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## Open Election Period for Class T-C, Class T-D, Class T-E, and Class T-F Members

Act 5 of 2017 gives Class T-C, Class T-D, Class T-E, and Class T-F members a one-time option to elect prospectively into one of the new Act 5 membership classes that each have a lower defined benefit (DB) structure and adds a defined contribution (DC) component. Only members who are active on July 1, 2019, are eligible to elect one of the Act 5 membership classes. The election window is from September 1 to November 30, 2019. Before contacting PSERS to elect an Act 5 membership class, please thoroughly review the information contained within this article.

*Public school employees who became PSERS members before July 1, 2019, are not required to elect one of the Act 5 membership classes (Class T-G, Class T-H, or Class DC). No action is required to remain in your current membership class.*

### Key Benefit Differences Between Membership Classes

Class T-C, Class T-D, Class T-E, and Class T-F are DB membership classes that provide a guaranteed retirement based on a set DB formula (final average salary (FAS) x class multiplier x years of service). **Retirement benefits in a DB plan are guaranteed for life.**

*Class T-G and Class T-H offer a lower guaranteed retirement benefit. Class DC offers no guaranteed retirement benefit.*

Act 5 of 2017 created additional classes of service that reduces the DB formula but adds a DC component. The DC component to a PSERS retirement benefit is based on the amount of contributions made by you and your employer and the investment performance on those contributions, with the overall balance being adjusted for fees and costs. Contributions have the potential to grow based on investment earnings but are not guaranteed against loss in declining investment markets.

### PLEASE REMEMBER:

- By electing Class T-G or Class T-H, the defined benefit multiplier is **lower** than the defined benefit multiplier for your current membership class.
- By electing Class DC, you will **not** be entitled to a guaranteed defined benefit. Rather, as a Class DC member, your benefit will be comprised solely of your DC account value.

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## Comparison of Membership Classes

Plan Features	Class T-G and Class T-H		Class DC
	DB	DC	DC
<b>Mandatory Contribution Rate</b> <i>Your Current Contribution Rate Does Not Change</i>	Class T-G: 5.50% Class T-H: 4.50%	Based on the rate on 7/1/19 (total rate minus basic rate)	Based on the rate on 7/1/19
<b>Shared Risk/Gain</b>	T-C and T-D members – no T-E and T-F members- yes	N/A	N/A
<b>Employer Contribution Rate</b>	Actuarially determined	Class T-G: 2.25% Class T-H: 2.00%	2.00%
<b>Multiple Service</b>	Multiple service status not affected	N/A	Multiple service status will only apply to the prior membership class. Future service as Class DC will not accrue for multiple service purposes
<b>Purchases of Service</b>	Purchases credited to member's class at the time of purchase. Non-school purchases, except military, at the full actuarial cost.	Not Permitted	Not Permitted
<b>Vesting</b>	10 years. Service from all classes count	Participant \$ - immediately; Employer \$ - 3 eligibility pts as a DC Plan participant.	Participant \$ - immediately; Employer \$ - 3 eligibility pts as a DC Plan participant.
<b>Retirement Multiplier</b>	Class T-G: 1.25% for service after 1/1/2020 Class T-H: 1.00% for service after 1/1/2020	N/A	N/A
<b>FAS calculation</b>	Highest 3 for prior service Highest 5 years for service after 1/1/2020	N/A	N/A
<b>Disability</b>	5 years of PSERS service, including service from all current and previous classes.	No DC disability, but eligible by virtue of DB membership	No, unless qualified on the DB side prior to election, injury occurred while a DB member, and timely DB application is submitted. Only a DB benefit can be calculated.
<b>Superannuation</b>	For new service after 1/1/2020, earlier of: -Age 67 with 3 eligibility points, OR -Rule of 97 with at least 35 eligibility points. (Class T-G Only)  Service from all classes count.	N/A	N/A

## Comparison of Benefits

	Retirement Benefit Calculation	Total Retirement Benefit*	
		DB Present Value <sup>1</sup>	DC Acct Value <sup>2</sup>
Class T-C (DB Only)	3- year FAS x 2.00% x years of service	\$743,930 = \$46,429 Annual Pension for life	N/A
Class T-D (DB Only)	3- year FAS x 2.50% x years of service	\$929,913 = \$58,036 Annual Pension for life	N/A
Class T-E (DB Only)	3- year FAS x 2.00% x years of service	\$532,632 = \$46,429 Annual Pension for life	N/A
Class T-F (DB Only)	3- year FAS x 2.50% x years of service	\$665,790 = \$58,036 Annual Pension for life	N/A
Class T-G (DB+DC)	5- year FAS x 1.25% x years of service + DC Account Value	\$323,391 = \$28,190 Annual Pension for life	\$215,190
Class T-H (DB+DC)	5- year FAS x 1.00% x years of service + DC Account Value	\$284,584 = \$24,807 Annual Pension for life	\$215,190
Class DC (DC Only)	DC Account Value	N/A	\$408,861

### Assumptions

**\*Member assumptions: \$25,000 starting salary with 3% annual increases, working for 35 years and receive a normal retirement.**

1 - **PSERS DB Plan assumptions:** 5-year FAS of \$64,433, 3- year FAS of \$66,327, and earns a guaranteed 4% on contributions and interest. Member chooses not to withdraw any contributions.

2 - **PSERS DC Plan assumptions:** 26 pay periods per year and a consistent 6% net growth each year. **This rate of return is not guaranteed.**

## Electing an Act 5 Membership Class

If you wish to elect an Act 5 membership class, call PSERS at 1.888.773.7748. A PSERS Retirement Representative will explain how your retirement benefit may be impacted and provide you with the necessary paperwork if you wish to continue with your election.

The election into one of the Act 5 membership classes is effective on January 1, 2020. All previous service credited with PSERS will remain with your current membership class.

Your decision to elect an Act 5 membership class or remain in your current membership class is **irrevocable**, even if you leave employment and later return to work for a public school employer.

**Remember: No action is required if you wish to remain in your current membership class.**

# Are Your PSERS Emails Lost in Cyberspace?

**Members with a Member Self-Service (MSS) account are automatically enrolled in paperless delivery,** which means that they will receive communications from PSERS electronically. Members with paperless delivery are sent an email notifying them when a document is generated and available on the “My Documents” tab in their MSS account.

*As of June 30, 2019, 96% of members on MSS have paperless delivery. PSERS has saved more than \$330,000 in printing and mailing costs since March 2018!*

If you have paperless delivery, ensure that you receive important updates from PSERS by:

- Checking your Spam folder
- Adding the following email addresses to your contacts:
  - RA-PSERS\_Alert@pa.gov
  - RA-PSV3\_Email@pa.gov
  - RA-PSERSNEWS@pa.gov

*Need help? Visit [psers.pa.gov](http://psers.pa.gov) for instructions on adding email addresses to your contacts.*

PSERS will never send you emails asking for your password or personally identifiable information (e.g., social security number, birth date, etc.). Refer to “How to Spot a Phishing Email” for tips on how to avoid phishing emails and keep your information secure.

## How to Spot a Phishing Email

So, what is “phishing”? It usually involves some type of “bait” but not the kind you would use to catch a real fish. No, this bait is used to try and trick you in some way for the scammer’s benefit. The phishing email includes a request to click on a link, open an attachment, or provide sensitive information such as your user ID and password. Some of these emails are well crafted and designed to look legitimate. Here are some ways to identify phishing emails so you can avoid getting “hooked.”

- Poor grammar, spelling mistakes and/or unusual characters  
Most, if not all, corporations use some method of spell check before a message is sent. Look at the example below. If you notice spelling errors (Noitication), it’s probably a phishing email. Also, some of the words have strange characters, such as the first “e” and “i” in SharëPoíntFile in the example below.

<b>From:</b>
<b>Sent:</b> Monday, March 19, 2018 5:46 PM
<b>To:</b>
<b>Subject:</b> FW: SharëPoíntFile Noitication

- A sense of urgency that demands you act immediately before your account is closed or you are threatened with legal proceedings. The attacker wants you to hurry in hope that you will make a mistake.
- A message with a generic greeting, such as “Dear Customer,” “Dear User,” or “Account Owner.”
- Something that is too good to be true, like winning the lottery even though you didn’t enter a drawing.
- The email appears to come from a reputable source, such as a company, but has a Reply-To address going to someone’s personal email account.
- You receive an email from a friend, but the wording or tone does not sound like them. Best action is to call them directly to confirm that they sent it.

Ultimately, common sense is your best defense. If an email appears suspicious or odd it may be a phishing attack. Don’t take the bait!

**Stay cyber secure!**

## PSERS Board of Trustees Meeting Schedule

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

## Active-Certified Board Election Update

There will be no active-certified member election in 2019 as only one candidate qualified for the board election. Mr. Jason Davis from North Huntingdon, PA will be certified by the Board of Trustees at the October 2019 Board meeting. In accordance with Section 46 of Robert's Rules of Order, Mr. Davis will be declared "elected by acclamation" by the Board of Trustees at the October meeting.

Mr. Jason Davis has been on the PSERS' Board of Trustees for over two years, serving as the chairman of the budget committee and sitting on an investments committee working group. He is currently an educator at the Penn Trafford High School teaching AP Microeconomics, Dual-enrollment Macroeconomics and Economics. He is a US Air Force veteran and earned his B.A. in Political Science from Duquesne University and holds a M.A. in Social and Public Policy analysis. Mr. Davis' work experience includes four years at Mellon Bank in Institutional Trust, helping to manage large pensions and trust funds, including PSERS, and working directly with both clients and vendors. He is married to Missy and has two daughters, Chloe and Abigail.

## Free Educational Programs to Prepare You for Retirement

Each year, PSERS conducts hundreds of Foundations for Your Future (FFYF) programs to help you better understand your PSERS retirement benefits and plan for your future. Regardless of the position you hold with your employer or how close you are to retirement, we recommend that you attend this free program at least once prior to retirement. In fact, PSERS has found that many members attend these sessions multiple times before they retire. These programs are held around the Commonwealth throughout the year and provide members with the opportunity to meet and interact with a PSERS retirement representative.

FFYF programs cover topics that will help you better understand your retirement by answering questions such as:

- What are purchases of service?
- How do I apply to purchase service?
- When can I retire?
- How is my pension calculated?
- What do all the numbers on my retirement estimate mean?
- What retirement milestones should I consider?

The schedule for FFYF programs and a copy of the FFYF presentation can be found on the PSERS website by selecting "Foundations for Your Future" under "Leaving Employment."

In the event of inclement weather, a program may be cancelled or rescheduled if the facility where it is to be held has closed or dismissed early. Please check the PSERS website to verify that the date and/or location of the meeting you wish to attend has not changed due to weather conditions or other unforeseen circumstances. Registration is not required, and you are free to bring guests.

*Please note, FFYF programs do not include information for Class T-G, Class T-H, or Class DC members at this time.*

# Pension Forfeiture Legislation Update

Your career in public education is a noble endeavor. By your example and leadership, you have the power to shape the minds, behaviors, and attitudes of children and adults in your care.

But that power does not mean your public retirement benefit is not in jeopardy when you commit a crime.

The Public Employee Pension Forfeiture Act (“Forfeiture Act” or “Act 140”) requires PSERS to take away your retirement benefits when you commit a crime in your capacity as a public employee, or when your public employment puts you in a position to commit a crime.

The list of forfeitable crimes in the law captures all offenses classified as felonies, some misdemeanor crimes, and anything punishable by a term of imprisonment exceeding five years. The list includes, but is not limited to: various theft statutes; forgery; tampering with records; bribery; perjury; misapplication of entrusted property and property of government or financial institutions; tampering with public records or information; criminal attempt, solicitation and conspiracy; murder; voluntary manslaughter; involuntary manslaughter; aggravated assault; retail theft; identity theft; bomb thefts, distribution of a computer virus; corruption of minors; unlawful contact with minors; and the sexual offenses listed in Chapter 31, Subchapter B of the Pennsylvania Crimes Code.

The list of forfeitable crimes doesn’t stop at Pennsylvania’s borders.

The Forfeiture Act includes all federal criminal offenses and another state’s laws that are substantially the same to any forfeitable Pennsylvania crime.

Committing the crime outside your PSERS-related workplace can also lead to forfeiture.

In 1999, Commonwealth Court found that a member forfeited her PSERS benefits even though her offense was related to her public employment position as a tax collector and not her school employment [Public School Employees' Retirement Board v. Matthews, 806 A.2d 971 (Pa.Cmwlt. 1999)]. The ruling, cited in other forfeiture cases, states: “Act 140 contains no requirement that the pension benefits that are forfeited be necessarily connected to the public employment related to [the] crime the public employee committed.”

Forfeiture decisions can be appealed to PSERS Board of Trustees and Commonwealth Court.

But, with the law and precedent on its side, PSERS reminds you: Don’t do the crime if you don’t want to lose the time (and your retirement benefit).

**PSERS**  
5 N 5th Street  
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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.

**Website Address:**  
*psers.pa.gov*

**Email Address:**  
*ContactPSERS@pa.gov*



# PSERS Real Estate Investments

Your PSERS pension benefits are made from three ingredients outlined in state law: employee contributions, employer contributions, and the investment earnings on those contributions.

Investments make up 60% of that pie. But did you ever wonder how PSERS invests for your retirement?

One of the roughly 17 investment strategies PSERS utilizes is real estate.

Since the 1980s, PSERS Investment Professionals, with the input of staff attorneys, outside consultants, and the Board of Trustees, have selectively and purposely purchased real estate. They look for long-term appreciation value.

Those investments are paying off.

PSERS' real estate holdings have earned 8.9%, net of fees, since program inception. That return rate is nearly 23% higher than PSERS' long-term investment goal.

The real estate portfolio was worth \$5.5 billion or about 10% of PSERS' total assets as of September 30, 2018.

In some cases, PSERS owns a portion of the real estate holdings through portfolios and co-investments managed by outside entities. In other cases, PSERS is the sole proprietor.

Between September 2014 and September 2018, PSERS bought seven more properties to increase its direct holdings to 14. Those acquisitions, coupled with the appreciation value of the older properties, increased the collective net value of PSERS' direct holdings to nearly \$508 million.

So, what does PSERS – and as an extension our members – directly own?

How about more than 7,000 acres of farmland in Florida and California. PSERS grows oranges, pistachios, walnuts, almonds and cherries and then sells those commodities to companies that make juice or snacks.

PSERS' direct real estate holdings are not relegated solely to agriculture, either. PSERS owns a high-end mall, the Galleria at Fort Lauderdale in Florida, and a Marriott hotel near Atlanta's international airport.

So next time you are down South for business or pleasure, check out PSERS' digs. And, remember, orange juice and pistachios are not just good for your health, they are good for your retirement, too!



*Photo courtesy of PSERS*

## PSERS Retiree Spotlights

The Pennsylvania Public School Employees' Retirement Act became law on July 18, 1917, and PSERS began operations on July 1, 1919. PSERS is proud to serve public school employees in Pennsylvania by providing secure retirement income for the past 100 years and we will continue our commitment to our members in years to come.

After a long career in public education, PSERS retirees continue their service by positively impacting their communities. A secure retirement benefit provides more freedom to give back and volunteer within local communities, at charities, and non-profits. PSERS worked with the Pennsylvania State Education Association-Retired (PSEA-R) and the Pennsylvania Association of School Retirees (PASR) to identify some retired members volunteering and doing outstanding work in their communities after their retirement. Additional Retiree spotlights are available in the previous issue of PSERS Active Member Newsletter.

### **Susan Luce Owen J. Roberts Retiree**

Since her retirement Susan has been very active with the Women's Auxiliary of Chester County Hospital, the Henrietta Hankin Library of Chester County, and the Mill at Anselma, a national historic landmark since 2005. The Mill became operational before the United States of America declared its independence. Nestled along the Pickering Creek in Chester Springs, Pennsylvania, the Mill at Anselma is an extraordinary artifact of over 250 years of Chester County's industrial history. The 22-acre property and surviving historical buildings demonstrate a heritage engineered to last. Susan is an untiring volunteer in her community!

### **Marie Robinson Owen J. Roberts Retiree**

Marie has devoted countless hours working with the Chester County Hospital Women's Auxiliary. She is currently serving as the President of the Women's Board to Chester County Hospital. Under her leadership \$1.25 million was raised over a two-year period to help improve the hospital's Neonatal Intensive Care Unit. Chester County Hospital hosts the only Level 3 NICU in Chester County. Marie is also an active member of Chester County PSEA-Retired and has been co-coordinator for the retired track at PSEA's Gettysburg Leadership Academy for several years.

### **Ann D. U'Halie Sharon City Retiree**

Ann continues to give back to her Sharon City community after retiring. For 38 years, she has been the volunteer co-chair for Buhl Day, a Labor Day community celebration. Ann has been active in the Sharon Historical Society (board member and secretary), the Sharon Beautification Commission (board member), Sharon Revitalization Committee (co-chair of GIS Mapping Initiative and volunteer), Shenango Valley Gardeners (president), Saint Joseph Church Pastoral Council (secretary), and Waterfire Sharon (volunteer). She also helps students register to vote and volunteers for Education Funding Works.

Ann serves the Mid-western region PSEA-Retired as PACE co-chair.

### **Alice J. Keiner Hanover Area Retiree**

After retiring, Alice became a Master Gardener and volunteers by giving presentations to schools or youth programs, especially about Earth Day activities. She also volunteers at the Wilkes-Barre VA Medical Center every Tuesday and on an as-needed basis. Most of this time is spent with the Alzheimer/Dementia wing and the Community Living Center taking veterans on outings for bowling, movies, shopping, or to eat. Alice also enjoys creating "flowers" for the garden by painting and putting glass dishes/bowls and other items together.



*Photos courtesy of Alice Keiner*

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**Harrisburg PA 17101-1905**

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Important Information from the  
Commonwealth of Pennsylvania