

PENSION PLAN DECISION 2019

If you are an active member of this system on December 31, 2018 and January 1, 2019, in other words, if you are contributing toward your SERS pension as a state employee, you will have a decision to make in early 2019:

- Do nothing and continue earning your SERS pension as you do now or
- Switch to one of three optional retirement plans.

We will mail you information later next year about your choices. In the meantime, here is a quick summary of your options.

This past June, Governor Wolf signed into law Act 2017-5 creating two "hybrid" defined benefit pension/defined contribution investment plan options and one straight defined contribution plan.

What's a "hybrid" plan?

A hybrid plan provides a final retirement benefit based on:

- A calculation that takes into consideration your years of service and salary that will be paid in equal monthly payments for your lifetime – the pension plan portion
- The amount of money you accumulate through your personal investment choices – the investment plan portion

The pension portion of both hybrid benefit options will grow at a slower rate each year than your current SERS benefit.

What's the defined contribution plan?

Similar to a private sector 401(k) plan, the amount of money you have for retirement will be based on your personal investment choices and the investment markets.

WHAT HAPPENS TO MY SERS PENSION AFTER I DIE?

There are some things you can do now to help those who will be responsible for handling your business affairs after your death.

An easy one is to file this newsletter in a safe place with your other important records so that whomever you have entrusted to handle your affairs after your death will know what to do.

(continued page 2)

Visit
SERS.PA.GOV
to learn about our
DEFERRED
COMPENSATION
plan and tell us how
we can better serve
your retirement
needs.

BENEFICIARY ... SURVIVOR ... WHAT'S THE DIFFERENCE?

Unlike other retirement plans, your SERS pension does not include any spousal rights. That means that if we have no beneficiary form on file when you die, we must pay any death benefit to your estate and it will likely be subject to estate taxes.

If the beneficiary form in your member record is out of date, we may be forced to pay someone whom you would no longer want to receive your death benefit.

A **beneficiary** is the person or persons, estate, or trusts you name to receive any death benefit payable from your SERS retirement benefit after you die.

A **survivor** is the person you name to receive monthly payments after your death for their lifetime, as part of the benefit payment option you select at retirement.

So, what does that mean for me?

Active members (current state employees)

It is important that you maintain a current beneficiary form in your member record. You can access a blank beneficiary form at www.SERS.pa.gov/forms_active_members.aspx.

Retired members

Whether you need to maintain a current beneficiary form in your member record depends on the benefit payment option you chose when you retired and if there is any death benefit to be paid.

If you chose the Maximum Single Life Annuity or the Option 1 payment option, the death benefit amount is reduced with each pension payment you receive in retirement. The statement we mail to you each January will list "Your Remaining Present Value/Death Benefit." If you see an amount listed there, it is important to maintain a current beneficiary form. You can access a blank beneficiary form at www.SERS.pa.gov/forms_retired_members.aspx.

If you chose a survivor payment option, there is no need for you to file beneficiary forms.

Beneficiary forms are also available by calling 1.800.633.5461.

KEEP YOUR BENEFICIARY INFORMATION UP TO DATE

Download a blank beneficiary form at www.SERS.pa.gov

WHAT HAPPENS TO MY SERS PENSION AFTER I DIE? (from page 1)

Notify SERS of a Member's Death

Call SERS as soon as possible at 1.800.633.5461 and provide the deceased SERS member's:

- Name
- Social Security number
- Date of death

Also provide your name and contact information so that SERS staff can reach you with questions, information, and instructions.

SERS will then research the deceased member's record for a beneficiary form or any other instructions.

BEWARE OF “SERS PENSION EXPERTS”

Please be wary of financial planners who advertise and present themselves as “SERS pension experts.”

We have a staff of retirement counselors trained in every aspect of this plan at seven regional locations across the state to serve you. Whether you are currently working for the commonwealth or you have already retired, you can call 1.800.633.5461 to speak with a SERS retirement counselor.

“While we encourage you to contact a qualified financial planner to advise you as

you prepare for retirement, and even to bring them with you when you sign your benefit application,” explained SERS Office of Member Services Director Joseph Torta, “make sure that the advisor’s main goal is your overall financial well-being and not simply to sell you investment products.”

While our counselors cannot advise you regarding your personal financial matters, they will be happy to speak with you about any aspect of your pension benefit completely free of charge.

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PROTECTING YOUR MEMBER INFORMATION

We take the security of your member information very seriously and have implemented safeguards to minimize the risk of a bad actor making fraudulent changes to or gaining access to your information.

That is why only you or the person you name as your agent in an approved Power of Attorney can change your member information such as your mailing address, beneficiary designation, or the financial institution that receives your direct deposit payment.

Mailing address and beneficiary changes must be in writing and signed by you or your agent; and beneficiary changes should be witnessed by two people.

Changes to your financial institution can only be made by submitting the instructions on a pre-populated SERS form, part of which must be completed and signed by a representative of the new financial institution. Also, once you select direct deposit, you cannot opt to receive a paper check at a later date.

We are very cautious about releasing member information too. We will release your information only as required by law, such as in response to a subpoena, or in response to a written request by you, your agent, or someone to whom you have expressly authorized us to release the information.

In the event a security breach would ever occur, it would be immediately reported to the Pennsylvania Office of Attorney General.



STATE EMPLOYEES' RETIREMENT SYSTEM

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