

PSERS Retired Member Newsletter

Volume 1 - 2021

A publication of the Commonwealth of Pennsylvania's Public School Employees' Retirement System

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& More...

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.

Your *Form 1099-R* and Paperless Delivery

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 issues *Form 1099-R* during the month of January, usually starting the middle of the month with all forms being sent by January 31.

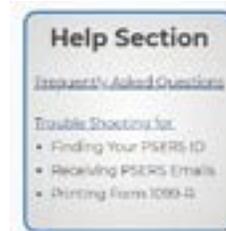
Members who have paperless delivery via Member Self-Service (MSS) will have access to their *Form 1099-R* sooner than those whose forms are delivered through the mail. If your documents are sent through the mail and you do not receive your *Form 1099-R* by February 11, 2021, log in to your MSS account or contact PSERS for a duplicate copy.

Reminder: If you have paperless delivery, you will not receive a paper *Form 1099-R* in the mail. Your *Form 1099-R* will be available exclusively through your MSS account. Members with paperless delivery will receive an email on the day 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 2020.

Need help with your MSS account?
Check out the "Help Section" on
PSERS' MSS landing page.



PSERS
5 N 5th Street
Harrisburg PA
17101-1905

Toll-Free:
1.888.773.7748

Local Calls:
717.787.8540

FAX:
717.772.3860

Website Address:
psers.pa.gov

Email Address:
ContactPSERS@pa.gov

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

Health Options Program: When You Need Extra Support

The Health Options Program is here for you when you need a little extra support. The programs listed below provide our members with home care services, self-care and home safety tips, and an online exercise community. If you have questions about getting started with one of these programs, contact the HOP Administration Unit at 1.800.773.7725.

The Elder Care Program. This Program connects members with resources to assist with overall wellbeing. The program can provide local meal delivery, transportation, utility assistance, or prescription drug delivery and discount programs. The Elder Care Program is available to members enrolled in the HOP Medical Plan, Value Medical Plan, or HOP Pre-65 Medical Plan.

CareKitOnline. For members enrolled in the Health Options Program, these self-care guides are accessible by logging in to your account on www.HOPbenefits.com. The self-care guides cover a variety of health topics as well as home safety and emergency preparedness.

Telehealth services If you can't make it to the doctor's office, telehealth provides access to providers using an interactive two-way telecommunications system (like real-time audio and video). To get started, call your doctor to find out what your telehealth options are. Medicare will cover a telehealth consultation the same way it covers an in-person office visit.

Virtual exercise programs. While gym sessions or in-person workout classes might not be an option, SilverSneakers® members can enjoy full-length, live classes and workshops directly through the SilverSneakers website. SilverSneakers is available to members enrolled in the HOP Medical Plan or HOP Pre-65 Medical Plan. Health Options Program members enrolled in a Medicare Advantage plan may also have access to a wellness program. Contact the Medicare Advantage plan directly, or visit SilverSneakers.com for more information.

Questions?

Visit the HOP website at HOPbenefits.com or call
1.800.773.7725 (TTY: 1.800.498.5428).

Federal Withholding Tax

Any changes to your monthly benefit payment due to Federal Withholding Tax table revisions will appear at the top of your *2020 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 2020 and January 2021 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 Member Self-Service (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."

Annual Earnings Statement for Disability Benefits

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 calendar year 2020. If your annual earnings plus your yearly disability retirement benefit exceed your last school year's salary, PSERS must collect the overpaid disability supplement from you.

PSERS mails out the *Annual Earnings Statements for Disability Benefits* in January of each year for you to complete, verify, and return timely. If you fail to timely submit an Annual Earnings Statement for Disability Benefits to PSERS, your disability benefit will be suspended until receipt of the statutorily required verification. Continued failure to submit the statement will result in the forfeiture of the disability portion of your retirement benefit.

As part of this process, PSERS may also verify your reported earned income from other sources, including other Commonwealth agencies. If there is a discrepancy in reporting, then additional proof of your annual earnings (e.g., W-2s, pay stubs, etc.) will be required. 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.

PSERS Board of Trustees Meeting Schedule

March 4-5, 2021

June 10-11, 2021

August 5-6, 2021

October 7-8, 2021

December 1-2, 2021

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.

2021 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 next month. See chart below:

Benefit for Month of:	In 2021 Paid on:	Deduction of Medical Premium for:
January	January 29	February
February	February 26	March
March	March 31	April
April	April 30	May
May	May 28	June
June	June 30	July
July	July 30	August
August	August 31	September
September	September 30	October
October	October 29	November
November	November 30	December
December	December 31	January 2022

Missing Payments

Payments sent via electronic transfer (direct deposit) to your financial institution should be in your account on the last business day of the month. If your electronic deposit is not in your account on that date, **you should contact your financial institution to make sure the delay was not within its 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 believe that your check was stolen or destroyed.

PSERS Behind the Scenes

Introduction to PSERS' Bureau of Administration (BOA): Facilities and Administrative Services, Imaging Operations, and Continuity of Operations

Mission: Our mission is to plan, build, operate, and maintain PSERS' facilities and to provide administrative support and safety services in support of the PSERS community.

BOA has worked continuously throughout the pandemic.

- **Facilities and Administrative Services**

Facilities is responsible for the day-to-day operation of the building, grounds, janitorial services, and utilities systems. Facilities reacted quickly to install safety glass in the lobby entrance and reception areas in all field offices, provide personal protective equipment, increase our cleaning services, and has worked on site continuously through the COVID-19 closures to keep members and PSERS employees safe.

Administrative Services provides mail, printing, and copying services to the agency. This area is also responsible for equipment management and field office leases. **Throughout the COVID-19 pandemic (March 1 – November 30), a total of 410,441 pieces of incoming and outgoing mail have been processed to support member communication with PSERS.**

- **Imaging Operations**

Imaging staff ensure that incoming and outgoing documents are saved electronically so the account information sent and received by PSERS is stored safely. Often considered the engine that initiates most business processes; it is here that the incoming mail is reviewed, prepped, scanned, and quality-checked before reaching the business areas for further processing. **From March through November, Imaging staff processed a total of 93,811 documents!**

- **Continuity of Operations (COOP)**

COOP staff develops and implements policies, programs, and procedures necessary to ensure that PSERS' human and capital resources are secure and PSERS is prepared to quickly recover and continue critical operations in the event of a disaster. PSERS was able to continue to serve its stakeholders with minimal interruption of service because of the preparedness of the COOP staff.

The BOA team consists of skilled professionals who take pride in our work, provide exceptional service, and are empowered to drive results that achieve superior value and quality.



PSERS Continues Service to Members Remotely

Since the March 16, 2020, office closure PSERS has:

- Processed over 7,500 retirements.
- Issued over 3,200 refunds.
- Responded to over 97,000 emails.
- Answered over 100,000 phone calls.
- Processed nine monthly benefit payrolls that included over 2.1 million payments to members of approximately \$4.6 billion, remotely.

* Statistics as of November 30, 2020

Public School Employees' Retirement System as of June 30, 2020

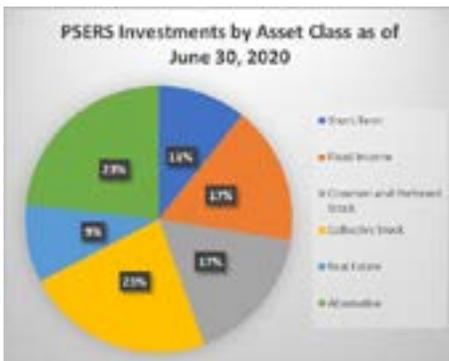
Overcoming the challenges posed by the COVID-19 pandemic, PSERS continued to provide excellent service to our members without any major interruptions due to prior emergency planning and the ability to quickly adapt to rapidly changing conditions. Highlights of PSERS' funding as of June 30, 2020, are provided below. More detailed information is available in the *Comprehensive Annual Financial Report as of June 30, 2020* (CAFR) and the *Summary Annual Financial Report* (SAFR), which are available on the PSERS' website, psers.pa.gov, under "Financial Publications."

PSERS' Total Net Position
(as of fiscal year ended June 30, 2020)

\$59.0 Billion

Net Position Held in Trust

The fair value of PSERS' fiduciary net position totaled \$59.0 billion as of June 30, 2020.



Investments

- In FY 2020, PSERS earned a positive 1.11% net of fees return and added net investment income of \$1.0 billion to the Fund.
- The past fiscal year will be remembered as a tale of two halves. The first half was highlighted by a strong period for equity returns while the second half was dominated by a global pandemic and recession. However, pension plans like PSERS are built to generate long term returns, so one good (or bad) year is not going to make (or break) the Fund.
- Long-term returns remain above PSERS' return assumption. PSERS posted positive returns of 7.70% for the 10-year and 7.48% for the 25-year period ended June 30, 2020.



Pension Benefit Payments

- PSERS paid \$6.9 billion in total benefit payments for the fiscal year ended June 30, 2020.
- Of this amount nearly 94%, or \$6.5 billion, went directly into state and local economies. PSERS pension benefits are a significant economic driver that benefit the economy of the Commonwealth.

Total Membership - Active & Retired

As of June 30, 2020, PSERS had approximately 256,000 active members and 770 school employers with an employer payroll of \$13.8 billion. In FY 2020, members contributed more than \$1 billion in contributions to the Fund. PSERS also had approximately 240,000 retirees and beneficiaries. The average yearly benefit paid to retirees is \$25,753.

Reducing Costs

- Based on the most recent international benchmarking survey, PSERS had a 13% 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 \$6.4 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.
- For FY 2020, by managing 39% of assets internally, PSERS was able to save approximately \$46 million in investment manager fees.

**Comparison of Total Accrued Liabilities to Total System Assets
For Valuation Year 2020 (\$ Amounts in Billions)**

Year	(A) Accrued Liabilities*	(B) Actuarial Value of Assets	(A) - (B) (Unfunded) Funded Accrued Liability**	(B) / (A) Funded Ratio***
2020	\$ 108.0	\$ 63.9	\$ (44.0)	59.2%
2019	\$ 105.3	\$ 61.2	\$ (44.1)	58.1%

* 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, 2020 (\$ Amounts in Millions)

Assets:

Receivables:

Contributions due from members and employers	\$ 1,743
Investment receivables and other miscellaneous	851
Total Receivables	<u>2,594</u>
Investments (at fair value)	57,774
Securities lending collateral pool	4,491
Capital assets	19
Miscellaneous	23

Total Assets

64,901

Liabilities:

Benefits and other accounts payable	784
Investment purchases and other liabilities	441
Obligations under securities lending	4,491
Other Liabilities	155

Total Liabilities

5,871

Net Position - restricted for pension, DC, and postemployment healthcare benefits

59,030

Condensed Statement of Changes in Fiduciary Net Position for Year Ended June 30, 2020 (\$ Amounts in Millions)

Net Position - restricted for pension and postemployment

healthcare benefits at beginning of year, July 1, 2019	\$ 59,135	A
Additions during the year:		
Contributions, DC Participant premiums, and Centers for Medicare & Medicaid Services	6,349	
Net investment income	1,007	
Total Additions	<u>7,356</u>	B
Deductions during year:		
Benefits and refunds paid to members	7,365	
Administrative expenses	96	
Total Deductions	<u>7,461</u>	C
Change in Net Position restricted for pension and postemployment healthcare benefits (B - C)	(105)	D
Net Position - restricted for pension, DC, and postemployment healthcare benefits at end of year, June 30, 2020 (A + D)	<u>\$ 59,030</u>	

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.

PSERS
5 N 5th Street
Harrisburg PA 17101-1905

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