complete the *Authorization for Direct Deposit - Electronic Transfer of Monthly Benefit (PSRS-116)* form to have your monthly benefit payment sent directly to your financial institution. It is critical that the information is completed in full and that the account number and routing number are clearly written and accurate. PSERS requires you or your Power of Attorney's signature to start, stop, or change your direct deposit.

Your payment will be sent electronically to your financial institution and will be in your account by 9:00 a.m. on the last business day of the month.

If you need to make a change to an electronic funds transfer, you must submit a new *Authorization for Direct Deposit - Electronic Transfer of Monthly Benefit (PSRS-116)* form. The change may take up to two (2) months to go into effect; therefore, you should keep your current account open until you receive your first payment into your new account.



Bank Mergers and Electronic Fund Transfers

Bank mergers may result in a different account number and/or routing number for your monthly payment. Be sure to check with your new bank and verify your account number and routing number. Should your bank merge with another bank, do not assume that the bank will notify PSERS of the change. If there are any changes to your account number or bank routing number, you should verify that this change has been communicated from your bank to PSERS. If the change has not been communicated to PSERS, you must submit a new *Authorization for Direct Deposit - Electronic Transfer of Monthly Benefit* (PSRS-116) form.

If Your Monthly Payment Is Missing

Electronic Transfer

If your electronic deposit is not in your financial institution by 9:00 a.m. on the last business day of the month, ***you should first contact your financial institution.*** Ask the financial institution's representative to check the internal processing to make sure the delay was not within the financial institution. If no record of the transfer is found, ask the representative to verify your account number and the institution's routing number.

After verifying the information with your financial institution, call PSERS with the account number and routing number information. For your own security, you should not email account and routing number information. PSERS will work with you to resolve the problem as quickly as possible.

Paper Check

Contact PSERS if your check does not arrive by the 10th of the following month (e.g. your January check has not arrived on February 10th). Waiting until the 10th of the month allows the post office sufficient time to forward your check to you or reroute misdirected mail. ***You should contact PSERS sooner if you know that your check was stolen or destroyed.***

When you contact PSERS to report your check missing, stolen, or destroyed, ***PSERS will place a stop payment on the check.*** You will receive written notification from PSERS that the process to replace your check has started, and if your missing check has not been cashed, that you can expect to receive your replacement check in four (4) weeks. Your replacement check is mailed to you with a letter identifying the check as a replacement for your missing check.

If your check arrives in the mail after PSERS has placed a stop payment on it, do not cash it. You should contact PSERS immediately as we may be able to reverse the stop payment. We will investigate the current status of your check and return your call within two business days. We will let you know if you may cash the check or if you must wait for the replacement check.

If you must wait for the replacement check, return the stopped check to PSERS with a note stating, "Stop payment placed on this check." Do not write "Void" on the stopped check. This will assist PSERS with re-crediting the stopped check to the proper PSERS account.

If the bank determines your missing check was cashed, they send a copy of the check to the Pennsylvania Treasury Department (Treasury). Treasury then forwards a photocopy to PSERS. PSERS sends you a copy of both the front and back of the check along with a letter for you to sign and return to PSERS. This letter will ask if it was your signature endorsing the check or a forgery. If it was a forgery, PSERS will instruct Treasury to conduct an investigation. Unfortunately, with forgery situations it may take several months to replace your check.

Important Information for Retirees

Address and Name Updates

To make changes to your address or name, you must notify PSERS in writing. Please include your name, the last four digits of your social security number, former address (or name), new address (or name), current telephone number, the effective date of the change, and your signature in the letter. You may also complete a *Change of Address for PSERS Retirees* (PSRS-1301) form to change your address with PSERS. The PSRS-1301 form is located on the PSERS website under Forms.

Even if you receive your monthly benefit by electronic transfer, be sure to keep your home address up to date. If you do not have a valid mailing address on file with PSERS, your monthly benefit payment will temporarily be suspended until we receive written, signed verification from you of your correct address. It can take up to six (6) weeks from the time PSERS receives your change of address request before your benefit payments resume.

The process to suspend the benefit payment starts as soon as PSERS receives returned mail, even if there is a post office notice containing a forwarding address. PSERS will not accept a post office forwarding notice, an email, or phone call as a verified address change request.

Beneficiary(ies) and Survivor Annuitant

Beneficiary(ies)

If you elected the Maximum Single Life Annuity or Option 1, you may name one or more beneficiary(ies). You may change your beneficiary(ies) at any time by submitting a *Nomination of Beneficiaries* (PSRS-187) form to PSERS.

To insure timely payment of death benefits, please notify PSERS in writing if your beneficiary moves or changes his or her name. PSERS will update the beneficiary information accordingly. Please submit a new *Nomination of Beneficiaries* (PSRS-187) form to PSERS if your beneficiary(ies) predeceases you.

Survivor Annuitant

You may wish to consider naming a new survivor annuitant or change your option selection if your survivor predeceases you or your marital status changes.

Contact PSERS in writing with the date of birth and relationship to you of the person you are considering as your new survivor annuitant. PSERS will supply you with an estimate showing how naming a new survivor annuitant will affect the amount of your monthly payment.

Changing a Beneficiary or Survivor Annuitant if you Chose Customized (Special) Option 4

Changing your beneficiary or survivor annuitant under the Customized (Special) Option 4 is determined by the terms you defined in the option. Contact PSERS for more information if you elected the Customized (Special) Option and you wish to change your beneficiary or survivor annuitant.



Cost-of-Living Adjustments (COLA's)

Only the Pennsylvania Legislature can grant cost-of-living adjustment (COLA) increases for PSERS retirees. In the event that a COLA is enacted, PSERS will provide those affected retirees with information regarding the terms.

The Pennsylvania Constitution prohibits the Legislature from granting cost-of-living increases to survivor annuitants.

Divorce Settlements

PSERS retirement benefits may be classified as marital property that can be divided in a divorce. The following restrictions apply when allocating the PSERS retirement benefit:

- The total benefits payable to the PSERS member and the former spouse cannot exceed the benefit which would have been payable in the absence of a divorce.
- Any division of a retirement benefit in a divorce must be accomplished through the terms of an *Approved Domestic Relations Order (ADRO)*.
- Distribution of the retirement benefit must remain in compliance with the PSERS Retirement Code.

PSERS can provide the valuation of the marital property component of the member's account. The valuation is different from a retirement estimate. To request a valuation of the member's account, PSERS must receive a written request. The written request must include the date of marriage and the date of legal separation. The valuation should be requested at least four weeks in advance of when the information is needed. If the request cannot be submitted at least four weeks in advance, please provide the date the information is needed. PSERS will try to accommodate the request, if possible.

More information about divorce matters relating to your retirement benefit is found in the PSERS online publication *PSERS Divorce Guidelines* (PSRS-9681).

Income Verifications

If you require a verification of your retirement income for any reason, such as obtaining housing, requirements for the Program of All-Inclusive Care for the Elderly (PACE), disability insurance, etc., you may call PSERS and request that a verification letter be sent to you. The income verification information cannot be given over the telephone.

If a party other than yourself requires a verification of your income, we need to receive a signed, written release from you that authorizes PSERS to release the information. An *Authorization for Release of Information* (PSRS-1273) form is available on the PSERS website under Forms. PSERS requires this release to mail the information to any address other than the address that we have on file for you. If you need the income verification faxed, PSERS also requires a signed, written release from you along with a release of information request. You may use the PSERS form *Authorization to Release Fax Information* (PSRS-1316) also found on the PSERS website.

IRS Tax Levies

The Internal Revenue Service (IRS) may place a tax levy against you which may require PSERS to withhold a portion of your monthly retirement payment. The amount and length of time of withholding is set by the IRS.

PSERS cannot refund to you any excess amount that was deducted as a result of the levy. You must file a tax return with the IRS to receive any overpayment.

Power of Attorney (POA)

To designate a person or persons to act as your agent with PSERS, you can complete a PSERS *Power of Attorney* (PSRS-248) form. The PSRS-248 form is found on the PSERS website under Forms. Submitting the PSERS-248 provides specific POA authorization for PSERS transactions only and would usually not be accepted by other organizations for their POA requirements.

Please read the instructions, the Notice sheet, and review the form thoroughly before you attempt to complete it. You should sign the “Notice” only after you feel that you fully understand the purpose and the content of the POA form.

Other POA Documents

A member may submit a POA document other than the PSERS POA form. PSERS attorneys must carefully review the information on the submitted document, ensure it meets all legal requirements, and possibly investigate another state’s laws to ensure its legality. This takes additional time to review and may significantly delay your agent’s ability to conduct business with PSERS. For this reason, PSERS prefers members to complete the form PSRS-248.

Spousal/Child Support

The law provides for court-ordered attachment of annuities for the purpose of spouse and child support. Withholding for this purpose may be made from any monthly benefit (normal, early, or disability). The amount and length of time of withholding is set by the courts.

Taxes and Your PSERS Benefit

The information contained in this section is intended only for general guidance and does not cover every relevant tax law. PSERS urges all members to seek advice from a professional tax consultant or the Internal Revenue Service (IRS). The PSERS pamphlet, *Let's Talk About Taxes and Your PSERS Retirement Benefits* (PSRS-9600) is available on the PSERS website under Publications.

State and Local Taxes

PSERS retirement benefits are exempt from any Pennsylvania state or municipal tax. If you reside in another state, you must check with your state and local authorities to determine the taxability of payments made to you outside of Pennsylvania. If the state where you reside taxes your benefit, you must pay your taxes directly to that state's taxing authority. PSERS cannot withhold state taxes from your monthly retirement check.

Your Monthly Benefit and *Form W-4P*

A PSERS monthly retirement benefit, including a disability retirement benefit, is subject to federal taxes. As a retiree, you may change your federal withholding rate at any time by completing and submitting to PSERS a *W-4P Federal Tax Withholding Certificate for Annuity Payments* (PSRS-996) or an IRS *Form W-4P*. You may obtain a PSRS-996 from the PSERS website under Forms or by contacting PSERS. IRS publications are available through the IRS website at www.irs.gov or by contacting the IRS.

PSERS will send you written notification of your new tax withholding election. The change will become effective six to eight weeks after PSERS receives your new *Form W-4P*.

When you submit a *Form W-4P* to PSERS, the withholding selected on the new form replaces any previous tax-withholding request you made. Please keep this in mind, especially if you are requesting the withholding of an additional dollar amount.

PSERS provides an online Monthly Federal Tax Withholding Calculator to help you estimate how much federal tax will be withheld from your gross monthly pension check. The calculator can be found on the PSERS website under Tax Calculator.

Tax Statement IRS *Form 1099-R*

The IRS *Form 1099-R* is used when preparing your annual federal income tax return. PSERS automatically sends you *Form 1099-R* each January. If you do not receive your *Form 1099-R* by February 10, contact PSERS for your copy. If you have an online PSERS Interaction account, you may use your Interaction account to print a copy of your *Form 1099-R* beginning February 1st. Interaction also contains your past five year's *1099-R* forms.

The following PSERS payees will receive an IRS *Form 1099-R* from PSERS:

- Retirees receiving a monthly benefit.
- Survivor Annuitants receiving a monthly survivor benefit.
- Beneficiaries who received a death benefit payment for the year of payment.
- A deceased member's estate for the filing of the deceased's income tax return.

The *Form 1099-R* shows the amount of money you received from PSERS, including any partial refunds of your contributions and interest during the previous calendar year. The form also identifies the total payments made, the taxable portion of these payments, and any taxes withheld. Your *Form 1099-R* will provide a breakdown of the following information: Gross Distribution, Taxable Amount, Federal Income Tax Withheld, Investment in Contract recovered during the year, and Distribution Code.

You may receive more than one *Form 1099-R* for the tax year depending on your benefit selection. PSERS must report different types of retirement payments on separate forms. If you retired and chose to roll over your taxable contributions and interest, you should receive at least two (2) forms for the tax year in which the rollover occurred.

Health Options Program

PSERS sponsors the Health Options Program (HOP) to provide retirees and their dependents access to group health insurance. The benefits provided by HOP are designed to meet the health insurance needs of PSERS retirees. Participation is voluntary and the benefits are financed by the premiums paid by plan participants. PSERS does pay a portion of the premiums for retirees eligible for Premium Assistance. (See "Premium Assistance," next.)

The plans offered by HOP fall into two general types:

1. Indemnity or fee-for-service plans
2. Managed care plans

The managed care plans are available in specified service areas and include Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) Options. All family members must enroll in the same Option unless both husband and wife are PSERS retirees.

Eligibility and Enrollment

Retired members of PSERS, spouses of retired members, Survivor Annuitants, and their dependents are allowed to enroll in HOP **within 180 days** when they have a Qualifying Event.

The following are considered Qualifying Events for HOP enrollment:

- You retire or lose health care coverage under your school employer's health plan. (Coverage under your school employer's health plan includes any COBRA continuation of coverage you may elect under that school employer plan.)
- You involuntarily lose health care coverage under a non-school employer's health plan.
- You or your spouse reach age 65 or become eligible for Medicare.
- You experience a change in family status (including divorce, your death or death of a spouse, addition of a dependent through birth, adoption, or marriage or loss of a dependent through loss of eligibility).
- You become eligible for Premium Assistance due to a change in legislation.
- A plan approved for Premium Assistance terminates or you move out of a plan's service area.

Payment of Health Insurance Premiums

In general, health insurance premiums will be deducted from your PSERS monthly retirement benefit. If the premium amount exceeds the amount of your monthly benefit, or the participant is not receiving a monthly benefit from PSERS, the monthly premiums must be paid by the participant directly to the HOP Administration Unit.

Annual Option Selection Period

Each year PSERS conducts an annual option selection period, normally from early October through November 15. During this period, HOP participants are given information regarding the premiums and benefit coverage for the coming year.

Participants may change their coverage option during this period for their coverage the following calendar year. Participants who have a Qualifying Event during the calendar year may change their coverage option or add dependents within 180 days of the Qualifying Event.

More Information about HOP

Comprehensive descriptive material and premium information are available on the HOP website, www.HOPbenefits.com, or by calling the HOP Administration Unit toll free at 1.800.773.7725.

Premium Assistance

Premium Assistance is provided by PSERS to help eligible retirees pay for health coverage through HOP or a Commonwealth public school employer or district health plan. The Pennsylvania Legislature sets the eligibility requirements and the amount of the Premium Assistance benefit. If you are eligible, you may qualify for up to \$100 per month of Premium Assistance.

Eligibility Requirements

To be eligible for Premium Assistance, you must have an out-of-pocket premium expense for basic health insurance coverage from a Commonwealth school employer plan or the PSERS Health Options Program. In addition, you must meet one of the following:

- Have 24.5 years of credited service.
- Be age 62* or older on your date of termination from school employment with at least 15 years of credited service.
- Be receiving a disability pension from PSERS.



* **Class T-E and T-F Members** – You must be age 65 with at least 15 years of credited service if you first become a school employee and an active member or a multiple service member on or after July 1, 2011.

If you enroll in HOP and are eligible for Premium Assistance, you will receive this payment added to your monthly retirement benefit. Individuals who pay premiums directly to the PSERS HOP Administration Unit will also receive their Premium Assistance in their monthly benefit. Premium Assistance also covers premiums paid to continue your coverage under the school's group plan if you meet the eligibility criteria. If you pay part of the premium cost, you may receive Premium Assistance added to your monthly benefit. Premium Assistance is not payable for separate dental, vision, or prescription drug plans. It is not payable for out-of-pocket premium expenses for your spouse or dependents, or if your school employer provides coverage to you at no cost or with non-taxable contributions. As a reimbursement, Premium Assistance cannot exceed your actual out-of-pocket premium expense and is not treated as taxable income.

Note – Without an out-of-pocket expense from an approved plan, you cannot get Premium Assistance. If you receive reimbursement for your premium expenses from another source, Premium Assistance is not payable. If the amount of your out-of-pocket expenses change or you terminate your coverage with your school plan, you must contact PSERS immediately.

The application for Premium Assistance is automatically sent by PSERS to new retirees who meet the eligibility requirements. If you would like additional information about the Premium Assistance program or need an application, please call the Premium Assistance Unit toll free at 1.866.483.5509. Additional information is also available online at www.HOPbenefits.com.

Returning to School Service After Retirement

A PSERS retiree may not be employed by a Pennsylvania public school and receive a public school retirement benefit at the same time **unless** they qualify for specific exceptions. The law which governs PSERS specifically defines the ability of a retiree to be employed by a PA public school without the loss of his or her monthly retirement benefit in the event of an **emergency, shortage of personnel**, or an **extracurricular position**. Public schools include charter schools, community colleges, Penn State University and state-owned universities in addition to local school districts, vocational technical schools, and intermediate units.

If you return to work for a PA public school and the return to service exceptions do not apply to you, your monthly pension payments will stop and you will become an active contributing member of PSERS. You will be required to pay back the benefit you received while you were a PSERS retiree and working for a PA public school employer. Also, your future pension payments may likely be reduced when you apply for retirement again.

More information regarding returning to PA public school employment as a PSERS retiree is found in the PSERS publication, *PSERS Return to Service Guidelines and Clarifications* (PSRS-9682), located on the PSERS website under Publications.

Employment Emergency or Shortage of Personnel

An employment emergency is described as an increase in workload which creates a serious impairment of service to the public. The PA public school employer makes the initial determination that an emergency exists.

A public school employer may also hire a PSERS retiree if no other appropriate certified teachers or other personnel are available within the required subject or work area. The school employer is expected to make a “good faith” effort to secure non-retired personnel first before hiring a PSERS retiree.

Employment may continue throughout the school year so long as the emergency or shortage of personnel exists. PSERS reserves the right to review an employer’s determination that a qualifying emergency or shortage exists and that all appropriate efforts were made to hire an employee who is not a PSERS retiree.

Extracurricular Employment

A PSERS retiree may work for a Pennsylvania public school entity in an extracurricular position provided the employment:

1. Is performed primarily outside regular instructional hours.
2. Is not part of the mandated educational curriculum.

You must have a separate written contract with the school employer which must contain both:

1. A waiver by you of any potential retirement benefits that could result from the post-retirement employment.
2. A release of both the employer and PSERS from any liability for benefits related to the post-retirement employment.

You must file a new *Application for Retirement (PSRS-8)* and select a retirement option when you decide to retire again.

Frozen Annuity

If you should return to service that is not covered by an exception (emergency, shortage of personnel, or extracurricular situations), the value of your annuity will be frozen. What this means to you is:

- Your monthly retirement benefits stops until you retire again.
- The Present Value of your account is “frozen.”
- You start making contributions to your PSERS retirement account.
- You earn service credits for the length of this employment period.

This provision also applies if you begin employment covered by the State Employees' Retirement System (SERS) and elect Multiple Service membership.

When you decide to retire again, PSERS calculates each period separately then adds the results together.

1. First, PSERS calculates an annual retirement benefit based only on the salaries you received and the service you rendered since your return to school employment.
2. Next, we add the annual retirement benefit which is calculated from the remaining portion of your present value from your first retirement (the frozen portion), to the annual retirement benefit from your second period of employment. The sum of the two annual retirement benefits becomes your new annual retirement benefit.

In some instances, the benefit that you receive when you retire again could be less than the benefit you received during the earlier retirement.

Elimination of the Frozen Annuity

If you earn three or more years of credited service after your return to Pennsylvania public school service, you become eligible for an alternate way of calculating your annual retirement benefit known as the elimination method. This method combines both periods of service and eliminates the effects of the frozen annuity. This method, however, requires that you repay or accept a debt against your account equaling all benefits paid to you during your previous retirement plus interest. ***PSERS will use the calculation method that will provide you with the better retirement benefit.***

Repayment

When you eliminate a frozen annuity, you owe back to PSERS all benefit payments you received plus interest from the date of each payment. Interest for each year will be calculated based upon the annual interest rate adopted by the PSERS Board of Trustees. You may pay the debt by:

- Having an actuarial adjustment at the time of your next retirement.
- Making a lump-sum payment.
- Using rollover money as payment towards the debt.
- Making installment payments.
- Some combination of the above.

At your subsequent retirement, any outstanding balance on your debt will be actuarially repaid through a permanent reduction to your retirement benefit. (See Actuarial Reduction.) Typically, when members eliminate a frozen annuity, it provides a higher overall retirement benefit, although there are instances when this is not the case. When this happens, PSERS will calculate your benefit using the frozen annuity method. If you made payments towards your debt, PSERS will reimburse this money to you.

Special Considerations That Affect Frozen Annuity

If you originally retired under a legislation that provided an early retirement incentive (such as a 30-and-out Window or the Mellow Incentive legislation of 1992) and you return to service, you will forfeit the benefit provided through the legislation that was in effect at the time of your initial retirement.

Membership Class T-C and Class T-D

Class T-C and Class T-D members will automatically be enrolled in membership Class T-D upon returning to active service after retirement as provided by Act 2001-9. To convert your prior school service from membership Class T-C (if not locked) to membership Class T-D, you need to earn three years of credited service and eliminate the frozen annuity.

Membership Class T-E and Class T-F

If you are a Class T-E or Class T-F member, you will automatically be enrolled in the membership class that you elected when you first became a member of PSERS.

Board Information

PSERS is managed and controlled within applicable state and federal laws by a Board of Trustees. The Board consists of 15 members comprised of the following:

- Secretary of Education (ex officio).
- Treasurer of the Commonwealth of Pennsylvania (ex officio).
- Executive Director of the Pennsylvania School Boards Association, Inc. (ex officio).
- Two Members appointed by the Governor for a term of three years.
- One Member of the Annuitant Group elected from among their members for a term of three years.
- Three Members elected from among Active Certified Members for a term of three years.
- One Member elected from among Active Non-Certified Members for a term of three years.
- One Member elected by members of Pennsylvania Public School Boards from among their number for a term of three years.
- Two Members of the House of Representatives appointed by the Speaker of the House, one representing the majority and one representing the minority party.
- Two Members of the Senate appointed by the President Pro Tempore of the Senate, one representing the majority party and one representing the minority party.

Board meetings are open to the public. Dates, times, and places for these meetings are published in your *Retired Member Newsletter* and on the PSERS website under Board of Trustees. If you would like to attend and require an accommodation to participate, please call PSERS.

The Board appoints an Executive Director to serve as the chief executive officer of PSERS. The State Treasurer is the custodian of the Retirement Fund, and the Treasury is the depository for the safekeeping of all securities. The Governor's General Counsel is the Board's legal advisor.

Elections to the Board

Retirees elect one representative to the PSERS Board of Trustees every three years. Your election ballot is sent to your address on file. The ballot must be returned by the deadline stated on the ballot. Prior to each annuitant election, PSERS will provide more information on the annuitant election process through the *Retired Member Newsletter*.

Information for Your Survivors

Contacting PSERS

In the event of a member's death, PSERS should be notified and provided with the last four digits of the member's social security number, date of death, and a contact person (including his or her address and telephone number). PSERS' toll-free phone number is 1.888.773.7748. A copy of the member's death certificate must be sent to PSERS.

Payments Received After Death

After the member's death, any monthly payment received must be reimbursed to PSERS. This includes any payments received by a financial institution through electronic transfer. PSERS will pay any portion of the monies that was due to the member before his or her death to an estate or next of kin.

Processing the Death Benefit

After receipt of the death certificate, PSERS will provide the appropriate documents, based on your retirement option selection, to your survivor annuitant/beneficiary to begin the processing of your death benefit. PSERS cannot pay out death benefits until all necessary documents are received from the survivor annuitant/beneficiary. PSERS is aware of the many difficulties your survivor annuitant/beneficiary may face at the time of your death. We strive to pay the death benefit as quickly as possible.

It is important that the beneficiary files the appropriate paperwork as quickly as possible, because no interest is paid on a death benefit.

Group Health Insurance for the Beneficiary or Survivor

Spouses and/or dependent children of a deceased retired PSERS member may elect to be covered by one of the PSERS group health insurance plans. Please refer to the Health Options Program section of this handbook.

Online Resources

PSERS on the Internet

PSERS' Internet website provides up-to-date information regarding any changes in legislation affecting PSERS, general information pertaining to PSERS, publications, forms, and frequently asked questions.

Online Application (Interaction)

Interaction is PSERS' online web application. With Interaction, you can have access to and print your 1099-Rs. Go to the PSERS website and click on the Online Applications button to sign up for your Interaction account.

Publications

PSERS publications are available on the PSERS website on the Publications page. You may also request a hard copy of a PSERS publications by calling or writing to us. Contact PSERS if you require large print or an audio format of the *Retired Member Newsletter*.

Contacting PSERS

You may contact PSERS toll-free at 1.888.773.7748 from 8:00 a.m. to 5:00 p.m., Monday through Friday, except on major holidays. PSERS also has regional offices located throughout the state. Their core operating hours are 8:30 a.m. to 5:00 p.m. A complete list of all PSERS regional offices is found on PSERS website under **Regional Offices**.

Harrisburg Headquarters
5 N 5th Street
Harrisburg PA 17101-1905

Toll-free: 1.888.773.7748
Local Telephone: 717.787.8540
Fax: 717.772.3860

Email address: *ContactPSERS@pa.gov*

Website: *www.psers.state.pa.us*

Disclaimer

The Retired Member Handbook is not meant in any way to interpret, change, or extend the provisions of the pension plan created by the Public School Employees' Retirement Code. In the event of any discrepancy between the Retired Member Handbook and the actual provisions of the Code, the Code shall govern over the provisions contained within this handbook. Regulations, policies, administrative rulings and judicial decisions also supersede this handbook. The PSERS Board, as the administrator of the pension plan created by the Code, has the duty and power to interpret the provisions of the retirement Code. It also adopts regulations and policies consistent with the provisions of the Code.

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