

# SERSNews

The newsletter for the more than 194,000 members of the Pennsylvania State Employees' Retirement System

## SERS on the Web *Internet Site Features Program Info*

**S**ERS has joined the wired world. On June 1, the agency's entry into the worldwide web was put up as a component site of the Commonwealth's main Home Page.

SERS members and the public now may visit us at our Internet address: [www.sers.state.pa.us](http://www.sers.state.pa.us) or by way of a link to the Commonwealth's Home Page: [www.state.pa.us](http://www.state.pa.us).

Site visitors will find information on the pension system arranged under six main categories: General Information; Retirement Counseling Centers; Retirement Information; Fund Status; Deferred Compensation; and *Member Handbook* and Other Information Sources.

Additional features include a selection of FAQs (frequently asked questions); a Glossary of commonly used terms; a Hot Topics section providing the latest SERS-related information; and our e-mail address.

During its first full month in operation, the SERS site logged 1,147 user sessions and over 52,000 "hits" on individual pages, according to the Office of Administration's Commonwealth Technology Center.

The site contains the latest SERS information currently available in print form. It also includes links to the Internet sites of the following organizations:

- ☞ Pennsylvania Employees Benefit Trust Fund;
- ☞ Public School Employees' Retirement System;
- ☞ Pennsylvania State Employees Credit Union; and the
- ☞ Social Security Administration.

Additional future links are planned to include one to The Copeland Companies' deferred compensation program site, which now may be accessed directly at [www.padcp.com](http://www.padcp.com).

The SERS site is best viewed in Netscape Navigator 2.0 and higher and Microsoft Internet Explorer 2.0 and higher, with 256 color display. The site is accessible to the disabled. ☐

### *Also in this issue ...*

- ☞ *FinancialMatter\$* page 3
- ☞ *Handbook Distribution* page 4
- ☞ *30-and-out Report* page 5
- ☞ *Y2K Update* page 5

## How many E's?

**O**ur many sharp-eyed *SERSNews* readers should spot it right away. And no, it isn't a mistake. That "extra" e you're seeing in the word Employees' is *supposed* to be there.

At their meeting on June 16, the SERS Board voted to "adopt The State Employees' Retirement Board as its official name, and The State Employees' Retirement System as the official name under which the Board conducts business."

It wasn't that the old spelling was wrong – employe is an accepted, alternate spelling – as much as it was distracting or confusing to those who *thought* it was wrong. In fact, the current SERS Code allows either spelling. The Board now has opted to use the more commonly recognized, "double e" spelling.

Members will continue to see the single e on our letterhead and in some SERS publications for a while, however. The SERS Board has directed that the spelling change be made "in a cost-effective way as soon as possible." So the transition will be gradual as SERS uses up existing materials bearing the old spelling. ☐

# Chairman's COLUMN

In my capacity as Chairman of the SERS Board of Trustees, I recently was pleased to write the introduction to our 1998 *Comprehensive Annual Financial Report*.

In my letter, I noted that the SERS Fund had a total investment rate of return of 16.3% last year. The bottom line: The Fund grew by nearly \$3 billion in 1998, ending the year with a total market value of over \$24.1 billion

Our returns for 1998 continue the trend of substantial Fund growth. The Fund's annualized investment rate of return for the past five years was 14.5%. The return over the past 10 years averaged 13.3%.

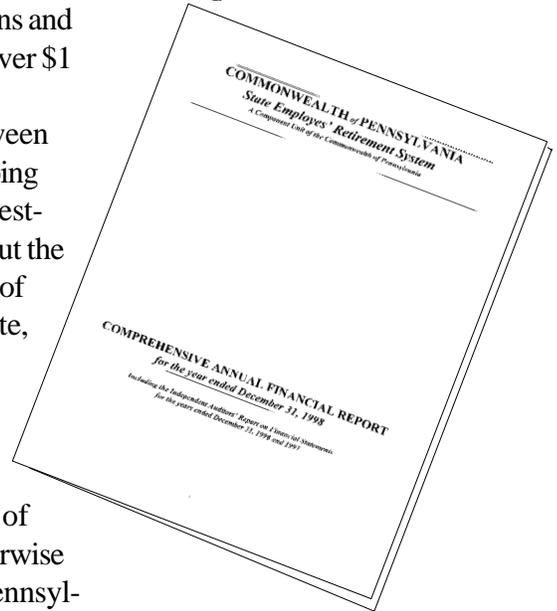
In 1998, combined employee and employer contributions to the Fund totaled approximately \$524 million. That's a lot of money, but not enough when you know that the amount going out – for benefit

payments, refunds of contributions and administrative expenses – was over \$1 billion for the year.

More than filling the gap between incoming contributions and outgoing payments and costs, SERS's investment income has enabled us to cut the Commonwealth's employer rate of contribution to the Fund. That rate, which was as high as 18.87% of payroll in 1981, has now shrunk to 5.0% of payroll for fiscal year 1999–2000.

The result has been a savings of many millions of dollars that otherwise would have had to come from Pennsylvania tax revenue.

I want to take this opportunity to assure all SERS members that the staff of the agency, my fellow members of the SERS Board, and I will continue to pursue the prudent investment strategies that maintain the solvency of the Fund and ensure the payment of benefits promised to SERS retirees and beneficiaries.



*Individual copies of the 1998 Comprehensive Annual Financial Report are available from your SERS Retirement Counseling Center, or it may be printed from our Internet site.*



Here are the upcoming mailings scheduled by SERS.

✉ **November:** Monthly Annuity Payment Dates card (listing check disbursement dates in the year 2000) mailed to **annuitants** with the end-of-month annuity distribution.

✉ **December:** Winter *SERSNews* mailed to **annuitants** with the end-of-month annuity distribution; provided to active members through payroll distribution on succeeding paydays.

Additional mailings may occur, depending on legislative or administrative changes to the retirement system. Major program changes are announced in the *SERSNews*.

*SERSNews* is a publication of the Pennsylvania State Employees' Retirement System and is distributed for the information of SERS active members, annuitants and beneficiaries/survivors.

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**Executive Director:** John Brosius **SERS:** 30 North Third St., P.O. Box 1147, Harrisburg, Pa. 17108–1147, [www.sers.state.pa.us](http://www.sers.state.pa.us), with regional Retirement Counseling Centers in Bensalem, Harrisburg, Hazleton, Montoursville, Pittsburgh, Seneca, and State College that may be contacted toll-free: **1-800-633-5461**. Text Telephone (Voice/TT): **(717) 787-4734**. Submit comments and suggestions regarding the newsletter to: Attn. Editor at SERS. Available on audio tape. Printed on recycled paper using soy-based and non-toxic inks.

# FinancialMATTERS

## Commonwealth of Pennsylvania State Employees' Retirement System, Statements of Plan Net Assets as of December 31, 1998 and 1997 (Dollar Amounts in Thousands)\*

	<u>1998</u>	<u>1997</u>
Assets:		
Receivables:		
Plan members	\$ 2,226	2,099
Employers	13,590	20,175
Investment income	101,915	94,040
Investment proceeds	152,462	105,737
Miscellaneous	<u>251</u>	<u>372</u>
Total receivables	<u>270,444</u>	<u>222,423</u>
Investments:		
Short-term investment fund	729,864	503,781
United States government securities	2,304,420	1,367,178
Corporate and foreign bonds and notes	2,920,704	3,135,339
Common and preferred stocks	8,124,946	7,409,959
Collective trust funds	7,302,435	6,426,362
Real estate	1,990,929	1,717,167
Venture capital and alternative investments	<u>1,104,281</u>	<u>738,893</u>
Total investments	24,477,579	21,298,679
Securities lending collateral pool	<u>802,958</u>	<u>1,439,462</u>
Total assets	<u>25,550,981</u>	<u>22,960,564</u>
Liabilities:		
Accounts payable and accrued expenses	21,028	23,547
Investment purchases payable	603,637	185,784
Obligations under securities lending	<u>802,958</u>	<u>1,439,462</u>
Total liabilities	<u>1,427,623</u>	<u>1,648,793</u>
Net assets held in trust for pension benefits	<u>\$ 24,123,358</u>	<u>21,311,771</u>

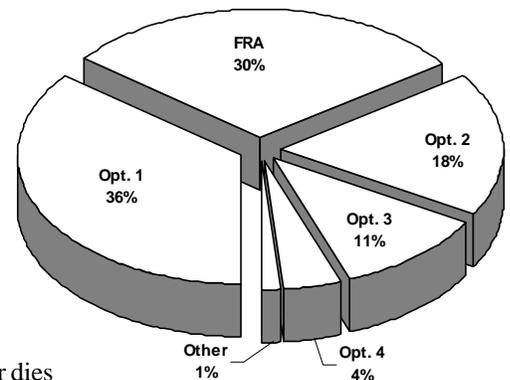
### Profile of SERS Annuitant Members as of December 31, 1998\*

**Total monthly benefits:** \$74.4 million  
**Total number of annuitants:** 85,834  
**Number of annuitants by type:** Superannuation/46,385  
 Early Retirement/26,310  
 Survivor/6,660  
 Disabled/5,322  
 Beneficiary/1,019  
 Alternate Payee/138

**Percentage of annuitants by retirement option:** See pie chart at right

**Options:**

- FRA: Full Retirement Allowance (Maximum Single Life Annuity)
- Opt. 1: Annuity for Life/Beneficiary receives remainder of Present Value when member dies
- Opt. 2: Annuity for Life/Beneficiary receives same annuity when member dies
- Opt. 3: Annuity for Life/Beneficiary receives one half the member's annuity amount when member dies
- Opt. 4: Member designs a different plan approved by SERS not covered by the other options
- Other: Death Benefit and Domestic Relation Order



\*Source: SERS 1998 Comprehensive Annual Financial Report

# Handbook to Active Members

**S**ERS has issued a new, 1999 edition of the *Member Handbook*. The new booklet was mailed in late July to the home addresses of all current, **active members** of the system. Members joining the system after the mail date will receive a copy of the booklet in their standard, welcoming package from SERS.

The first reissue of the *Handbook* since 1995, the new edition follows the same format as the old booklet. Key sections cover the purchase of service, retirement options, death benefits, return to service, and taxability of benefits. Rules governing member appeals and a glossary of SERS terms also are featured.

If you are a SERS **active member**, we encourage you to review the whole booklet and keep it for future reference with other pension-related materials such as your annual SERS Statement of Account.

If you are a current, **active member** of SERS and you did not receive a new *Member Handbook* in the mail at home, it may be because you have not reported your current address to your employing agency. SERS bases all mailings to **active members** on the addresses of record reported to us by our member agencies.

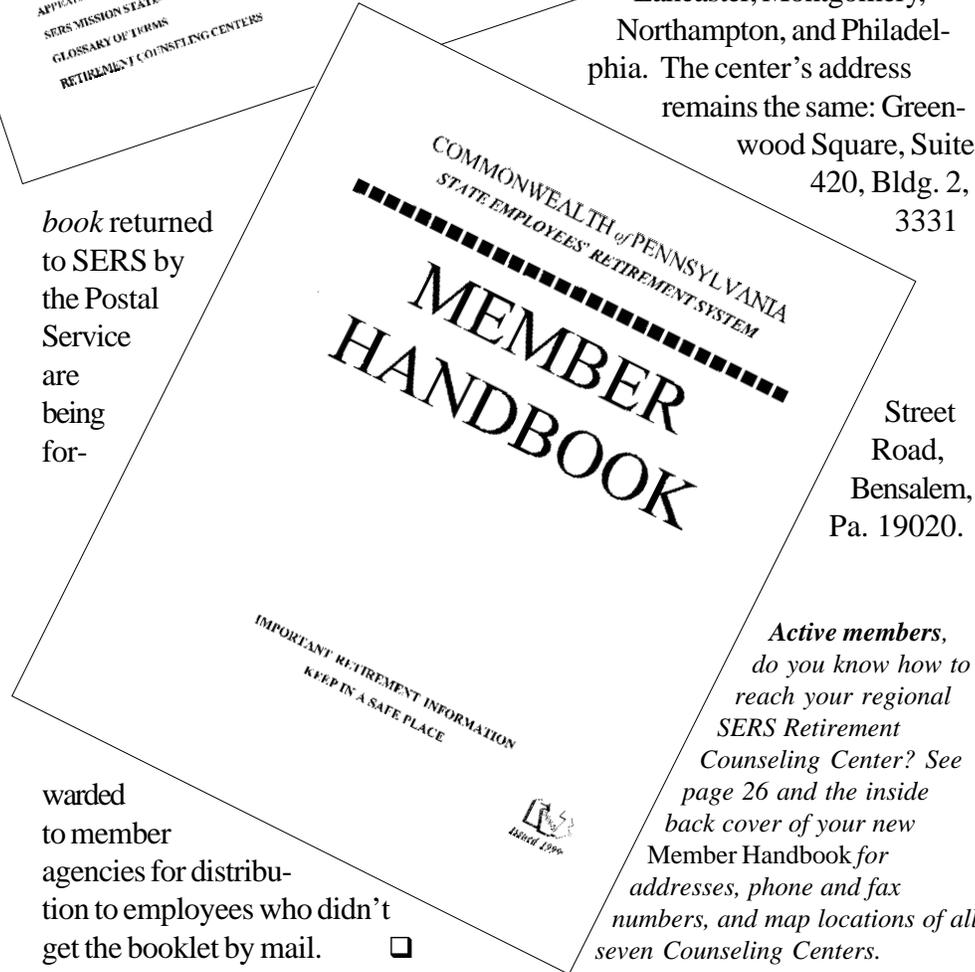
Copies of the *Member Hand-*

*book* returned to SERS by the Postal Service are being for-

warded to member agencies for distribution to employees who didn't get the booklet by mail.

**SERS**  
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## Bensalem Center Has New Numbers

**T**ake note, SERS **active members** working in and SERS **annuitants** living in the counties served by the SERS regional Retirement Counseling Center located in Bensalem, Pa. The center now has new local telephone and fax numbers. The numbers are: **Phone: 215-244-6592; Fax: 215-244-6597**

Members in the Bensalem counseling service area may also use our toll-free number – 1-800-633-5461 – to reach the center by telephone.

The Bensalem center serves the counties of Berks, Bucks, Chester, Delaware, Lancaster, Montgomery, Northampton, and Philadelphia. The center's address remains the same: Greenwood Square, Suite 420, Bldg. 2, 3331

Street Road,  
Bensalem,  
Pa. 19020.

*Active members, do you know how to reach your regional SERS Retirement Counseling Center? See page 26 and the inside back cover of your new Member Handbook for addresses, phone and fax numbers, and map locations of all seven Counseling Centers.*

# Y2K Update

## A Year 2000 Readiness Disclosure

Members who may have worried whether SERS is ready to meet the year 2000 (Y2K) challenge may have noticed that recent news stories have recognized Pennsylvania state government as a leader in Y2K preparedness.

Under the direction of the Governor's Office, the Commonwealth has addressed a number of vital Y2K concerns.

These include mainframe and personal computer corrections, contacts with data trading partners to safeguard data interfaces, contingency planning and repair of "embedded technologies" in such things as elevators and security systems.

According to the most recent

Y2K status report issued by the Commonwealth, work on mission and non-mission critical applications for agencies under the Governor's jurisdiction is now more than 99 percent complete.

At SERS, our work on these applications is complete, except for continued testing. While nearly all computer applications already have been tested, additional testing through the rest of 1999 should help ensure that these applications will continue to function properly. For the balance of the year, we will be completing the repair or replacement of personal computers, continuing to identify and repair potentially faulty embedded technologies, and continuing contingency planning. We are confident that

we now should have the necessary time and resources to address these areas.



Realistically, with a project of this scope and complexity, some Y2K disruptions may still occur. But we anticipate that our careful attention to this issue should minimize any problems.

If you would like additional information about Y2K preparedness, please visit the Commonwealth's "Pa2K" web site, [www.Pa2K.org](http://www.Pa2K.org), or call the federal government's toll-free helpline, 1-888-USA-4-Y2K (1-888-872-4925), which offers recorded messages and answers to consumer questions by trained staff.

*This report constitutes a "Year 2000 Readiness Disclosure" as defined by the Year 2000 Information and Readiness Disclosure Act, Pub. L. 105-271.*

## 30-and-out Report

How many members took the option of retiring under the recently closed "30-and-out" window allowing any-age retirement without penalty at 30 years of service?

The following information comes from a staff report presented at the SERS Board of Trustees meeting on June 16.

Window period: **July 1, 1998, through June 30, 1999**

Number of members identified as window-eligible as of July 1, 1998: **5,234\***

Window retirements from July 1, 1998, through May 31, 1999: **1,193**

Window retirements anticipated during June 1999: **307**

SERS group information sessions conducted from July 1, 1998, through May 31, 1999: **176**

Members attending SERS group information sessions from July 1, 1998, through May 31, 1999: **5,037**

SERS group information sessions scheduled for June 1999: **15**

Anticipated attendance at SERS group information sessions during June 1999: **400**

Member-requested individual window retirement estimates through May 31, 1999: **4,078**

Member-requested individual window retirement estimates during

June 1999: **221**

System-generated benefit estimates mailed (window vs. early retirement): **3,987\*\***

*\*5,234 SERS members were initially identified as window-eligible when the window opened on July 1, 1998.*

*\*\*Computer-generated estimates comparing benefits under the 30-and-out window with early retirement benefits were sent to 3,987 members; 118 members received Retirement Counselor-produced estimates in lieu of system-generated estimates; 757 of the window-eligible members retired prior to the release of the system-generated estimates; the remaining members had either superannuated before June 30, 1999, or had all age-50 service.*

# SERS Pamphlets

## Information Resources

**S**ERS pamphlets are a key source of general information about the various provisions of the pension plan.

The following pamphlets are available from your regional Retirement Counseling Center (call toll-free 1-800-633-546) or they may be printed directly from the SERS Internet site ([www.sers.state.pa.us](http://www.sers.state.pa.us)).

**Information for Retirees:** Provides information on SERS Counseling Centers, survivor death

benefits, and the Retired Employees Health Program (REHP).

**Special Membership Classes:** Contains information for members of several special membership classes: District Justices, Enforcement Officers, Judges, Legislators in office since prior to March 1, 1974, and State Police Officers.

**Social Security Integration Coverage for SERS Members:** For those who elected this optional coverage, provides information about participation in the Social Security Integration Program.

**How to Apply for a Disability Retirement:** Highlights the information needed by SERS in order to review members' disability retirement requests.

**Retirement Options for SERS Members:** Explains the various payment plans available for receiving retirement benefit payments.

**Provisions for the Purchase of Service:** Describes current rules under which active, contributing SERS members may purchase several types of state and non-state service, including military service.

**Domestic Relations and Support Orders: Their Impact on State Employee Pensions:** Describes the impact of court-issued domestic relations and support orders on pension benefits earned by SERS members.

**Frozen Present Value: Its Impact on SERS Pensions:** De-

scribes the process used by SERS to calculate the final retirement benefit of a member who retires after a return to service from annuity.

**Information on Tax Form 1099-R:** Included in the annual mailing of IRS Form 1099-R to annuitants, this pamphlet describes the tax implications of receiving a pension benefit from SERS and the applicable requirements for filing Form 1099-R with federal, state, and local income taxes.

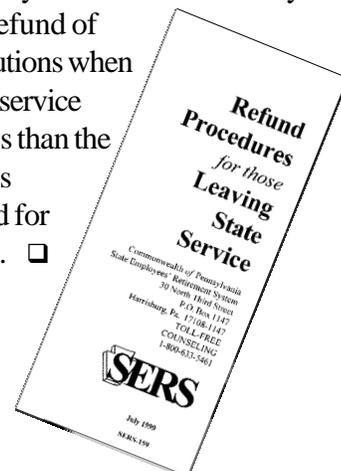
### New additions to the pamphlet series

**A**s the *SERSNews* went to press, three new titles were being prepared for addition to the SERS pamphlet series.

**Vesting:** Covers procedures for vesting a benefit with SERS; for members leaving service with 10 or more years of service credit.

**Retirement Benefits Available to Pennsylvania State Police Officers:** Focuses on specific, special rules that apply to State Police service.

**Refund Procedures for those Leaving State Service:** Covers the process by which a member may take a refund of contributions when leaving service with less than the 10 years required for vesting.



## Remaining Annuity Payment Dates in 1999

**S**ERS annuity checks are mailed on the *next to last* working day of the month.

**Annuitants** should allow 10 working days for arrival of a check before contacting SERS.

For those who have their annuity deposited directly in a financial institution, the deposit is posted to the institution on the last working day of the month.

Here are the annuity check distribution dates remaining in 1999 (for those receiving their annuity checks by mail):

- September 29;**
- October 28;**
- November 29;**
- December 30.**

The November annuity distribution will include the SERS Monthly Annuity Payment Dates card. The card will list the year 2000 monthly pension check disbursement dates.