

Benefits Hotline

Spring 2008

Retiree Newsletter for Members of the Public School Employees' Retirement System

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

***PSERS is happy to provide our visually impaired readers with
 our retiree publications in large print or on audio cassette.
 Please call PSERS at 1-888-773-7748 to request either of these
 free services.***

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The *Benefits Hotline* 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.

Avoiding Possible Identify Theft Scams

Recently, PSERS became aware of a probable fraud in which an unidentified caller requested that retired members give their bank account number and Personal Identification Number (PIN) to the caller in order to receive a new medical card. In several reported instances, the caller became very persistent or angry when requesting this information if the retiree did not comply immediately without asking questions.

Please be assured that neither PSERS nor the PSERS Health Options Program (HOP) Administration Unit would ask for this type of bank account information.

If you should receive a telephone call or other communication requesting this information, **do not** provide the information.

If someone claiming to be from PSERS called you and asked you for your bank account and PIN information, do the following:

- Contact your bank or financial institution and make them aware of what has happened. The bank will advise you what additional steps, if any, you should take. For information about how to put a "fraud alert" on your files at the credit reporting bureaus and other advice for ID theft victims, contact the Federal Trade Commission's ID Theft Clearinghouse, www.consumer.gov/idtheft, or contact the Federal Trade Commission's toll-free hotline, 1-877-438-4338.
- If the caller referenced your medical insurance card or PSERS HOP coverage, contact the PSERS HOP Administration Unit toll-free at 1-800-773-7725.

- If the caller referred to your PSERS account or monthly retirement payment, contact PSERS at our toll-free number, 1-888-773-7748.

Provide as much information about the call and the caller as you can remember. If your phone has a Caller ID feature, be sure to check and see how, if at all, the caller was identified and any phone number that may have appeared.

To avoid scams and identity theft, **guard your personal information**. Do not provide your credit card or bank account number unless you are actually paying for a transaction initiated by you. Be especially suspicious if someone claiming to be from a company with whom you have an account asks for information that the business would already have available to them, such as your social security number. Your social security number should not be necessary unless **you** are contacting PSERS about your account. If PSERS is contacting you, we have the necessary information to properly identify you.

Resist pressure to provide confidential information, such as your social security number, date of birth, address, or bank account information. It's probably a scam if someone calling you demands that you act immediately or won't take "No" for an answer.

The Pennsylvania Attorney General's Office does make available a brochure with tips on how to avoid identity theft entitled, *How To Avoid Identity Theft*. The brochure can be printed directly from the Attorney General's Office website at -

www.attorneygeneral.gov/uploadedFiles/Consumers/identity_theft.pdf, or you can contact the office in writing to request a copy of this brochure at:

Pennsylvania Office of Attorney General
16th Floor, Strawberry Square
Harrisburg PA 17120

The Attorney General's Office also makes available a brochure on how to

avoid telemarketing fraud entitled, *Telemarketing Fraud, How to Avoid It, How to Spot It*. This brochure can also be printed from the Attorney General's Office website at:

www.attorneygeneral.gov/uploadedFiles/Consumers/telemarketing_how_spot_it.pdf

or you can also request this brochure by directly contacting the Attorney General's Office.

The United States Postal Inspection Service also has a website which contains extensive information on avoiding mail fraud prevention, as well as what to do if you think you may have been a victim of mail fraud. Their website address is:

<http://postalinspectors.uspis.gov/default.aspx>

or this U.S. government agency can be reached at their toll-free phone number, 1-877-876-2455 from 8 a.m. to 4:30 p.m., in all time zones.

To test your skills at avoiding scams, the Federal Trade Commission has available on their website an interactive quiz. If you have Internet access, you may want to sharpen your skills and take the quiz at

http://onguardonline.gov/quiz/idtheft_quiz.html

Please be assured that PSERS is doing its part to maintain the confidentiality of your account and account information. While you may feel at times that we seemingly have our members "jump through hoops" to obtain certain pieces of account information, we are doing this with your safety and well-being in mind.

Faxing and Your PSERS Account Information

PSERS no longer accepts faxed release requests for member account information, whether the information is to be faxed directly to you or to a third party.

These requests for release of information must be original documents and contain your signature. PSERS will mail the information according to the

original release request to you or a third party's address if designated in the release, but we will not fax the information.

Faxed information containing confidential information, such as your date of birth, name(s) of your beneficiary, your address and/or social security number, can be easily intercepted, possibly leaving you open to identity theft.



The information usually requested by retirees for PSERS to fax is either the IRS *Form 1099-R* or a member *Benefit Summary* for proof of retirement income. You can print both of these documents directly from the secure portion of the PSERS website (www.psers.state.pa.us), Interaction (www.psers.state.pa.us/interaction/default.htm), provided that you have signed up for an Interaction account. You can also contact PSERS at our toll-free number, 1-888-773-7748, or via e-mail at ra-ps-contact@state.pa.us, to request that either one of these confidential documents be mailed directly to your home address.

If you have Internet access, you can sign up for a PSERS Interaction account by logging on to the PSERS website at www.psers.state.pa.us/interaction/default.htm, and click on "Need an Account? Click here."

We do regret if this change causes you any inconvenience; however, this one step provides additional security in protecting your personal information.

PSERS Board of Trustees Meeting Schedule

May 2, 2008
June 20, 2008
August 14, 2008
September 26, 2008
December 12, 2008



These meetings are held in the fourth 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 Marilyn Fuller-Smith, PSERS Executive Office at 1-888-773-7748, extension 4921.

PSERS Mission Statement

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

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

Adopted 12/9/2005

Changing Your Address

As presented in the summer and fall issues of the *2007 Benefits Hotline*, PSERS will no longer make changes to your mailing address via the telephone or e-mail. This is part of our initiative to protect you and your account information. We now require that any address change for our retirees be submitted to us in writing.

The letter to change your address should include:

- ✓ Your name
- ✓ Your social security number
(or the last four digits of your social security number)
- ✓ Former address
- ✓ New address
- ✓ New telephone number
- ✓ Effective date of the change
- ✓ **Your signature**

This change in policy applies regardless of whether your monthly benefit payment is mailed to your home address or to a financial institution.

If your monthly benefit payment is sent via electronic transfer, please remember that it is still important to keep your home address and name current. PSERS needs your current address information to mail important information to you throughout the year, as well as for the mailing of your IRS *Form 1099-R* in January of each year.

You should mail your change to us at:

PSERS
PO Box 125
Harrisburg PA 17108-0125

We will accept a letter or the *Change of Address for PSERS Retirees* (PSRS-1301) form, which is available on the PSERS website at **www.psers.state.pa.us/forms/f1301.pdf**.

PSERS must receive the address change by the 3rd of the month to affect the payment sent at the end of the month.

PSERS' Investment Performance for 2007

PSERS generated a total return of 13.82 percent for the calendar year ended December 31, 2007. This return placed PSERS in the top one percent of the public pension plan database compiled by Wilshire Associates.

PSERS' Chairman Melva S. Vogler commented on the efforts of the Fund's Board and staff. "It has been a difficult fourth quarter not just for PSERS but also for other private and public pension funds across the country. During these difficult times, it is all the more important for PSERS to remain committed to its long-term investment strategy. This long-term strategy has proved well as PSERS continues to post good long-term results of 14.40 percent for the three-year period and 16.57 percent for the five-year period ended December 31, 2007. Both the three-year and five-year period returns were in excess of the Fund's annual actuarial return assumption of 8.50 percent."

PSERS' Chief Investment Officer Alan Van Noord commented on the pension fund's investment performance. "The fourth quarter has proved to be very volatile as the impact of the subprime mortgage issues and overall downturn in the economy continue to roll through the investment markets," Van Noord said. "For the quarter, the Fund reported a -0.74 percent return in spite of strong performance in the fixed income, private markets and commodities asset classes. PSERS remains focused on diversifying its assets and maintaining a long-term focus."

Mr. Van Noord reported that for the one-year period ended December 31, 2007, the U.S. equity portfolio earned 4.78 percent, the non-U.S. equity portfolio earned 16.26 percent, real estate returned 19.04 percent, and private markets earned 39.96 percent. PSERS' investments rose from \$61.9 billion on December 31, 2006, to over \$67.4 billion on December 31, 2007.

With an investment portfolio of approximately \$67.4 billion as of December 31, 2007, PSERS had 29.5 percent of its assets in non-U.S. equities, 26.3 percent in U.S. equities, 20.0 percent in U.S. and Global Fixed Income investments, 10.2 percent in Private Markets, 8.7 percent in Real Estate, 3.2 percent in Commodities, and 2.1 percent in cash and cash equivalents. PSERS is the 14th largest defined benefit pension fund in the nation.

Detailed information regarding the financial statements of the System is available in the PSERS' *Comprehensive Annual Financial Report* (CAFR) for fiscal year ending June 30, 2007, which is available on the PSERS website at www.psers.state.pa.us/publications/cafr/index.htm or by contacting PSERS.

The financial statements in the CAFR are presented in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board.

Top Three Cost-of-Living Adjustment (COLA) Misperceptions

PSERS has been receiving a large number of phone calls, letters, and e-mails from members concerning cost-of-living adjustments (COLAs) and when and if a COLA will be granted this year. We understand our members' concerns and the impact the economy is having on their pension benefits. Below are the top three questions and answers that we have received from members over the past few months.

Question 1:

PSERS has over \$67 billion in assets; can't some of that money be used to grant a COLA?

Answer:

The answer is "No." PSERS is a defined benefit plan that prefunds its pension benefits according to law. COLAs, however, are not prefunded and must be amortized over future years. The existing funds that are in the System are dedicated to pay the current level of current members' pension benefits for the rest of their lives. A COLA would require additional funding above and beyond what is currently in the System. There is no "free-floating money" in the System to use to grant a COLA. A COLA would require additional funding from employers and Commonwealth taxpayers.

Question 2:

Why can't PSERS and its Board just grant a COLA?

Answer:

The General Assembly is the only entity that can grant a COLA. By law, PSERS cannot grant or lobby for any benefit enhancements, including COLAs. The authority to grant a COLA to retirees is vested with the General Assembly. The General Assembly must pass enabling legislation for a COLA to be granted.

Question 3:

Aren't retirees entitled to a COLA as part of their pension benefit?

Answer:

The answer is "No." While in the past COLAs have been granted by the Legislature on a cyclical basis, COLAs are not a guaranteed part of your pension benefit. You are guaranteed a pension benefit that is determined by a formula set in Legislation. That Legislation does not include any COLAs. A COLA would require separate legislation, as noted above.

The following is a message from the Pennsylvania Department of Revenue...

Sign up for Property Tax/Rent Rebate Program

Deadline for filing is June 30

The rebate program benefits eligible Pennsylvanians age 65 and older; widows and widowers age 50 and older; and people with disabilities age 18 and older. The 2006 program expansion increased the income eligibility limit from \$15,000 to \$35,000 (excluding half of Social Security income) for homeowners and raised the maximum rebate for both homeowners and renters from \$500 to \$650.

The expanded household income limits and maximum rebate amounts are:

- \$0 and \$8,000 \$650 rebate
- \$8,001 to \$15,000 \$500 rebate
- \$15,001 to \$18,000 \$300 rebate
- \$18,001 to \$35,000 \$250 rebate

Qualifying renters with incomes between \$0 and \$8,000 receive \$650 rebates and those with incomes between \$8,001 and \$15,000 receive \$500 rebates.

Now that slots gaming has generated enough money to provide property tax relief to all Pennsylvania homeowners this summer, supplemental property tax rebates will be provided to about 187,000 homeowners in high-tax areas who need property tax relief the most.

Supplemental rebate money is only available for homeowners, not renters, and no homeowner can receive more rebate money than was paid in property taxes. About 187,000 claimants are eligible for supplemental rebate money.

The 2007 Property Tax/Rent Rebate form (PA-1000) does not include a line for claimants to calculate “supplemental rebates.” The Department of Revenue will automatically calculate the additional rebate for qualifying homeowners. Claimants should not alter the form.

Property Tax/Rent Rebate claim forms (PA-1000) and information are available online at **www.PaPropertyTaxRelief.com** and by calling, toll-free, 1-888-222-9190. Forms and assistance also are available at Department of Revenue district offices (listed in the blue pages of local telephone directories), local Area Agencies on Aging, senior centers and state legislators’ offices.

Please Note: PSERS cannot assist you with Property Tax Rent Rebate information. Contact the Department of Revenue with any questions.

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, it protects your PSERS benefit as well.

Under this law, PSERS may not loan you money. Your funds in PSERS may neither be used as collateral for a loan, nor attached or assigned to secure the loan. The only way PSERS members can receive the 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 fully protected.

Changing the Electronic Transfer of Your Monthly Benefit Payment

To change the financial institution to which your PSERS monthly benefit is sent, you must complete and submit an *Authorization for Direct Deposit/Electronic Transfer of Monthly Benefit* (PSRS-116) form.

PSERS must receive the form no later than the 3rd of the month to affect the payment sent at the end of the month. PSERS recommends that the request to change your account actually be sent 60 days in advance of the payment date to ensure that there is sufficient processing time.

We highly suggest that you do not close the previous account until the first payment has successfully arrived in the new account. If you close your old account prior to the processing of your new request, your monthly payment can be delayed, possibly as long as four weeks.

The *Authorization for Direct Deposit/Electronic Transfer of Monthly Benefit* (PSRS-116) is available on the PSERS website at www.psers.state.pa.us/forms/f116.pdf. The form can also be requested by calling PSERS at our toll-free number, 1-888-773-7748, or by e-mailing your request to, ***ra-ps-contact@state.pa.us***.

Completed forms should be mailed to PSERS.
Our mailing address is:

PSERS
PO Box 125
Harrisburg PA 17108-0125



Contacting PSERS Via E-Mail

As more and more people use e-mail as a communication vehicle for contacting PSERS, it is extremely important for you to include the following in your e-mail:

- ✓ Clearly identify yourself
- ✓ Clearly identify your item of concern

We have been experiencing problems with responding to some member e-mails. We are receiving e-mails stating that our response e-mails are being refused. Please make sure that your security levels are set to allow responses from PSERS. When we receive a returned e-mail, we attempt to properly identify the sender and mail the response to the sender's home address; however, when a member does not clearly identify him/herself in the e-mail, we cannot mail the response.

Due to Internet and e-mail security issues, please keep in mind that PSERS will not send certain information, such as beneficiary, address verifications, or account balances via return e-mail.

Reporting a Retiree's Death

When you contact PSERS to report the death of a retired member, please have the following information available:

- √ Complete name of the member
- √ Social security number of the member
- √ Date of death of the member
- √ Contact person - (the person PSERS can contact if we need additional information regarding the deceased member)
- √ Contact person's address and telephone number

In addition, we require you to mail us the member's death certificate. Having this information available will make the process of finalizing the member's account more efficient.