

NEW VIDEO TO HELP YOUR NEW HIRES UNDERSTAND THEIR RETIREMENT PLAN OPTIONS



Most new members have 45 days to choose to stay in the default Hybrid Plan retirement benefit option or to switch to one of their other two options.

We recently added a video to our website that walks new employees through all three of their retirement plan options.

It describes the Hybrid Plan and the two Hybrid Plan options, and the straight Defined Contribution Plan option. It explains the difference between a pension and investment account, and how both are funded.

Take a couple minutes to check out the new video for yourself.

Other resources to help your new hires as they consider their retirement plan options are available on the [New Members](#) page of our website.

This video does not apply to recently rehired employees (those who contributed to a SERS retirement benefit in the past) or those hired into certain hazardous duty law enforcement or security positions.

PENSION PLAN CONTRIBUTION RATE CHANGES FOR FY 2021-22

The amount you contribute toward your employees' pensions will increase slightly beginning July 1, 2021.

The amount is based on a percentage of each employee's pay, depending on their class and category of service in the pension system. We sent your payroll, human resource, or finance office staff notice of the new contribution rates in early May and we posted the [new rates on our website](#).

Each year an independent actuary conducts a valuation of the pension system to determine

the amount of money the fund will need to pay pension benefits to our members for their expected lifetimes. The valuation is based on financial and membership data prepared by our staff and makes use of several economic and demographic assumptions, including life expectancy, salary increases, inflation rates, and investment returns to calculate the employer contributions necessary to adequately fund the plan.

The rates for FY 2021-22 are based on the 2020 valuation, published in the [2020 Actuarial Report](#).

DEFINED CONTRIBUTION PLAN PER-PARTICIPANT CHARGE DECREASE

This July, you will receive your annual Defined Contribution Plan administration invoice that reflects a **lower** per-participant charge than you paid for the current fiscal year.

The per-participant charge is based on the cost of operating the plan and the total number of employees actively enrolled in the plan as of the prior December 31.

DEFINED CONTRIBUTION PLAN PER-PARTICIPANT CHARGE DECREASE

For FY 2021-22, the per-participant charge is \$165.64, which is lower than the current fiscal year*, due to:

- The lower budget reflecting cost savings initiatives
- Act 2020-94, which allowed us to use “unvested” employer contributions for plan administration. Employees are “vested” in the Defined Contribution Plan after working three years. If an employee leaves state employment before they are vested, the contributions their employer or employers made toward their personal investment account stay in the plan as “unvested” contributions.
- Credit for projected current fiscal year surplus
- The increase in the number of active participants in the new retirement plan that opened to participants in 2019

* The per-participant charge for the current fiscal year was \$668.77.

E-MAIL REMINDERS HELP YOUR NEW HIRES WITH THEIR RETIREMENT BENEFIT OPTIONS

In most cases, when you hire a new employee who never contributed to a SERS retirement plan in the past, they have 45 days to pick one of three retirement benefit options, including the default option. Exceptions include those hired into [certain hazardous duty law enforcement or security positions](#).

During their first few months on the job, new hires are going through a lot of change, learning a significant number of new processes, and meeting many new people. All that change makes it easy for a new hire to forget about considering their retirement plan options and completing the necessary forms to protect their retirement plan assets.

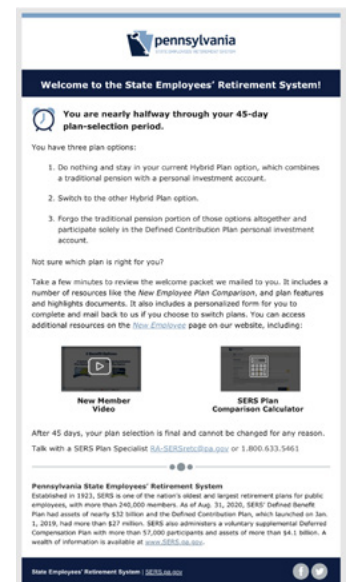
That is why we developed two automated e-mails to remind new hires of their retirement plan selection deadline and other plan decisions they need to make:

1. Approximately half-way through the 45-day plan-selection period, an e-mail reminds them of their retirement benefit options and deadline. It features resources to help them choose the plan that is right for them, including a link to the new member video.
2. Shortly after the 45-day plan-selection period expires, an e-mail reminds them to set up their personal investment plan account, select their investments, and name retirement plan beneficiaries.

We have partnered with the Office of Administration to get these e-mails to the new hires working in agencies under its jurisdiction. Employees have shown a great deal of interest in the e-mails. Approximately 40% of recipients have opened them, which is very strong compared to the industry average* open rate of approximately 17.13%. And, employees are responding to the e-mails with approximately 35% of recipients clicking through to a linked resource, which is very high compared to the retirement industry average* e-mail click rate of 10.65%.

If you work for an employer outside the Office of Administration and you would like your new hires to receive these e-mail reminders too, please e-mail us at RA-ERCOMMUNICATIONS@pa.gov.

*All Industries – [Overall Average](#) published by Constant Contact on April 28, 2021.



NEW INFORMATIONAL WEBINARS

There are informational webinars available on our website on a wide range of topics that could help your employees understand the pension plan and how the voluntary Deferred Compensation Plan can supplement their retirement income to enhance their financial security. The [pre-recorded webinars](#) are available in the Resources area of our website and can be viewed at any time that is convenient for them.

Defined Benefit Pension Plan Webinars

One webinar covers pension plan basics, including an introduction to an employee's class of service in the pension system, how their pension will be calculated, and when they qualify for a pension that isn't reduced for early retirement.

For your employees who are nearing retirement, there are additional webinars dedicated to this important milestone that will walk them through a couple key decisions they will need to make at retirement and a timeline of pension-related activities leading up to their planned retirement date.

Deferred Compensation Plan Webinars

Whether your employees are already deferred comp participants or they are looking for more information about the plan, the deferred comp webinars will provide them with a brief overview of the benefits of having a deferred comp account, the types of rollovers they can make into a deferred comp account, their investment options, investing basics, online resources available to plan participants, and support from the plan's third-party administrator.

The deferred comp webinars are targeted to active SERS members who are working for an employer that participates with the Deferred Compensation Plan.