

Spring/Summer 2020



MESSAGE FROM SERS EXECUTIVE DIRECTOR

Hello!

I hope this newsletter finds you and your family safe and well!

Without doubt, the past few weeks of COVID-19 pandemic mitigation efforts have abruptly changed our daily lives.

Abrupt change has been the theme here at SERS too! Staff have been working to update in-person and on-location retirement-related processes to those that can be accomplished remotely with minimal in-office staff required. What hasn't changed is our dedication to you!

If you are a retiree, beneficiary or survivor, counting on your retirement benefit payments to live, you'll be relieved to know that working closely with the PA State Treasury, we continue to process your retirement benefits without interruption. In addition, we continue to transfer your health care premium payments to the PEBTF without interruption.

If you are an active member, working closely with the PA Department of Revenue, we continue to collect and post contributions to your retirement accounts without interruption. With new remote-work processes in place, we have also resumed retirement counseling and retirement application processing.

In fact, SERS is operational in every business area. (See *SERS Services Returning During Quarantine*, for more details.)

And here is something you may not have heard yet: if you participate in the Deferred Compensation Plan, and suffer a hardship from COVID-19, you may qualify for an early withdrawal from your deferred comp account on a tax-penalty-free basis according to a new plan provision approved by the SERS Board on Fri. April 3.

While this new provision can be a real lifeline to assist with immediate living expenses, please balance the option against the impact it could have on your long-term retirement readiness. Empower's Retirement Solutions Group is available to help you through these considerations. For more details on this provision, see the red bar at www.SERS.pa.gov.

Be safe and well, and rest assured that we are working to serve you during this unusual time.

Terri Sanchez
SERS Executive Director



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1.800.633.5461



Defined Contribution Plan
SERSInvestmentPlan@pa.gov
1.800.633.5461, option 1



Deferred Compensation Plan
SERSDeferredComp@pa.gov
1.800.633.5461, option 1

www.SERS.pa.gov

SERS SERVICES RETURNING DURING QUARANTINE

Even though state offices are closed due to the Coronavirus outbreak, SERS staff continue working hard to serve you. We are happy to report that we are operational in every one of our business areas. For up-to-date information on SERS operations during the COVID-19 pandemic, see the red bar at www.SERS.pa.gov. Here is a summary of the services available when this newsletter went to print.

Retirement Benefits Continue Uninterrupted

Whether you receive monthly pension payments from your Defined Benefit Plan, or distributions from your Deferred Compensation Plan or Defined Contribution Plan – your payments have been and will continue uninterrupted.

Pension Retirement Application Counseling and Processing Resumed

We have updated our processes and secured equipment to support a new remote retirement application process. We ask for your patience as we adjust to these modified operations and focus first on those retiring in the next few weeks.

- If you are **planning to retire in April or May**, SERS retirement counselors are now available to help you by phone and e-mail, at 1.800.633.5461 and ra-SERSretc@pa.gov. There are some documents that will need to be exchanged by mail for signature purposes.
- If you are **planning to retire in June or later**, our retirement counselors will be available to assist you in mid-to-late April. Until then, the Guide for Retiring Members walks you through a number of important retirement questions. Working through these questions now will help prepare you for the important decisions you will make on your retirement application.

Deferred Comp and Defined Contribution Plan Questions Answered Remotely

While Empower Retirement has cancelled in-person meetings for now, their representatives handle participant inquiries by phone, e-mail, and video conference. You can reach them by calling 1.800.633.5461, option 1, by e-mailing SERSDerferredComp@pa.gov or SERSInvestmentPlan@pa.gov, and by signing into your online account at <https://sers.empower-retirement.com>.

Retired Employee Health Program Enrollments & Changes Resumed

New enrollments as well as beneficiary changes, premium deductions, and coverage cancellation processing has resumed.

Other Member and Participant Services Are Up and Running

Pension plan death benefits, refunds, W-4P tax withholding forms, direct deposit forms, beneficiary forms, pension verifications, and all other activities have resumed.

2019 Active Member Statements Delayed

We are working to issue the statements as soon as possible. Because the printing is done by an outside vendor whose activities are restricted, we will have an estimated date as soon as we know when restrictions on non-essential businesses will be lifted. In the meantime, however, you can review your SERS retirement benefits online:

- **Defined Benefit (pension) Plan** – If you're a member of this plan, you can view the years of service credited toward your pension, the total contributions you've made toward your pension and the interest you've earned on those contributions at <https://members.sers.pa.gov>. You can also produce pension estimates using the Custom SERS Benefit Calculator, which pulls information from your official SERS record.

- **Defined Contribution Plan** – If you’re a participant in this plan, you can check your beneficiaries, account balance, investment options and contribution amounts at <https://sers.empower-retirement.com>.
- **Deferred Compensation Plan** – If you participate in this voluntary supplemental plan, you can check your beneficiaries, account balance, investment options and contribution amounts at <https://sers.empower-retirement.com>.

As before, you can make changes to your deferred comp and defined contribution accounts and update your beneficiaries online. In addition, there are several educational resources on investing and personal finance, and interactive tools available on the website.



MANAGING YOUR INVESTMENTS THROUGH MARKET VOLATILITY



If you are considering making changes to your investment accounts due to recent market volatility, consider the following insight from groups who have studied market movements throughout history. While it is true that past performance doesn’t equal future performance, their insights offer some perspective that could serve you in retirement.

Keep a Long-Term Perspective

“Retirement plans are inherently long-term investments. Short-term market volatility shouldn’t change long-term saving or investment strategies,” according to Empower Retirement, the third-party administrator of our defined contribution and deferred comp plans. “Retirement strategies should be based on an investor’s personal situation, goals, risk tolerance and time horizon until retirement.”

Callan, SERS’ investment consultant, offers a long-term view of the COVID-19 impact, explaining that “As with other market-shaking events, this too shall pass.”

While performance cannot be guaranteed, if you are invested in the default investment option for the deferred comp and defined contribution plans – the target date fund for your age – your investment portfolio is professionally managed and designed to be well-diversified over the long term.

Avoid Knee-Jerk Sales

Vanguard Group founder Jack Bogle, credited with creating the first index fund, gave the following advice during past periods of market volatility, “The expression is ‘don’t just stand there, do something’ and the best rule I think is ‘don’t do something, just stand there.’” in reference to volatile markets.

A recent report from Empower echoes that sentiment, explaining that, “the market has tended to reward those investors who don’t get rattled during market declines and stick to a long-term investment strategy. The largest upward movements in stock prices often occur off the bottom of market declines.”



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HOW DOES THE SECURE ACT APPLY TO ME?

The federal government passed the SECURE (Setting Every Community Up for Retirement Enhancement) Act in December 2019. The law impacts different retirement plans in different ways. Here are some frequently asked questions and answers on how it impacts the Defined Benefit (pension) Plan:

Does the SECURE Act change the age at which a withdrawal of my contributions and interest is subject to a required minimum distribution when I retire?

Yes. The SECURE Act changed the age to 72 (from age 70½). Once you reach age 72, the amount of money you can roll over into a qualified plan at retirement is limited due to the required minimum distribution requirement.

I am already retired, and I am receiving my contributions and interest in annual installment payments, but I am not yet 72. Does this mean the dial for my required minimum distribution will be “reset” to age 72?

No. Once your required minimum distributions have begun, the SECURE Act doesn't affect those payments, even if you are not yet age 72.

Does the SECURE Act allow me to withdraw my pension funds prior to retirement?

No. SERS members cannot withdraw their contributions and interest prior to retirement for any reason. The SECURE Act does not change that.

I am still working but plan to retire soon. How do I know if my required minimum distribution is based on age 70½ or age 72?

If you were born after June 30, 1949, the new age 72 required minimum distribution rule will apply to your withdrawal.