

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](http://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](http://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.



## 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](http://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](http://www.SERS457.com) or call 1.866.737.7457



**pennsylvania**

STATE EMPLOYEES' RETIREMENT SYSTEM

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