

# SERS News



[www.sers.state.pa.us](http://www.sers.state.pa.us)

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## SERS' Award-Winning Financial Report

*Your Look Inside Your Pension System*

SERS publishes its Comprehensive Annual Financial Report or CAFR each June, detailing its assets and liabilities at the end of the prior year to provide a comprehensive picture of the system's financial condition.

For the past 11 years, SERS has submitted its CAFR for review and potential certification by the Government Finance Officers Association of the United States and Canada (GFOA). And each year, the GFOA has awarded SERS with the Certificate of Achievement for Excellence in Financial Reporting.

The Certificate of Achievement recognizes systems that "go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure."

The CAFR includes an Introductory Section featuring a letter to the Governor providing a brief overview of Fund performance for the year, a list of Board Members and an organizational chart of the agency. The report also includes a Financial Section detailing changes in plan assets, an Investment Section detailing investment returns and policy, an Actuarial Section detailing member data, actuarial assumptions and methods and funding ratios, and a Statistical Section providing additional member and employer data.

"We are committed to being as transparent as possible to our members and the public," said SERS Chief Financial Officer Tony Faiola. "While we are not legally required to produce a CAFR, we do so in the interest of public accountability. Through the CAFR, we make all of this information available in one resource published and then posted to the website each June."

You can view SERS' CAFR library at [www.sers.state.pa.us](http://www.sers.state.pa.us), in the Publications area. ▼



## Annuitants:

### Where Are Our Snowbirds?

Some of our retirees are fortunate enough to escape the cold winters of Pennsylvania to live in warmer climates. If you are one of them, please be sure to notify PEBTF and SERS of your change of address when you leave Pennsylvania AND when you return.

Notifying PEBTF and SERS of your change of address helps to ensure uninterrupted health care benefits, and the timely delivery of important health care and retirement benefit information. ▼

## Increasing the Security of Your Personal Information; SERS Changes the Printing and Mailing of Your 1099-R

To increase the security of your personal information, SERS is implementing a few changes to the printing and mailing of your 2010, **1099-R** tax document. The 2010, **1099-Rs** are scheduled to mail in mid-January 2011.

### Masking Your SSN

The first change is the result of SERS' participation in a pilot program offered by the Internal Revenue Service (IRS) for the 2010 tax year. Through this program, SERS is allowed to mask the first five digits of your Social Security number with Xs. SERS is hopeful that the pilot program will be successful so that the IRS adopts this change into official IRS regulation.

### One 1099-R In An Envelope

The second change applies to those members who receive multiple **1099-Rs** from SERS. This year, **each 1099-R will be mailed in a separate envelope.** Please check to be sure you have received each of your **1099-Rs** from SERS before completing your federal income tax return. How will you know if you should receive more than one **1099-R** from SERS? Check the first digit of the control number printed on your **1099-R.** (see below)

### Unique Control Number

You will see a unique seven-digit control number printed above and to the right of your name and address on each **1099-R**, as seen through the window of the envelope:

- **The first digit** indicates how many **1099-Rs** you will receive from SERS
- **The remaining 6 digits** will be the unique control number assigned by the printer for each individual **1099-R.**

SERS retirement benefits are payable on the last working day of each month. For Annuitants who receive their payments by direct deposit, the money is deposited into the bank account you requested on the last working day of each month. For Annuitants who receive their payments by check through the mail, SERS mails all checks on the next-to-last working day of each month and your check should arrive in the mail within ten business days.

CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code <b>COMMONWEALTH OF PENNSYLVANIA STATE EMPLOYEES' RETIREMENT SYSTEM 30 NORTH THIRD ST STE 150 HARRISBURG, PA 17101-1716</b>		1 Gross distribution <b>\$30,000</b>	OMB No. 1545-0119 <b>2010</b> Form 1099-R		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
PAYER'S Federal ID number <b>23-1732438</b>		2a Taxable amount <b>\$30,000</b>	Total distribution <input type="checkbox"/>		
RECIPIENT'S ID number <b>XXX-XX-0123</b>		2b Taxable amount not determined <input type="checkbox"/>	5 Employee contributions		<b>COPY B</b> Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.
RECIPIENT'S name, street address, city, state and ZIP code <b>JOHN Q PUBLIC 123 MAIN ST ANYTOWN PA 12022</b>		4 Federal income tax withheld <b>\$5,000</b>	7 Dist. code(s) <b>7</b>		
<b>2123456</b>		9a Your total dist. % <b>7</b>		9b Total employee contributions	

Form 1099-R Department of the Treasury - Internal Revenue Service

**NOTE:** Since this edition of the newsletter was prepared in September, placement of the unique control number was moved directly above your name and address. see **1099-R** - back page

### PEBTF Open Enrollment

Open enrollment for all Non-Medicare Retirees will be September 20 - October 29, 2010.

There are plan changes for 2011, so please watch your mail for important updates from the PEBTF.

Additional information regarding the changes is available on the PEBTF website, [www.pebtf.org](http://www.pebtf.org), and by contacting the PEBTF at 1-800-522-7279. 📌

### January 2011 Payment Dates

Checks mail out of Harrisburg: Jan. 28

Payments by direct deposit: Jan. 31

A complete 2011 payment date calendar will be mailed to you in January, as part of your annual **Personal Statement of Retirement Benefits.**

# Counselor

## Q & A

**Q. Can I take a loan from or borrow against my SERS benefit?**

**A.** No. Under Pennsylvania law, your SERS retirement benefit cannot be accessed by you or any other party **until you retire**. The only exception is that the Commonwealth can collect any debt you owe as a result of your employment – such as excess leave usage – from your retirement benefit at the time you terminate State service.

This means that no other creditor can reach your retirement benefit before you retire. It also means you can't borrow from your SERS retirement benefit or pledge your accrued benefit as security for a third-party loan.

After you retire, SERS may only pay your retirement benefit to someone other than you or your representative in very limited circumstances including: cases involving an approved domestic relations order; a federal tax levy; or you are convicted of or plead guilty to a crime listed in the Public Employee Pension Forfeiture Act. 📌

### *Pension Funding Debate Update*

As this edition of the SERS News went to press, the Legislature was continuing debate on how best to address the fast-approaching pension funding rate spike.

As mentioned in the last edition of the newsletter, HB 2497 was introduced to deal directly with the rate spike. Since then, the bill has been amended to include benefit rollback provisions **for new members only**, effective Jan. 1, 2011, if signed into law during this legislative session.

This summer, the amended bill passed the House and moved to the Senate where further amendments are being considered, but it is not yet known whether any pension reform legislation will become law this year.

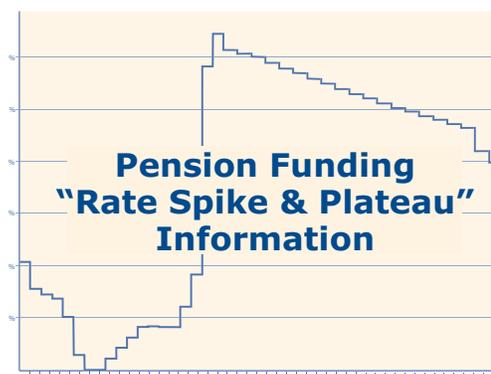
You can read a Member Update explaining HB 2497 and stay informed of developments on this debate on the **Pension Funding** page on the SERS website. Visit [www.sers.state.pa.us](http://www.sers.state.pa.us) and click on the **Pension Funding “Rate Spike and Plateau” Information** graphic. 📌

**Q. Would SERS ever release information about me or my SERS benefit to a third party?**

**A.** Yes, SERS may be required to release information from your member record pursuant to a subpoena or Right-to-Know Law request.

While SERS will protect information in your member record as permitted by law, certain information, including your name, years of Credited Service and retirement-covered compensation as reported to SERS, are public records that in most cases SERS is legally obligated to disclose in response to a Right-to-Know Law request.

That said, all SERS retirement counseling matters – including the fact that you spoke to a Retirement Counselor – are confidential. SERS will not release counseling-related information including retirement estimates to anyone other than you without your written authorization to do so or as required by law. 📌



Visit [www.sers.state.pa.us](http://www.sers.state.pa.us) and click on the graphic shown above to stay informed of developments in the pension funding debate.

SERS has seven Regional Retirement Counseling Centers throughout the Commonwealth serving Active Members based on their work location, and Retirees, Survivor Annuitants and Beneficiaries based on their residence location.

Retirement Counselors are available in each center to answer questions you may have about your retirement benefit. You can reach your Retirement Counselor by calling 1-800-633-5461.



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State Employees' Retirement System  
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## 1099-R - from page 2

For example, if you receive a **1099-R** from SERS with the control number 2123456, based on the first digit being a “2” you should expect to receive two **1099-Rs** from SERS. Your second **1099-R** will be mailed in a separate envelope and will have a different control number that also begins with a “2.”

You could receive more than one **1099-R** if:

- **you received payments from more than one benefit account during the tax year.** For example, you received your Annuity as a Retiree and you also received a lump sum payment at some point during that tax year as a Beneficiary of another deceased member's benefit.
- **you retired during the tax year and elected a rollover and/or lump sum payment of your Accumulated Deductions at retirement.**
- **you retired before the age of 59½, but turned 59½ during the tax year.** According to IRS regulations, SERS must code Box 7 of your 1099-R differently for annuity payments made to you **before you turned 59½** (Distribution Code 2, “Early Distribution exceptions apply”), and **after you turned 59½** (Distribution Code 7, “Normal Distribution”)

**Be sure to look at Box 7 for the different distribution codes**, in order to distinguish the difference between multiple **1099-Rs**. This is especially important if you turn 59 ½ in June as all other information will appear exactly the same on two **1099-Rs**. ▼