In your defined benefit pension plan, your benefit is defined by a calculation that considers your years of service and salary. Your benefit grows each year based on an annual benefit accrual rate and, when you retire, is paid to you in equal monthly payments for your lifetime. In this type of plan, the majority of the investment risk is on the plan provider.

**Contributions**
You and your employer contribute to your pension each pay period.

Your employer automatically withholds a percentage of your pay and transfers it to SERS – that is your contribution toward your pension.

Your employer also contributes an amount calculated each year, based on the assets and liabilities of the SERS pension fund, and transfers it to SERS – that is your employer’s contribution toward your pension.

The percentages are set by law in the State Employees’ Retirement Code and are generally fixed with the exception of a shared-risk/shared-gain provision on your contribution. If SERS investments fail to achieve the assumed rate of return over a number of years; or conversely, if SERS investments outperform the assumed rate of return over a number of years, your contribution rate could change by no more than 3% over the base rate for your class of service in the pension system.

**Vesting**
Vesting in this type of plan refers to when you earn the right to monthly pension payments. You are eligible for monthly pension payments after working 10 years.

In other words, if you leave state employment before you work 10 years, you would have a right to a return of your contributions and interest (4% statutory interest, compounded annually); however, you would not have a right to monthly pension payments.

**SERS Disability Retirement Benefit**
If you become unable to perform your job because of injury or illness and qualify, based on years of service and a review by an independent medical examiner, the pension portion of your retirement benefit includes a disability retirement benefit. The benefit provides monthly pension payments and for those employees under the Governor’s jurisdiction and most independent employers, majority state-paid retiree health insurance for the term of your disability retirement benefit.
Purchase Service Toward Your Pension
If you have any previous military, educational, or state service for which you did not contribute toward a SERS pension, or for which you withdrew your contributions when you left employment, you may be able to purchase that service so that it counts toward your SERS pension.

Combine Your School & State Service
If you worked for a public education employer in PA and have credited service with the Pennsylvania Public School Employees’ Retirement System (PSERS), you may be able to combine your school and state service into a single pension by electing “multiple service” within the first 365 days of your SERS membership. In many cases, a pension calculated on your total service credit from both systems combined is larger than the payments you would receive from each system individually.

Payment Options
After vesting, you earn the right to receive a pension payment every month for as long as you live. The annual amount of your payment is determined by the above benefit calculation and your age at retirement. You also have the option to withdraw your contributions and interest at retirement in a lump sum, in addition to receiving monthly pension payments for life. Any withdrawal will impact your pension amount. While each payment option provides you with a monthly payment for life, one provides the highest monthly payment, one ensures that the full amount to which you are entitled over your expected lifetime is paid to you and/or your beneficiaries, and others provide monthly payments to someone else for their lifetime after your death.