

## CHECK OUT SOME OF YOUR RETIREMENT PLAN RESOURCES

For more than 20 years, our nation has designated April as National Financial Literacy Month, a time to recognize the importance of financial education. This year was no different. The goal is to empower individuals with the knowledge and skills necessary for sound financial decision making.

As commonwealth employees, one of our largest financial assets is our retirement benefit. So, this year we dedicate this edition of *SERS News* to the resources available to help you better understand your retirement benefits.

While many resources are plan-specific, there are two key resources that cover multiple SERS-administered plans:

- [Active member annual statement](#) –

If you are currently working for a SERS-participating employer, you receive your personalized statement each March. It provides a snapshot of **all** your SERS retirement plans as of Dec. 31, whether you have one or multiple plans. It also lists the number of beneficiaries you have on file for each plan, unless you provided your beneficiaries to SERS before 1993 or have asked SERS not to list your beneficiaries. It is a key tool as you plan for retirement.

*\*Annuitants, your annual statement is mailed to you each January and details your Defined Benefit (pension) Plan payments, as described on pg. 3 under Personal Statement of Pension Payments.*

- [Webinars](#) – Our webinars cover a range of topics in pre-recorded and live format. (For more information, see *Informational Webinars Available to You*, pg. 5.)



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### DEFINED CONTRIBUTION PLAN

## YOUR VOLUNTARY CONTRIBUTIONS SHOULDN'T BE SO TAXING!

Making extra contributions to your retirement is always a good idea. Making sure taxes don't take an oversized bite out of your contributions is even better!

Voluntary contributions are the money you contribute toward your retirement account on your own, aside from what is withheld from your pay by your employer and deposited into your retirement investment account on your behalf.

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# YOUR VOLUNTARY CONTRIBUTIONS SHOULDN'T BE SO TAXING!

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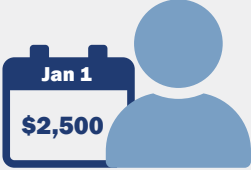


While you can't make voluntary contributions to your Defined Benefit (pension) Plan, you may contribute to the Defined Contribution Plan or the Deferred Compensation Plan, depending on your eligibility.

Investing that money in the Deferred Compensation Plan instead means you'll only be taxed at one point or the other, depending on whether you make traditional contributions or Roth contributions. That means more money to use during retirement.

## Voluntary Contribution Tax Considerations

Sally starts working for the commonwealth at age 25 and makes a voluntary contribution of \$2,500 on Jan. 1 each year until she retires when she's 60.

Assuming Sally makes an annual investment return of 6% on her contributions, and pays 20% tax on contributions, when applicable, and 20% tax on gains, when applicable, see how the taxes impact how much she has for retirement, below.

	 <b>DEFINED CONTRIBUTION PLAN</b> <small>Investment Option</small>	 <b>DEFERRED COMPENSATION PLAN</b> <small>Supplemental Benefit</small> <b>Roth Contributions</b>	 <b>DEFERRED COMPENSATION PLAN</b> <small>Supplemental Benefit</small> <b>Traditional Contributions</b>
<b>Contribution Phase</b>  <b>Jan 1</b> <b>\$2,500</b> <b>Total \$87,500</b>	-\$17,500 tax <b>\$70,000</b> net contributions	-\$17,500 tax <b>\$70,000</b> net contributions	<b>\$87,500</b> net contributions
<b>Investment Phase</b>  Assuming <b>6%</b> annual investment return	\$166,242 earnings <b>\$236,242</b> balance	\$166,242 earnings <b>\$236,242</b> balance	\$207,802 earnings <b>\$295,302</b> balance
<b>Spend-Down Phase</b>  Income in retirement for groceries, utilities, etc.	-\$33,248 tax on gains <b>\$202,994</b> income	<b>\$236,242</b> income	-\$41,560 tax on gains - \$17,500 tax on contributions <b>\$236,242</b> income

Some participants may not be eligible for the SERS Deferred Compensation Plan. Talk with your HR Office to see if you are eligible. Source: [SERS Investment Office presentation](#).

# CHECK OUT SOME OF YOUR RETIREMENT PLAN RESOURCES (CONTINUED)

## Defined Benefit (pension) Plan Resources

- **Plan handbook** – Provides you with an overview of your retirement plan and lists your eligibility for different benefits through the plan. You can access your plan handbook – [Defined Benefit Plan Handbook](#) and [Hybrid Plan Handbook](#) – on our website.
- [Guide for Retiring Members](#) and [Disability Retirement Guide](#) – There are several questions you need to answer when you complete your pension application, including: Can I purchase service? When am I going to retire? What are my monthly payment options? Who will I name as my beneficiary or survivor? Can I withdraw my contributions? Reading through and considering your options to these questions **before** you meet with your Plan Specialist to complete your application will give you more time to consider your options.
- [Personal Statement of Pension Payments](#) – Each **annuitant** receives a personalized statement listing the pension payment option you selected when you retired (or for beneficiaries and survivors, the pension payment option your SERS member chose when they retired). It also lists your federal income tax filing status and withholding instructions, and the other deductions you requested from your monthly payments for health insurance or other reasons. It provides you with advance notice of what your monthly pension payment will be after all requested deductions in the year ahead.
- [Forms](#) – You can access several forms on our website to handle tasks such as updating your beneficiary, changing your address, and requesting a pension estimate, to name a few. You can also access a sample *SERS Power of Attorney*, should you choose to name someone to help you with your SERS pension.
- [Tools for new members](#) – Most new hires have 45 days in which to select their retirement benefit structure. We have a number of resources on our website that can help, including a [New Member Plan Comparison handout](#), [New Member Plan Comparison Calculator](#), and [New Member Video](#).
- [Online account](#) – Your online account provides you with a summary of your benefit and access to documents and services specific to your membership type:
  - **Active members** – You can access your annual statements and use the pension estimate calculator, which pulls data from your member record.
  - **Retired members** – You can reprint your 1099-R tax document and access your annual statements.
- [Plan Specialists](#) – We have a team of Plan Specialists located in seven regional offices across the state who serve active employees based on their work locations and retirees based on their home address. You decide how you want to work with your Plan Specialist – in person, by phone, or through an online Microsoft Teams meeting. You can locate your Plan Specialist and their contact information on our website, through the Contact link in the Defined Benefit Plan drop-down menu, by emailing [ra-SERSretc@pa.gov](mailto:ra-SERSretc@pa.gov), or calling 1.800.633.5461.

## CHECK OUT SOME OF YOUR RETIREMENT PLAN RESOURCES (CONTINUED)

### Defined Contribution (investment) Plan Resources & Deferred Compensation (voluntary investment) Plan Resources

One of the best resources for your investment plan is your online Empower account, which also can be accessed through Empower's app.

In **your online account**, you can:

- **Name a beneficiary for your plan assets.** Beneficiaries are plan specific and need to be [filed for each plan](#), individually.
- **Update your account profile, including a personal email address.** Providing your personal email address helps us reach you with important information. According to the U.S. Department of Labor's Online Security Tips, it's important to routinely monitor your online retirement accounts to reduce risk of fraud and loss.
- **Choose your investments.** Our [Defined Contribution Plan interactive fund profiles](#) and [Deferred Compensation Plan interactive fund profiles](#) detail each fund's investment strategy, performance, portfolio structure/asset allocation, holding, risk profile, and much more.
- **Gain a complete picture of your financial standing in one place.** You have access to a personalized web experience that allows you to track your retirement readiness score and even your complete financial picture in one place. You can add information about your SERS pension in the "Other assets" tab. You can link your other accounts like checking, savings, credit cards, 529 college savings accounts, and brokerage and stock accounts to update your financial picture in real time.

Other plan-specific resources:

- **Plan handbooks** – Provide you with an overview of your retirement plan and lists your eligibility for different benefits through the plan. If you opted into the straight Defined Contribution Plan, check out the [Defined Contribution Plan Handbook](#). If you're a member of the Hybrid Plan – in which you have both a pension **and** an individual investment account – be sure to check out the [Hybrid Plan Handbook](#), which includes aspects of both plans.
- **Licensed investment advisors** – Empower, the third-party administrator of both the Defined Contribution Plan and Deferred Compensation Plan have [licensed investment advisors across the state](#) to provide help with retirement planning for current employees and spend-down planning for retirees and other annuitants. Plan Specialists can help you analyze whether your retirement plans are on course and walk you through any changes you may want to make to reach your retirement income goals. They are available by phone and Microsoft Teams meetings.
- **Webinars** (see *Informational Webinars Available to You*, pg. 5.)

## INFORMATIONAL WEBINARS AVAILABLE TO YOU

[Webinars](https://www.pers.pa.gov/Webinars.html) containing a wide range of topics are available on our website, [sers.pa.gov/Webinars.html](https://www.pers.pa.gov/Webinars.html). The upcoming live webinars are part of the Investing in Retirement series, hosted by Empower, our third-party administrator for the Defined Contribution and Deferred Compensation Plans:

**August 7, 2024 at 10:00 am**  
Investing in Retirement

**November 5, 2024 at 10:00 am**  
Empower Retiree Online Tools

Can't find the time to attend a live webinar? We also have pre-recorded webinars that include topics for both

the Defined Benefit Plan (pension) and the voluntary supplemental Deferred Compensation Plan. Topics for the pension plan include class of service, two key decisions you will make at retirement, and a retirement timeline.



If you need to know more about the leave payout process, rolling in your assets, or boosting your savings, check out the pre-recorded deferred compensation webinars for these topics and more!

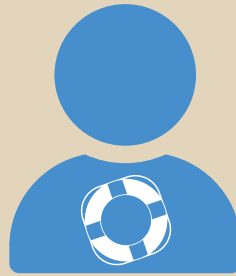
## WHAT TYPE OF INVESTOR ARE YOU?

No matter what type of investor you are – from the do-it-myself type, to the do-it-for-me type, and the in-between help-me-do-it type – we have resources to help.

To learn more, check out [Something for Every Investor](#). While this handout was prepared as a Deferred Compensation Plan resource, the same investment options apply to the Defined Contribution Plan too. The recordkeeping and plan administration fees, however are currently covered by the commonwealth in the Defined Contribution Plan, but not in the Deferred Compensation Plan.



**DO IT MYSELF**



**HELP ME DO IT**



**DO IT FOR ME**



# pennsylvania

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