

Inside...

- Payment Calendar
- Health Options Program Option Selection
- Disability Annuity

& More...

Return to Service Guidelines and Clarifications Updated

PSERS has updated the *Return to Service Guidelines and Clarifications* (Publication #9682) to help you better understand the return to service process. This updated publication includes requirements for the return to service exceptions and the streamlined process for employers to request approval to employ PSERS retirees. Visit the PSERS website at www.psers.pa.gov for a copy of the updated publication.

If you return to Pennsylvania public school service as a PSERS retiree, you will stop receiving your monthly retirement benefit unless you have a bona fide break-in-service and one of the following exceptions applies:

- Shortage of Personnel
- Emergency Creating an Increase in Workload
- Extracurricular Position
- Independent Contractor
- Third Party Employer
- Election into an Alternate Retirement Plan

You will not be eligible to earn or purchase service credits for the period of time you were employed under any of the return to service exceptions.

If PSERS determines that you do not qualify for any of these exceptions, your monthly payment will be stopped and you will again become an active, contributing member of PSERS. You will also be required to pay back the benefit you received for the time after your return to active service. Your future pension payments may be reduced. Prior to accepting a position with a public school employer, you should confirm that the employer received approval from PSERS.

Different rules may apply for employment in a community college, public university, or Pennsylvania charter school.

(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.

PSERS Board of Trustees Meeting

December 8, 2017

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

In addition to these 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 Barbara Book, 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.

(Return to Service Guidelines and Clarifications... continued from page 1)

Please carefully review the *Return to Service Guidelines and Clarifications* if you wish to continue receiving your monthly benefit and plan on returning to public school service.

Note regarding break in service

Before any retiree may qualify for a return to service exception, he/she must first have a bona fide break from "school service."

A break in service occurs when a member terminates service from *all public school employers*.

PSERS will consider the following factors when determining whether there has been a bona fide break in service:

- i. Whether the change in the employment relationship is more than a technical change, requiring the true severing of the employment connection with the employer;
- ii. Whether there has been a reasonable anticipation or prearranged agreement between the member and the employer that a return to school service will occur;
- iii. The amount of time that has elapsed from the date the member becomes a retiree and the return to school service;
- iv. Whether the services are a continuation of the retiree's previous service with the same employer;
- v. Any other factors that PSERS deems appropriate

Whether an employee severs the employment connection with the employer is a question of fact. When necessary, PSERS will closely examine the individual circumstances to determine if a member has a bona fide break in service.

If you have any questions, contact PSERS by emailing ContactPSERS@pa.gov or calling 1.888.773.7748.

2018 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 2018 Paid on:	Medical Deduction for Month of:
January	January 31	February
February	February 28	March
March	March 30	April
April	April 30	May
May	May 31	June
June	June 29	July
July	July 31	August
August	August 31	September
September	September 28	October
October	October 31	November
November	November 30	December
December	December 31	January 2019

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 no record of the transfer is found, ask them to verify your account number and the institution's routing number; you should then verify this information against the form(s) you submitted to PSERS.

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.

PSERS
5 N 5th Street
Harrisburg PA
17101-1905

Toll-Free
1.888.773.7748

Local Calls
717.787.8540

FAX
717.772.3860

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

Web Address:
www.psers.pa.gov

Email Address:
ContactPSERS@pa.gov

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

Attention Health Options Program Members: Option Selection Period for 2018 Starts in October

Attention Health Options Program Members: Option Selection Period for 2018 Starts in October

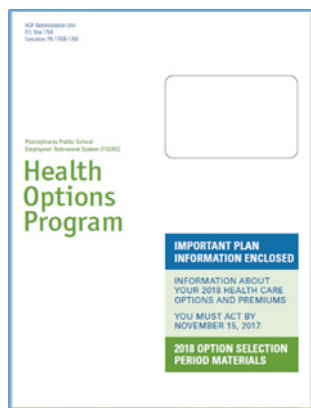
The Option Selection Period—the time when individuals currently enrolled in the Health Options Program can make changes to their coverage for 2018—starts in October and runs through November 15. If you're a current enrollee, this is a great time to evaluate your options and decide if you want to make any changes to your Health Options Program coverage for 2018.

Watch your mail for more information.

In early October, you'll receive your Option Selection Period materials explaining what's new for 2018 and the coverage options available. Consider these materials carefully, particularly if you have moved, or are about to move, to a new area. If you're currently enrolled in the Enhanced, Basic or Value Medicare Rx Option, the package will also include information about these plans. Unless you notify us otherwise during the Option Selection Period, your current medical and/or prescription drug or dental coverage will continue in 2018.

If you're currently enrolled in the Health Options program, you will receive:

- A Personalized Statement with the coverage options available to you and the respective monthly premiums
- A Health Options Program Application/Change Form for the Medicare Supplement Plans
- A survey card



If you're currently enrolled in the Enhanced, Basic or Value Medicare Rx Option, you will also receive:

- A 2018 Abridged Prescription Drug Formulary
- A 2018 Annual Notice of Change
- A customized listing of local pharmacies

Note: These mailings are exclusively for members currently enrolled in the Health Options Program. If you are not enrolled in health coverage under the Health Options Program, you will not receive the materials described above. However, if you are interested in learning more, you can visit us online at www.HOPbenefits.com.

Don't delay! The Option Selection Period ends November 15, 2017, so be sure to review all the information and submit all necessary forms before then. If you have any questions about the coverage options available to you, call the HOP Administration Unit at 1.800.773.7725.

If you are not enrolled in the Health Options Program, you may enroll if you experience a Qualifying Event (i.e., turning 65 or losing employer-sponsored coverage). Visit www.HOPbenefits.com or call 1.800.773.7725 for more information about Qualifying Events.

PSERS New Member Self-Service Portal: Your Pension Account—Online Anytime.

PSERS will introduce a new Member Self-Service (MSS) Portal in the Spring of 2018. The new MSS Portal will allow members to manage their personal pension profile securely online, anywhere, anytime. Members will have access to new and improved features including the ability to:

- Access PSERS correspondence online instead of by mail.
- Manage/update personal information—phone numbers, email address and mailing address.
- Nominate/change pension beneficiary(ies).
- Receive email notification when documents are available (e.g., 1099-Rs, newsletters, and other PSERS-specific correspondence).
- Receive personalized alerts, including address changes and more.
- View an account summary.
- View pension payment schedules.
- Update federal tax withholding election.
- Print important documents (e.g., 1099-R and income verifications).
- Stay current with PSERS-related news.

The new MSS Portal is an important step PSERS is taking on the path of continuous member service improvement. It's part of our long-term goal of providing members greater access to their pension plan account information online, anywhere, anytime.

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.). If you fail to provide this information, your disability benefit could be adjusted and/or stopped.

Update Your Mailing Address

The U.S. Post Office returns approximately 7,500 pieces of mail to PSERS each year due to invalid addresses. As a retiree, an up-to-date mailing address allows you to receive important information and 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 will be stopped if your mailing address is not valid.**

Please submit any address changes to PSERS in writing. 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 may also 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.

Act 5 of 2017

Pension reform, now known as Act 5 of 2017, was signed into law on June 12, 2017. Act 5 of 2017 impacts PSERS members as follows:

RETIRED PSERS MEMBERS – Act 5 **does not impact** already retired members or Class T-E and Class T-F members whose retirement date was prior to June 12, 2017.

CURRENT T-C AND T-D MEMBERS – The only impact to Class T-C and Class T-D members is an election opportunity. It allows Class T-C and Class T-D members, active on July 1, 2019, to switch from the current defined benefit plan to one of the three new retirement plan options, if they so choose.

CLASS T-E AND T-F MEMBERS – Act 5 allows an actuarially neutral Option 4 “lump sum” withdrawal of member contributions for members whose retirement date is on or after June 12, 2017, and makes modifications to the “shared risk” program that allows members to benefit when the Fund outperforms its investment rate of return assumption. The new law also allows Class T-E and Class T-F members, who are active on July 1, 2019, to switch from the current defined benefit plan to one of the three new retirement plan options if they so choose.

NEW MEMBERS OF PSERS AFTER JULY 1, 2019 – School employees who first become new members of PSERS after July 1, 2019, will have one of three new retirement plan options for their retirement benefits. The current defined benefit plan will not be available to new members.

NEW RETIREMENT PLAN OPTIONS - The new plan design options include two hybrid plans consisting of defined benefit and defined contribution components. The third option is a stand-alone defined contribution plan.

For more information, please see the full press release. You can access this press release from the PSERS home page at www.psers.pa.gov.

Auditor General Report

The Pennsylvania Department of the Auditor General recently completed a complex Performance Audit of PSERS. The objectives of the audit were (1) Pension Forfeiture Law compliance; (2) PSERS' Governance Structure and oversight of Investment Operations; (3) External Investment Manager fees; (4) Risk Management Strategies over the Investment Portfolio; and (5) Implementation of prior audit findings and recommendations from their report issued in September 2006. During the 9-month audit, PSERS responded to 72 detailed data requests and participated in multiple interviews and briefings with the Audit Team.

Overall, the Performance Audit Report opined that PSERS reporting and transparency of investment expenses surpasses our peer public pension funds; PSERS management of investment expenses appears standard; PSERS attention to asset allocation, diversification and risk management appears adequate and reasonable; and PSERS has complied with the Public Employee Pension Forfeiture Act. There are no findings that suggest any fraud, waste or abuse of funds or any instances where poor decisions, policies or practices of the PSERS Board or Staff have resulted in losses to the fund or violations of applicable laws or regulations. Many of the findings and recommendations are procedural and administrative in nature. PSERS Management accepted these findings and recommendations in the spirit of continuous improvement of the administration of the System.

To view the entire Performance Audit Report along with PSERS Management Responses, please visit: <http://www.paauditor.gov/audit-report/item/44926>

Direct Deposit

Direct deposit is a safe, reliable way to receive your PSERS monthly payments. To sign up, please complete and mail the *Authorization for Direct Deposit – Electronic Transfer of Monthly Benefit* (PSRS-116) located on the PSERS website. You may also call PSERS at 1.888.773.7748 to request a copy of the form.

Upon receipt of your properly completed form, we will update your account to stop the mailing of a paper check and authorize the electronic transmission of your retirement benefit to your bank account.

A confirmation letter is sent when your direct deposit request is processed. If you are changing the bank account where you would like to receive your benefit, PSERS strongly recommends that you do not close the old account until your monthly benefit payment is deposited successfully into your new account. ***Please note, it may take up to 60 days for direct deposit to become effective. You will continue to receive your paper check until direct deposit takes effect.***

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