

news release

for immediate release

April 3, 2020

PA SERS Board Approves COVID-19-Related Distribution Provision In Deferred Compensation Plan

HARRISBURG – The Board of the Pennsylvania State Employees' Retirement System, meeting here today, moved to allow COVID-19-related distributions from SERS Deferred Compensation Plan accounts, consistent with the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

"Today's action allows SERS deferred comp participants to take early distribution withdrawals on a tax-penalty-free basis from their personal accounts to help them meet their immediate needs with the option to repay that money within three years," explained SERS Executive Director Terrill (Terri) Sanchez. "While participants will need to very carefully balance their retirement readiness and current living needs, this provision could be a real lifeline for many.

"Empower Retirement representatives will be available online and by phone to help participants through that process," Sanchez added. "And for those who qualify and decide to make a withdrawal, representatives from Empower's Retirement Solution Group will help participants determine the optimal withdrawal options at no additional cost," Sanchez added.

According to the federal law signed by the President on March 27, 2020, to qualify for a COVID-19-related distribution, a participant self-certifies that they have had one of the following:

- A personal diagnosis of COVID-19 by a Centers for Disease Control and Prevention-approved test
- A spouse or dependent with a COVID-19 diagnosis by a Centers for Disease Control and Prevention-approved test
- Adverse financial consequences due to being furloughed, quarantined, or laid off, or having their paid work hours reduced due to coronavirus, being unable to work due to lack of childcare due to the virus, or the close or reduction of a business due to Coronavirus

Participants who qualify may request a distribution from their account of up to \$100,000 or the balance of their account, whichever is less.

The CARES Act also waived required minimum distributions from the plan for 2020, regardless of whether the participant experienced a previously listed COVID-19-related event. As a result, no minimum distribution payments will be made for the remainder of the year and any minimum distributions already issued may be rolled back into the plan within 60 days of the distribution.

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Pennsylvania State Employees' Retirement System

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with more than 240,000 members. SERS' Defined Benefit Plan had assets of \$30.9 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had \$9.2 million as of Dec. 31, 2019. SERS also administers a voluntary supplemental Deferred Compensation Plan with more than 57,000 participants and assets of more than \$3.9 billion. A wealth of information is available at www.SERS.pa.gov.

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