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Join 107,000+ Members on PSERS' Member Self-Service (MSS) Portal

PSERS has saved more than \$149,000 in print and mailing costs since the launch of the Member Self-Service Portal (MSS) in March 2018.

Join the more than 107,000 PSERS members who have registered for MSS and who can now access their pension account information online, anytime they need it. The benefit of an MSS account is the ability to conduct many pension plan-related transactions instantaneously online with the click of a button instead of filling out paper forms or contacting PSERS staff. If you have not registered yet, now is the time to do so and be entered for a chance to be **one of the winners of an iPad Mini!**



Why Paperless?

Get Access Anytime, Anywhere. More than 98% of MSS members receive their documents via paperless delivery. When you register on the MSS Portal, you will be enrolled automatically in the paperless delivery option. This gives you the convenience of instant access to your statements and account information online through the MSS Portal. You will receive an email notification when you have an alert or a new document is available. With electronic documents and access to your account, you can also find information faster such as confirming your beneficiaries and checking that your address is current.

(continued on page 2)

The Public School Employees' Retirement System (PSERS) provides this document for educational and informational purposes. Information in this document is general in nature, does not cover all factual circumstances, and is not a complete statement of the law or administrative rules. The statements in this document are not binding. In any conflict between the statements in this document and applicable law or administrative rules, the law and administrative rules will prevail. This document is designed solely to provide an overview of benefits available to PSERS members and is not intended to be a substitute for retirement counseling. The contents of this newsletter may not be used for any commercial purpose without PSERS' prior written permission.

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717.772.3860

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Weekdays
(except holidays):
8:00 a.m. - 5:00
p.m.

Web Address:
psers.pa.gov

Email Address:
[ContactPSERS@
pa.gov](mailto:ContactPSERS@pa.gov)

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

(Join 107,000+ Members on MSS....continued)

Faster Processing. When requesting transactions online, MSS gives you immediate confirmation that your request was entered and, in most cases, accepted. Transactions such as requesting income verifications, nominating beneficiaries, and updating addresses on MSS take effect immediately. MSS can provide you the peace of mind of knowing that you did not miss a deadline.

Data Protection. These days, most companies are "going green" not just to save the environment but to provide an audit trail of tracking and managing data and of when documents are received or sent. Electronic-based systems also provide additional security measures for personal information that prove more difficult for paper-based systems.

Protecting your personal information is always a priority at PSERS. PSERS, therefore, has implemented the necessary precautions in MSS to continue to protect your confidential information by processing MSS documents through a secure server. With the paperless delivery option, your documents are delivered through this secure electronic channel rather than being printed and mailed to your home.

Opting-Out of Paperless. MSS members can opt out of paperless delivery at any time; however, in an effort to promote going green, PSERS is conducting the second of our planned iPad drawings. **You must keep the paperless delivery option through January 2019 to be eligible for the iPad Mini drawing.** Drawing rules are exclusively online at tinyurl.com/psersipad

For more information on the MSS Portal, including helpful, one-minute how-to videos, visit bit.ly/PSERSvideos

Questions about the MSS Portal? Please connect with PSERS at ContactPSERS@pa.gov or 1.888.773.7748.

Need Your PSERS ID?

Look for your PSERS ID in the top right corner of any recent PSERS correspondence mailed to your home. You can also connect with PSERS at ContactPSERS@pa.gov or 1.888.773.7748 to have your ID mailed to you.

Form 1099-R Mailings

A *Form 1099-R* reflects the total payments you received from PSERS during the calendar year. The form should be used to prepare your annual federal income tax return. PSERS mails *Form 1099-Rs* throughout the month of January. All forms will be mailed by January 31. If you do not receive your *Form 1099-R* by February 11, 2019, contact PSERS to request a duplicate copy. Members who have paperless delivery via MSS will receive their *Form 1099-R* sooner than those who do not have paperless delivery.

Reminder: If you have paperless delivery, you will not be receiving a paper Form 1099-R from PSERS. Your Form 1099-R will be available through your MSS account. Members with paperless delivery will receive an email on the day that their Form 1099-R is available.

Income Verification/Benefit Summary

In addition to your *Form 1099-R*, PSERS will provide a month-by-month breakdown of the payments you received and any deductions from those payments in 2018.

Federal Withholding Taxes

Any changes to your monthly check as a result of Federal Withholding Tax table revisions will appear at the top of your 2018 *Guide to Your PSERS-Issued Form 1099-R* (PSRS-293), which is included with your *Form 1099-R*. The insert will provide you with a comparison of your December 2018 and January 2019 net monthly check amounts. All retirement benefit payments from PSERS are exempt from Pennsylvania state and local taxes. If you live in another state, check with your state and local tax authority to see if your Pennsylvania retirement benefit is taxable.

You may change your federal withholding amount through the MSS Portal. Alternatively, you can submit a *Form W-4P Federal Tax Withholding Certificate for Annuity Payments* (PSRS-996) to PSERS. This form is available on the PSERS website under "Forms" or by contacting PSERS. You also may submit an Internal Revenue Service (IRS) *Form W-4P* to PSERS. For your convenience in calculating appropriate deductions, PSERS provides an online Monthly Federal Tax Withholding Calculator through the MSS Portal and on the PSERS website under "Tax Calculator."

PSERS Board of Trustees Meeting Schedule

January 17, 2019
March 8, 2019
May 23, 2019
August 9, 2019
October 11, 2019
December 6, 2019

PSERS Board meetings are held in Harrisburg at PSERS, located at 5 N 5th Street.

In addition to 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 Dennis Filipovich, PSERS Executive Office at 1.888.773.7748, extension 4617.

PSERS provides visually impaired readers with our publications in large print or on a CD. Please contact us to request these free services.

Disability Annuity

If you are receiving a disability annuity and have not yet reached normal retirement age, you will be required to submit an *Annual Earnings Statement for Disability Benefits* (PSRS-1266) to verify the gross amount of income you earned during the previous calendar year. PSERS mails out the *Annual Earnings Statements* in January of each year. As part of this process, PSERS may verify your reported earned income from other sources, including other Commonwealth agencies. If your annual earnings plus your yearly disability retirement benefit exceeds your last school year's salary, your benefit will be impacted.

If PSERS determines there is a discrepancy in reporting, you could be required to provide additional proof of your annual earnings (e.g., W2s, pay stubs, etc.). Failure to provide proof, upon request, will result in your benefit being suspended and/or the disability portion of your retirement benefit being permanently forfeited.

If you fail to timely submit an *Annual Earnings Statement for Disability Benefits* (PSRS-1266) to PSERS, your disability benefit also may be suspended. Continued failure to submit the statement will result in the forfeiture of the disability portion of your retirement benefit.

Please refer to the *Let's Talk About Disability Retirement Benefits* pamphlet available on the PSERS website at psers.pa.gov or contact PSERS for more information.

Keeping Your Address Current

As a retiree, you must maintain an up-to-date mailing address to ensure you receive important information from PSERS, including your yearly *Form 1099-R*. A current address also ensures that you continue to receive your monthly benefit payment. **Regardless of how you receive your monthly benefit, whether direct deposit or a paper check, your payment may be stopped if your mailing address is not valid.**

Through the MSS Portal, you can change your address anytime, anywhere. You may choose to have your new address effective immediately or submit a new address with a future effective date. To register for a MSS account, you need only your PSERS ID, social security number, date of birth, and a valid email address.

Extended vacation coming up?
Keeping your address up-to-date with PSERS is easy with MSS! You can enter an address change with a future effective date and/or end date.

To change your address without an MSS account, send your changes in writing to PSERS. You can do this either by sending a letter to PSERS or by completing the *Change of Address for PSERS Retirees and Non-Active Members* (PSRS-1301) form that is on the PSERS website. You also may call PSERS at 1.888.773.7748 and request that the form be sent to you. Be sure to include your signature, last four digits of your social security number, and the effective date of the change when you write to us.

2019 Payment Calendar

PSERS pays monthly retirement benefits on the last business day of the month for which they are due. Because PSERS group health insurance premiums are payable in advance, your medical deduction is for the following month. For example, PSERS will pay your January benefit on January 31, but the medical deduction is for February.

Benefit for Month of:	In 2019 Paid on:	Medical Deduction for Month of:
January	January 31	February
February	February 28	March
March	March 29	April
April	April 30	May
May	May 31	June
June	June 28	July
July	July 31	August
August	August 30	September
September	September 30	October
October	October 31	November
November	November 29	December
December	December 31	January 2020

Missing Payments

Payments sent via electronic transfer (direct deposit) to your financial institution should be in your account by 9:00 a.m. on the last business day of the month. If your electronic deposit is

not in your account by that time, ***you should contact your financial institution to make sure the delay was not within their system.*** If you are new to direct deposit or recently submitted a change to where your benefit is being deposited, please verify the account number and routing number with your financial institution.

Payments mailed to your home address may take additional time to reach you. Contact PSERS if your check does not arrive by the 10th of the following month (e.g., your January check has not arrived by February 10). 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 immediately if you know that your check was stolen or destroyed.

Can I Borrow from My Account?

No. To protect your PSERS benefit until retirement, the Public School Employees' Retirement Code prohibits members from borrowing money from or against their account. Funds in your PSERS account cannot be used for collateral and cannot be attached or assigned. You will receive funds from your account only if you terminate service and apply for a retirement or a refund of your contributions and interest.

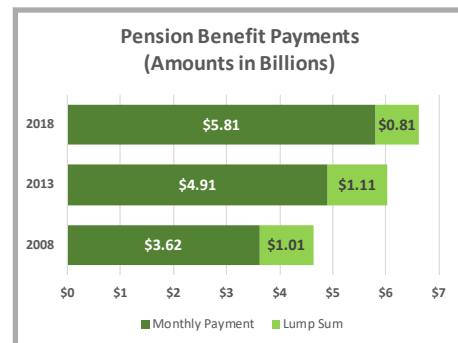
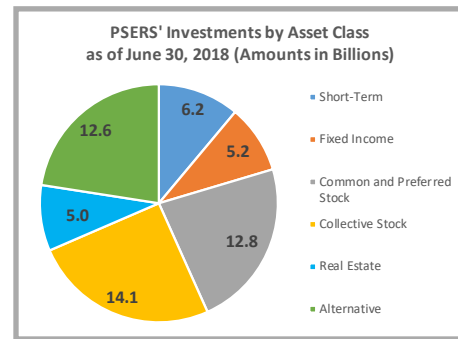
Additionally, you may not liquidate your monthly benefit into a lump-sum payment when you retire.

Public School Employees' Retirement System as of June 30, 2018

Highlights of PSERS' funding as of June 30, 2018, are provided below. More detailed information is available in the *Comprehensive Annual Financial Report as of June 30, 2018* (CAFR) and the *Summary Annual Financial Report* (SAFR), which are available on the PSERS' website, www.psers.pa.gov, on the "Publications" page.

PSERS' Total Net Position
(as of fiscal year ended June 30, 2018)

\$56.7 Billion



Net Position Held in Trust

The fair value of PSERS' fiduciary net position totaled \$56.7 billion as of June 30, 2018. The System is the 15th largest state-sponsored public defined benefit pension fund in the nation and the 31st largest among public and corporate pension funds in the nation.

Investments

- In FY 2018, PSERS earned a positive 9.27% net of fees return and added net investment income of \$4.7 billion to the Fund.
- Long-term returns remain above PSERS' return assumption. PSERS posted positive returns of 7.78% for the 25-year and 8.47% for the 30-year period ended June 30, 2018.
- Since the Great Recession ended in FY 2009, PSERS earned an annualized return of 9.28% net of fees.
- As of June 30, 2018, PSERS investment professionals were managing approximately \$23.9 billion, or 38% of the System's asset exposures in-house. For FY 2018, by managing assets internally, PSERS was able to save approximately \$39 million in manager fees.

Pension Benefit Payments

- PSERS paid \$6.6 billion in total benefit payments for the fiscal year ended June 30, 2018.
- Of this amount nearly 91%, or \$6.0 billion, went directly into state and local economies. These pension disbursements are a significant economic driver that benefit the economy of the Commonwealth.
- PSERS' current monthly payroll includes \$6.6 billion in pension benefits and \$111.8 million in premium assistance.

Total Membership - Active & Retired

As of June 30, 2018, PSERS had over 256,000 active members and 775 school employers with an employer payroll of \$13.5 billion. In FY 2018, members contributed nearly \$1 billion in contributions to the Fund. PSERS also had over 233,000 retirees and beneficiaries. The average yearly benefit paid to retirees is \$25,405.

Reducing Costs

- Based on the most recent international benchmarking survey, PSERS had a 16% lower pension administration cost per member than the average cost for its peer group. By running a lean and efficient operation, PSERS saves the Commonwealth and school employers approximately \$8.2 million annually in administrative expenses compared to its peers.
- PSERS recently embarked on an expanded effort to reduce investment base fees on a going forward basis in exchange for profit-sharing fees, thus creating greater incentive for exceptional performance.

Comparison of Total Accrued Liabilities to Total System Assets For Valuation Year 2018 (\$ Amounts in Billions)

The 56.5% actuarial funded ratio as of June 30, 2018 is a significant turning point for the System as future funded ratio projections are now projected to rise; reversing years of decline since the 123.8% funded peak at June 30, 2000. On a market value basis, PSERS' funded ratio, also continued to increase.

Year	(A) Accrued Liabilities*	(B) Actuarial Value of Assets	(A) - (B) (Unfunded) Funded Accrued Liability**	(B) / (A) Funded Ratio***
2018	\$ 103.1	\$ 58.2	\$ (44.9)	56.5%

* Accrued Liabilities - Generally PSERS' benefit obligations to current retirees and future benefits to be paid to active members who eventually retire.
 ** Unfunded Accrued Liability - Shows the portion of the accrued liabilities not covered by assets available to PSERS at the end of the valuation year.
 *** Funded Ratio - Measurement used to show PSERS' progress toward funding benefit obligations.

Condensed Statement of Fiduciary Net Position as of June 30, 2018 (\$ Amounts in Millions)

Assets:	
Receivables:	
Contributions due from members and employers	\$ 1,590
Investment receivables and other miscellaneous	614
Total Receivables	2,204
Investments (at fair value)	55,902
Securities lending collateral pool	2,980
Capital assets	24
Miscellaneous	17
Total Assets	61,127
Liabilities:	
Benefits and other accounts payable	728
Investment purchases and other liabilities	542
Obligations under securities lending	2,980
Other Liabilities	148
Total Liabilities	4,398
Net Position - restricted for pension, DC, and postemployment healthcare benefits	56,729

Condensed Statement of Changes in Fiduciary Net Position for Year Ended June 30, 2018 (\$ Amounts in Millions)

Net Position - restricted for pension and postemployment healthcare benefits at beginning of year, July 1, 2017	\$ 53,507	A
Additions during the year:		
Contributions, Participant premiums, and Centers for Medicare & Medicaid Services	5,818	
Net investment income	4,718	
Total Additions	10,536	B
Deductions during year:		
Benefits and refunds paid to members	7,143	
Administrative expenses	91	
Total Deductions	7,234	C
Change in Net Position restricted for pension and postemployment healthcare benefits (B - C)	3,302	D
Effect of change in account principle	(80)	
Net Position - restricted for pension, DC, and postemployment healthcare benefits at end of year, June 30, 2018 (A + D)	\$ 56,729	

Detailed information regarding the financial statements is available in the PSERS' CAFR and SAFR. The CAFR financial statements are presented in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board.

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