

Spring/Summer 2017

MONITORING POSSIBLE PENSION CHANGES

In the coming months you are likely to hear mentions of potential changes to the SERS pension benefit as legislators and the Governor continue to negotiate the state budget.

Keep in mind that the SERS benefit is defined by law, the State Employees' Retirement Code. Changes to the benefit require a legislative amendment to that law. In other words, changes must be introduced as a bill, approved by both the House and the Senate, and then signed into law by the Governor.

Once a pension bill, or any other bill, is introduced, you can track its progress on the General Assembly's website, www.legis.state.pa.us.

It is important to note that the pension-related bills introduced but not signed into law over the last few years would have changed the benefit earned by future members and by current members in **future years**. None of the bills would have changed the pension currently paid to retired members.

Early Retirement Incentive

In his budget address in early February, the Governor mentioned offering a new early retirement program. At the time this newsletter went to print, we had no information on who may be eligible to participate in this potential early retirement program and no bill has been introduced that would provide for this benefit change.

Change from Traditional Pension Structure

In earlier sessions of the General Assembly, several pension-related bills were introduced and moved through different stages of the legislative process. The beginning of 2017 marked a new session of the General Assembly. As a result, all bills must start at the beginning of the legislative process – they must be introduced in either the House or the Senate. At the time this newsletter went to print, two bills have been introduced and must now go through the legislative process.



SIGN UP FOR MEMBER ACCOUNT ACCESS

Sign up for SERS online member services including access to past and current member statements, tax documents for retired members, and calculators to estimate your benefit.

Go to www.SERS.pa.gov and click the Member Sign In link to set up your account today!



RECENTLY GET A RAISE?

Consider adding to your deferred comp contributions. Because of the pre-tax nature of the deferred comp program, employees who choose to contribute more can, in many cases, see more in their retirement savings and their paychecks. Learn more on page 3.

ACTIVE MEMBERS: HAVE YOU CHECKED YOUR BENEFICIARIES?

One of your most important responsibilities as an active SERS member is to ensure that you always have an up-to-date *Beneficiary Nomination* form on file with us.

We are legally bound to honor the last properly filed beneficiary form in our possession.

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

If the form on file with us is out of date, we may be forced to pay someone whom you no longer want to receive your death benefit.

The annual statement we mailed to you last month lists the beneficiaries we have on file for you as of December 31, 2016, see the top of page 2. If that list is no longer correct, you can print a new form in our Active Members section at www.SERS.pa.gov

YOU HAVE MAIL ... BUT WILL YOU GET IT?

Early each year we mail you a personalized statement detailing the status of your pension benefit at the end of the prior year. We also mail each retiree at least one personalized tax document. We mailed more than 382,000 annual statements and tax documents combined this year.

At the time this newsletter went to print, the U.S. Postal Service had returned more than 5,000 of those mailings to us as undeliverable due to a bad address.

If you did not receive your annual statement, please notify us of your current address.

Active Members: Please notify your employer of your current address. Each pay period your employer sends us updated information about you, including your address.

Retired Members: Please complete an *Annuitant Change of Address* form. Forms are available in our Retired Members section at www.SERS.pa.gov and upon request by calling 1.800.633.5461.

Your 2016 Contributions & Interest				Your Beneficiaries		
Your Contribution Rate The amount of money that you deposit each month. The rate is set for the year based on your total cost of service and is guaranteed by your membership contract.				Beneficiary information provided to SERS before 1993 or involving special circumstances may not appear. Up to ten are shown; however, you may have more in your retirement record. Please contact us if you do not want your beneficiaries listed on future statements.		
Your 2016 Contributions Your Total as of December 31, 2016				Beneficiary Information Beneficiary information provided to SERS before 1993 or involving special circumstances may not appear. Up to ten are shown; however, you may have more in your retirement record. Please contact us if you do not want your beneficiaries listed on future statements.		
Your Lump Sum Payments If you received a lump sum payment in 2016, it is shown here.				Beneficiary Information Beneficiary information provided to SERS before 1993 or involving special circumstances may not appear. Up to ten are shown; however, you may have more in your retirement record. Please contact us if you do not want your beneficiaries listed on future statements.		
Your Payments Any amount you paid to SERS through payroll deductions during 2016 is shown here.				Beneficiary Information Beneficiary information provided to SERS before 1993 or involving special circumstances may not appear. Up to ten are shown; however, you may have more in your retirement record. Please contact us if you do not want your beneficiaries listed on future statements.		
Your Interest Credited in 2016 Total as of December 31, 2016				Beneficiary Information Beneficiary information provided to SERS before 1993 or involving special circumstances may not appear. Up to ten are shown; however, you may have more in your retirement record. Please contact us if you do not want your beneficiaries listed on future statements.		
Your Total 2016 Year-To-Date Adjustments Total as of December 31, 2016				Beneficiary Information Beneficiary information provided to SERS before 1993 or involving special circumstances may not appear. Up to ten are shown; however, you may have more in your retirement record. Please contact us if you do not want your beneficiaries listed on future statements.		
Your Total 2016 Year-To-Date Adjustments Total as of December 31, 2016				Beneficiary Information Beneficiary information provided to SERS before 1993 or involving special circumstances may not appear. Up to ten are shown; however, you may have more in your retirement record. Please contact us if you do not want your beneficiaries listed on future statements.		
Taxable Breakdown of Your Account Pre-1987 After-Tax Contributions: Pre-1987 after-tax contributions are not taxable until you receive a lump sum payment or annuity.				Beneficiary Information Beneficiary information provided to SERS before 1993 or involving special circumstances may not appear. Up to ten are shown; however, you may have more in your retirement record. Please contact us if you do not want your beneficiaries listed on future statements.		
Your Debts to SERS Repayment Balance: If you have a loan from SERS, the balance is shown here.				Beneficiary Information Beneficiary information provided to SERS before 1993 or involving special circumstances may not appear. Up to ten are shown; however, you may have more in your retirement record. Please contact us if you do not want your beneficiaries listed on future statements.		
Total Taxable Credited Interest SERS is a qualified defined benefit plan under the Internal Revenue Code, Section 408(a).				Beneficiary Information Beneficiary information provided to SERS before 1993 or involving special circumstances may not appear. Up to ten are shown; however, you may have more in your retirement record. Please contact us if you do not want your beneficiaries listed on future statements.		
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PENSION FORFEITURE

Did you know that if you violate the public's trust by committing certain crimes in connection with your public employment, you could forfeit your pension?

The Public Employee Pension Forfeiture Act 1978-140, commonly referred to as "Act 140" applies to SERS members who commit certain crimes in relation to their public employment. If you are convicted of, or plead guilty or no contest to, a crime listed in Act 140, or a federal crime substantially similar to one of the listed crimes, pension forfeiture is triggered.

Pennsylvania courts have held that SERS has no discretion in applying the law.

Details on pension forfeiture, including the list of Act 140 crimes, are available at www.SERS.pa.gov.

If pension forfeiture is triggered, the entire pension is forfeited. That means the years of service that the member accumulated toward their SERS pension are forfeited and can never be purchased toward a later

pension. It also means that any payments that are to be made to another person from a SERS member's pension as part of a divorce, for instance, court ordered support payments or equitable distribution, no longer exist.

In addition, the contributions and interest the member made toward their pension may be attached for fees and restitution related to their Act 140 conviction.

The Pennsylvania Constitution and Judicial Code also contain forfeiture provisions that apply to members of the judiciary who are removed or barred from office by the Court of Judicial Discipline. Judicial forfeiture can occur even if no crime has been committed.

It does not matter if the crime is relatively minor compared to the value of pension benefits – if pension forfeiture is triggered, SERS has no discretion, we must act on that forfeiture.

DEFERRED COMP CAN HELP YOU SAVE MORE FOR RETIREMENT

Did you know that you can choose to defer a portion of your pay and invest it in the Commonwealth of Pennsylvania Deferred Compensation Program, commonly referred to as "deferred comp."

You can defer as little as \$5 from your pay each pay day or any amount up to the IRS limit. (For 2017, the base limit is \$18,000 annually.)

The program features a range of low-cost investment options -- from conservative to aggressive. You can easily change the amount you defer and your selected investment funds. You can also transfer money between your funds whenever you choose.

Remember, when you leave state employment, you can roll your leave payout into your deferred comp account, within IRS limits.

To learn more, visit www.SERS457.com or call 1.866.737.7457



STATE EMPLOYEES' RETIREMENT SYSTEM

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