

Spring 2011

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Pension Payments Suspended without Correct Address

Whether your benefit payment is mailed to your home address or sent directly to your financial institution, it is critical for you to keep your address information up to date. **If you do not have a valid mailing address on file with PSERS, we will temporarily stop sending your monthly benefit payment** until we receive written, signed verification from you of your correct address. Once we receive the verification, it can take up to 6 weeks before you start to receive your benefit payments.

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. Relying on the post office to notify PSERS of your address change will not result in PSERS updating your address information. **PSERS will not accept a post office forwarding notice as a verified address change request.**

For you to change your address with PSERS, the notification must contain your signature or the signature of your power-of-attorney (POA). For PSERS to change your address from notification by your POA, PSERS must have previously approved the POA documentation. **PSERS will not accept notification of your change of address by email or from a phone call.**

Please submit any name or address change to PSERS in writing. Inform us at least 8 weeks in advance of the effective date of the change. 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.psers.state.pa.us/forms/f1301.pdf. Whether you choose to submit the form or a letter, either one **must contain your signature.**

You may avoid the delay that occurs if we have to reinstate your suspended benefit payment by notifying PSERS in advance of your change of address. Keeping your mailing address up to date not only ensures timely payment of your monthly benefit, but it also ensures that you receive informational publications and your yearly *Form 1099-R*.

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

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

These are times of great debate and economic concern both in the Commonwealth and throughout the nation.

It seems that day in and day out, the news media floods us with articles about extravagant public pension benefits, unsustainable defined benefit pension plans, and significant unfunded liabilities at public pension funds across the country. This news can be quite alarming and has fueled



Mr. Clay

a great controversy about public employee compensation and pension benefits.

There is no shortage of experts on pension matters and with the use of the Internet, a great amount of research and statistics can easily be found. With that said, you may find yourself questioning some of the facts and numbers presented in the great pension debate.

For example, there are frequently articles about public employees receiving extravagant public pension benefits. While it may be true for a few individuals, it is not the average for public school employees in

the Commonwealth. In fact, as of June 30, 2010, the average pension benefit for a PSERS member was \$23,466 a year. Unfortunately, these facts do not always make it into the debate.

Facts and figures can be used to create an attention-grabbing headline or to make an alarming or controversial statement. A fact may be taken out of context - not providing the entire picture - resulting in a statement that may not be entirely accurate.

What can you do? There are a number of reliable sources for public pension plan information. Some of these groups conduct national surveys, create fact sheets and policy papers, and track legislation. When you engage in debate and discussion on this great pension debate, it is important to arm yourself with the most accurate and complete information you can find.

A few examples of some of these organizations and their website addresses follow:

NASRA - National Association of State Retirement Administrators - www.nasra.org - NASRA is a non-profit association whose members are the directors of the nation's state, territorial, and largest statewide

public retirement systems. This organization conducts a survey of key characteristics of public retirement systems and maintains a clearinghouse of information and resources pertinent to public retirement system administration and policy.

NCPERS - National Conference on Public Employee Retirement Systems - www.ncpers.org - NCPERS is the largest national, nonprofit public pension advocate, and for more than 65 years has been the principal trade association working to protect the pensions of public employees. NCPERS focuses on Advocacy, Research, and Education for the benefit of public sector pension trustees, administrators and government officials.

NCTR - National Council on Teacher Retirement - www.nctr.org - NCTR is an independent association that provides guidance in the development and management of financially sound and equitable retirement plans for qualified career public employees and promotes benefit levels for members and beneficiaries that will assure economic security. They also provide a national forum for the discussion and resolution of

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public policy issues affecting public pension funds.

NIRS - National Institute on Retirement Security - www.nirsonline.org - The National Institute on Retirement Security is a not-for-profit organization established to contribute to informed policy making by fostering a deep understanding of the value of retirement security to employees, employers, and the economy through national research and education programs. NIRS seeks to encourage the development of public policies that enhance retirement security in America.

CII - Council of Institutional Investors - www.cii.org - CII is a nonprofit association of public, union and corporate employee benefit funds, and foundations/endowments and a leading voice for good corporate governance and strong shareowner rights.

In addition to the sources mentioned above, PSERS also posts many documents on its website that contain pertinent facts and figures relevant to the great pension debate. You can find PSERS actuarial valuation, comprehensive annual financial report, and budget document online at www.psers.state.pa.us/Publications/pubs.htm.

Changing Federal Tax Withholding

In the spring of the year when the tax season is drawing to a close, PSERS frequently receives inquiries from retirees asking how to change their federal tax withholding.

To change your federal tax withholding amount, you must submit to PSERS a *W-4P* form. The withholding selected on a new *W-4P* form replaces any previous tax withholding request. Please keep this in mind when completing the form, especially if you request that an additional dollar amount be withheld.

Example: Let's say that you had previously elected a withholding status of "Married with zero (0) allowances." Based on the gross amount of your PSERS monthly benefit payment, this would result in \$125.00 per month being withheld from your benefit payment. You had also requested that an additional amount of \$25.00 be withheld, which resulted in a total federal tax withholding of \$150.00 per month. Now you decide that you need an additional \$50.00 withheld per month on top of the original \$150.00, for a total federal withholding of \$200.00 per month. When you complete the new *W-4P* form, you must complete it as though you had never previously asked for any additional amount. You would complete the form using "Married with 0 allowances" (\$125.00) plus an additional amount of \$75.00, resulting in a total withholding amount of \$200.00.

The IRS prohibits a person from only requesting a flat, lump sum withholding amount per month. You must first elect a marital status and the number of allowances (exemptions) and then select the additional amount you wish to have withheld. PSERS cannot accept a *W-4P* that only contains a lump sum amount. Incorrectly completed forms will be returned to you, delaying your request to change your federal withholding amount.

PSERS does offer on our website (www.psers.state.pa.us) a federal withholding tax calculator to assist you with the completion of the *W-4P*. The IRS offers on their website (www.irs.gov) a very detailed calculator to determine federal tax withholding, as well. You may obtain the *W-4P* form by contacting PSERS or the IRS, or by accessing either agency's website.

Vogler Re-Elected Chair, Turley Vice-Chair

The Board of Trustees of the Public School Employees' Retirement System (PSERS) recently held its annual organizational meeting at its headquarters in Harrisburg.

Melva S. Vogler, of Hawley, Wayne County, was re-elected Chairman of the PSERS' Board of Trustees and Sally J. Turley, of Greensburg, Westmoreland County, was re-elected Vice Chairman.

The Board unanimously re-elected Ms. Vogler to a one-year term as Chairman. Ms. Vogler has been a member of PSERS' Board since 1994 and serves as one of three Board Members elected for a term of three years to represent the Active Certified Contributing Members of the System. She has served as Chairman since January 2007.



Melva S. Vogler

Ms. Vogler is a graduate of Susquehanna University. She also earned a Master's Degree from Marywood College and received her supervisory certificate from the University of Scranton. She is currently a mathematics teacher and mathematics department chair at Wallenpaupack Area High School.

Ms. Vogler currently serves on the Pennsylvania State Education Association (PSEA) Staff Pension Board and on the Executive Committee of the Council of Institutional Investors.

She was a member of PSEA's Board of Directors from 1988 until August 2004 and served on its Budget Committee from 1991 through August 2004. In addition, she was a

member of the Executive Board of the National Council on Teacher Retirement (NCTR) from November 2003 through November 2009 and recently served as the President of the NCTR. She also served on the National Institute on Retirement Security Board.

Ms. Vogler resides in Hawley with her husband, Harold. The couple has two adult children and two grandchildren.

The Board also unanimously re-elected Sally J. Turley to a one-year term as Vice Chairman. Ms. Turley serves as the representative for PSERS retired members and has been a Board Member since 2001. She has served as Vice Chairman since January 2009.

Ms. Turley is retired from the Clearfield School district with 39 years of service where she was a Social Studies and Home Economics teacher. She also previously taught Home Economics in the Penns Manor School District from 1956 to 1962.



Sally J. Turley

Ms. Turley earned a Bachelor's degree from Indiana University of Pennsylvania and holds a Master's degree from West Virginia University. She is a member of the Pennsylvania Association of School Retirees and of the Pennsylvania State Education Association-Retired.

Ms. Turley currently resides in Greensburg with her husband, Don. They have two adult children and four grandchildren.

Pennsylvania Veterans' Programs

If you know one of Pennsylvania's one million veterans who could benefit from the Department of Military and Veterans Affairs' (DVMA) many programs, please share this information with them.



Photo Courtesy of the Dept. of Defense

Veterans Emergency Assistance Program

Offers financial aid in an emergency – on a temporary basis – to veterans and their beneficiaries who reside in Pennsylvania for the necessities of life such as food, shelter, fuel or clothing.

Educational Gratuities Program

Offers up to \$500 per semester/term for the children of honorably discharged veterans who have wartime service-connected disabilities or children of veterans who die or died in service during a period of war or armed conflict.

Disabled Veterans Real Estate Tax Exemption

Offers exemption from payment of real estate taxes for honorably discharged disabled veterans who are in financial need. The disability must be 100 percent service-connected. Veterans must reside in Pennsylvania. The exemption applies to any building, and up to the 5 acres of land on which it stands. It must also be occupied by them as their principal dwelling.

Paralyzed Veterans Pension

Offers a pension of \$150 per month for veterans honorably discharged who served in the military who suffered an injury

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Website Address:
www.psers.state.pa.us
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ContactPSERS@state.pa.us

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or disease resulting in the loss or loss of two or more extremities.

Blind Veterans Pension

Offers a pension of \$150 per month for honorably discharged veterans who suffered a service-related injury or incurred a disease which resulted in loss of vision.

Persian Gulf Conflict Veterans Bonus Program

Allows for compensation to be paid to eligible service members as well as certain surviving relatives of deceased veterans who served in Desert Shield/Storm during August 2, 1990 – August 31, 1991.

Military Family Relief Assistance Program

Provides financial assistance, in the form of grants, to eligible Pennsylvania service members and their eligible family members who have a direct and immediate financial need as a result of military service.

State Veterans' Homes System

Offers veterans six extended care facilities located in Erie, Pittsburgh, Hollidaysburg, Scranton, Spring City and Philadelphia. The level of care provided includes personal care, skilled nursing care, domiciliary care, and dementia care.

For more information...

A complete listing of eligibility requirements for each program is available through the Department of Military and Veterans Affairs website, www.dmva.state.pa.us, or by calling a DMVA State Veterans Service Officer toll-free at: the Fort Indiantown Gap office, 800-547-2838; the Philadelphia office, 866-754-8637; or the Pittsburgh office at 866-754-8636.

Assistance can also be provided by contacting your County Director for Veterans Affairs Officer.

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 receipt of the funds.

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.

About the Department of Military and Veterans Affairs

The Department was created by the Pennsylvania General Assembly in April 1973. It is one of Pennsylvania's largest employers, with more than 21,000 military and civilian personnel. In part, the roll of the DMVA is to provide service to Pennsylvania veterans and their families, as well as oversee and support the Pennsylvania National Guard.

Authorizing 3rd Party Access to Your PSERS Account

PSERS receives requests from members who want to share their PSERS account information with financial planners, attorneys, financial institutions, housing authorities, family members, etc. Your account information is available only to you or your PSERS-approved power-of-attorney, unless you submit an *Authorization for Release of Information* (PSRS-1273) allowing us to provide your account information to someone other than yourself.

If you submit this authorization to PSERS, be certain about to whom you are allowing access to your information, what information you are allowing the person to receive, and for how long the person has access to the information.

There is a section on the authorization form for you to limit the information another person may receive, and the period of time this person is allowed to access the information. When you complete the authorization, we recommend that you carefully review

the information options and complete the time frame in which the person may have access. The authorization to release account information remains valid until the time frame listed expires.

By not limiting the time frame, the person(s) you named may access your account well after you have stopped doing business with them.



The *Authorization for Release of Information* does not give any authority to the person or persons you designated to make any changes to your account information. It also does not revoke or serve as a

substitute for the designation of a power of attorney or a legal guardian.

Submitting the *Authorization for Release of Information* should require as much care and concern as you would take in deciding to provide your personal and confidential information to any other person.

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