

SERS News

The newsletter for members of the Pennsylvania State Employees' Retirement System

Planning for Tomorrow — Today

Sooner or later, retirement comes for us all. Will you be ready?

By Ronald L. Bartlebaugh, SERS Chief of Field Office Services, Bureau of Retirement Counseling

For many of the people we meet and talk with in our capacity as SERS Retirement Counselors, retirement may be just around the corner. For others, retirement is merely a distant consideration — these folks may be thinking, *I guess retirement is out there, someday. But right now, I have other things to think about, like the mortgage, the car payment, the care, feeding and education of my children* — we can all relate to thoughts like these.

But the truth is, whether we plan for it or not, retirement is coming someday for us all. So, the real question is — will you be ready? Will you be able to afford to retire when you want and in the lifestyle to which you've become accustomed?

The earlier you begin planning for retirement, the easier it will be to meet your financial and personal goals. Of course, you could leave it all to chance and hope that things work out — many do. Or you can begin taking control of your retirement future, right now, today. Here's how.

To help illustrate the concept of financial planning for retirement, visualize a three-legged stool. Each leg of the stool provides balance and support for the other two. For state employees, the three legs of the stool consist of: 1) state retirement benefits provided through SERS; 2) social security benefits; and 3) personal savings and investments.

The First Leg: State Retirement Benefits

The first leg of the three-legged stool consists of your state retirement benefits. The job of helping members to better understand their state retirement plan falls to the SERS retirement counseling staff. Through SERS's statewide network of seven regional Retirement Counseling Centers, retirement counselors provide retirement information and counseling services to the nearly 200,000 active and retired members of SERS.

An important way in which retirement counselors assist members is by preparing retirement benefit estimates. These estimates are projections of what you can expect to receive in state retirement benefits when you retire. In addition to individual counseling sessions, SERS Retirement Counselors conduct group information programs throughout the Commonwealth.

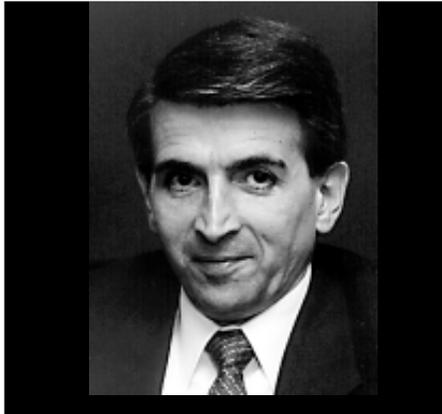
To obtain a retirement benefit estimate, or if you have questions about SERS benefits, contact your SERS regional Retirement Counseling Center by calling toll-free 1-800-633-5461.

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Chairman's COLUMN



Nicholas J. Maiale, Chairman

In my capacity as Chairman of the SERS Board of Trustees, I recently was pleased to write the introduction to our 1999 *Comprehensive Annual Financial Report*.

In my letter, I noted that the SERS Fund had a total investment

rate of return of 19.9% last year. The bottom line: The Fund grew by almost \$4 billion in 1999, ending the year with a total market value of \$28.1 billion.

Our returns for 1999 continue the trend of substantial Fund growth. The Fund's annualized investment rate of return for the past five years was 19.0%. The return over the past 10 years has averaged 13.5%.

In 1999, combined employee and employer contributions to the Fund totaled approximately \$495 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 \$1.2 billion for the year.

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. □

Full text of the SERS 1999 *Comprehensive Annual Financial Report* is available for download or printing from the SERS Internet Web site at www.sers.state.pa.us.

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 **Editor:** Tony Parisi **SERS:** 30 North Third St., P.O. Box 1147, Harrisburg, Pa. 17108-1147, 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.

SERS Mailings

Here are the upcoming mailings scheduled by SERS.

☒ **November:** Monthly Annuity Payment Dates card (listing check disbursement dates in the year 2001) 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*. □

*Financial*MATTERS\$

Commonwealth of Pennsylvania State Employees' Retirement System, Statements of Plan Net Assets as of December 31, 1999 and 1998 (Dollar Amounts in Thousands)

	<u>1999</u>	<u>1998</u>
Assets:		
Receivables:		
Plan members	\$ 3,201	2,226
Employers	10,908	13,590
Investment income	98,656	101,915
Investment proceeds	79,104	152,462
Miscellaneous	1,028	251
Total receivables	192,897	270,444
Investments:		
Short-term investment fund	672,158	729,864
United States government securities	2,329,584	2,304,420
Corporate and foreign bonds and notes	3,163,233	2,920,704
Common and preferred stocks	10,416,259	8,124,946
Collective trust funds	7,914,062	7,302,435
Real estate	2,335,028	1,990,929
Alternative investments	1,900,359	1,104,281
Total investments	28,730,683	24,477,579
Securities lending collateral pool	1,083,831	802,958
Total assets	30,007,411	25,550,981
Liabilities:		
Accounts payable and accrued expenses	40,289	21,028
Investment purchases payable	790,110	603,637
Obligations under securities lending	1,083,831	802,958
Total liabilities	1,914,230	1,427,623
Net assets held in trust for pension benefits	\$ <u>28,093,181</u>	<u>24,123,358</u>

Profile of SERS Active and Retired Members as of December 31, 1999

<u>Annuitant Members</u>		<u>Active Members</u>	
Total Annual Benefits:	\$1.2 billion	Total Number of Active Members:	108,035
Total Number of Annuitants:	88,043	Average Age (Males):	45.4
Number of Annuitants by Type:		Average Years of Service (Males):	13.4
	Superannuation/46,576	Average Age (Females):	45.2
	Early Retirement/27,974	Average Years of Service (Females):	13.5
	Survivor/6,747		
	Disabled/5,545		
	Beneficiary/1,019		
	Alternate Payee/182		

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Your SERS *Member Handbook* and your annual *Member Statement of Account* also contain valuable information about your benefits. We urge members to read these documents and keep them in a safe place for future reference.

The Second Leg: Social Security

Your Social Security benefits are the second leg of the three-legged stool. Each year workers covered by Social Security receive free estimates of their projected Social Security benefits. For more information, contact the Social Security Administration by calling toll-free 1-800-772-1213, or visit their website at www.ssa.gov. Social Security Estimate Request forms can also be obtained from your SERS regional Retirement Counseling Center.

As with state retirement benefits, you can positively impact the amount of your Social Security benefits. The higher your career earnings, the higher your Social Security benefits will be. The age at which you retire also impacts the amount of your Social Security benefits.

The Third Leg: Personal Savings and Investments

The third and last leg of the three-legged stool consists of your personal savings and investments. Commonwealth employees are fortunate because they have the opportunity to set aside tax-deferred investment income under the Commonwealth's Deferred Compensation Program. Generally, a member can invest up to \$8,000 per

year tax-deferred toward retirement, and in some cases up to \$15,000 per year (if the member is within 3 years of eligibility to receive a full, unreduced state retirement benefit).

The Copeland Companies administer the Deferred Compensation Program for the Commonwealth. To learn more, contact The Copeland Companies by calling 1-800-422-1327, or visit the Deferred Compensation Program website at www.padcp.com.

Although SERS retirement counselors do not provide financial planning or investment advice, we do recognize that a proper retirement savings plan may require more than the retirement benefits provided by SERS and Social Security. In fact, many financial professionals estimate that you will need 70 to 80 percent of your full-time, pre-retirement income if you want to maintain your current standard of living in retirement. To achieve this level of income, you may need to consider a personal savings and investment plan.

Today, there is a staggering array of investment information available to potential investors. While many investment opportunities may seem promising, we caution members to fully investigate all potential investments before committing any funds. Finally, if it seems too good to be true — it probably is.

It's been said that every journey begins with a single step. Take the steps outlined in this article and you'll be well on your way to a secure retirement future! □

Contacts

Following are a few sources of useful investment information:

American Association of Retired Persons
1-800-424-3410
www.aarp.org

American Savings Education Council
202-775-6364
www.asec.org

Deferred Compensation Program
1-800-422-1327
www.padcp.com

Investor's Clearinghouse
www.investoreducation.org

Pennsylvania Securities Commission
1-800-600-0007 (PA residents only)
717-787-8061
www.psc.state.pa.us

Pension and Welfare Benefits Administration
U.S. Department of Labor
1-800-998-7542
www.dol.gov

Savings Bond Operations Office
U.S. Department of Treasury
1-800-4US-BOND

Social Security Administration
1-800-772-1213
www.ssa.gov

SERS Begins Customer Care Initiative

SERS members are number one! That's the rallying cry throughout SERS as twenty-four members of the recently formed Customer Care Review Team embark on the agency's new Customer Care Review initiative. Launched in April 2000, the project's purpose is to evaluate the current state of SERS's customer service program, make recommendations for service enhancements, and develop a five-year plan for implementing improvements.

The review will focus on four key areas: published information; group information sessions; customer contact; and procedures used to handle member requests. Team members will study how SERS currently provides customer service in these four areas compared with methods used by other state retirement systems and the private sector.

As part of the Customer Care Review, SERS is conducting a survey asking members to rate us on our customer service and to tell us what they would like to see from SERS in the future. At the end of June, SERS sent survey questionnaires to 4,560 active and retired members. The questionnaires ask members to rate SERS on the quality of customer service they receive, to provide us with input on what they feel needs to improve, and to suggest other services that may be needed in the future.

If you received a customer service questionnaire from SERS and returned it to us – Thank you! Your ideas are appreciated and will be considered in future planning. If you did not receive a questionnaire and would like to complete one, please contact your SERS regional Retirement Counseling Center by calling toll-free 1-800-633-5461.

If you have any thoughts on improving customer service at SERS, contact your SERS regional Retirement Counseling Center by calling 1-800-633-5461, and relay your suggestions to the retirement counseling staff. Your recommendations will be added to our customer "Idea Box" to be considered in future planning.

Look for updates on the SERS Customer Care Review project in future issues of the SERSNews. □

Remaining Annuity Payment Dates in 2000

SERS annuity checks are mailed on the *next to last* working day of the month. **Annu-
itants** 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 2000 (for those receiving their annuity checks by mail) :

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

The November annuity distribution will include the new SERS Monthly Annuity Payment Dates card. The card will list the year 2001 monthly pension check disbursement dates. □

New Law

Mandates Continuing Education

An important notice from the Department of Education

If you are one of the many state employees certified to teach in Pennsylvania public schools, but are not currently employed as a teacher, take note — Pennsylvania law now *requires* all certified educators to participate in continuing education programs.

The new law, Act 48 of 1999, passed the Pennsylvania General Assembly in November 1999. The law requires all certified public educators to maintain their certificates by completing a minimum of six collegiate credits, six credits of Pennsylvania Department of Education approved in-service courses, 180 continuing education hours, or any combination of the above every five years — **For educators who currently hold a**

certificate, that five-year period began July 1, 2000. Failure to comply with the continuing education requirements will result in the inactivation of the professional educator certificate. Inactive certification will prevent an educator from serving in a professional position in the public schools of the Commonwealth.

Prior to the passage of Act 48, a Pennsylvania professional educator certificate was valid for six teaching or service years and could be converted to permanent status after three years if certain requirements were met. The permanent certificate was valid for 99 years, and until the passage of Act 48, there was no significant requirement for additional course work.

Certificate holders who are not employed as professional or temporary professional employees by public school entities may elect to maintain their certificates in an active status by meeting the continuing education requirements or they may request voluntary inactive certification status from the Department of Education to suspend the requirements.

Further information on Act 48 requirements is available through the Department of Education Website at www.pde.psu.edu, or by contacting the Department of Education by calling (717) 772-4944 or (717) 787-3356.

Avoid Delayed Checks

Keep Your Address Current with SERS

If you are a SERS retiree not using direct deposit and you are moving to a new permanent or temporary address, please note: **You must inform SERS of your address change in writing in order to have your checks mailed to your new address.** All requests for address changes must include your name, Social Security number, your former address, your new address and your signature. For security reasons, SERS staff cannot accept address changes by telephone. **Please send address changes to:** SERS, Attn: Disbursements, 30 North Third Street, Harrisburg, Pa. 17108-1147.

Even though you may have filed a change of address form with the U.S. Postal Service, this is no guarantee that a SERS annuity check mailed to your old address will be forwarded to you by the Postal Service. Instead, the check could be returned to SERS. We must then contact you by letter so you can verify your new address to us in writing. Only then do we update our address records and send the delayed check to you.

Also, please remember that if you are moving in the future, whether to a new address or back to a previous address, you must inform SERS of the move in writing so that future checks are not delayed. **Notify SERS immediately if you change your address, if your financial institution's address changes, or if there is a change in your account number.**

Even if you are on direct deposit, you should keep your current home address on file with SERS. Your home address is the only means SERS has to correspond with you directly. Your home address is used to mail newsletters, tax statements and other important documents.