

Fall 2001

SERS News

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

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8/10/2001

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8/7/2001

[Purchase of Service News](#)

8/7/2001

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Benefits Calculator >



Employer Information >

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Your Opinion?



Have you found the new benefits calculator useful?

- Yes
- No
- Indifferent

Submit

Visit us on the Web at www.sers.state.pa.us

Welcome to the New SERS Web Site

SERS has a new web site with an improved layout, color scheme, and search capability. The site is now easier to read, print, and understand.

The site features a new navigation bar that offers links to news and feature sections, plus special account access for members and employers.

Through the new web site, SERS is able to:

- direct members to relevant content right away

- clearly explain both the benefits of SERS membership and SERS's business objectives
- provide specialized tools to promote retirement planning, such as the generic benefits calculator

SERS has expanded the information available to members to include:

- specialized lifecycle links for members who have questions about benefits

- in-depth information about SERS operations, funding, and investments
- a full calendar of events
- an all-new regional counseling center section
- direct access to Frequently Asked Questions
- real-time access to legislative activity
- downloadable forms
- password protected access for active members to see their 2000 Member Statement and view current account information, such as member contributions,

(continued on page 3)

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:** Sean Sanderson **SERS:** 30 North Third St., P.O. Box 1147, Harrisburg, Pa. 17108-1147, with regional Retirement Counseling Centers in Bensalem, Harrisburg, Hazleton, Montoursville, Pittsburgh, Seneca and State College that may be contacted toll-free by calling **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.

IN THIS ISSUE

Class A v. Class AA

New Morality Tables

e-SERS Online Services

Multiple Service

Election Form Processing

Purchase of Service

General Membership Comparison of Class A and Class AA Benefits

CLASS A

CLASS AA

Eligibility

- Eligible employees hired before 7/1/01 who do not elect Class AA or Class D-4

Eligibility

- Eligible Class A Members
- Multiple service members who are school employees and members of PSERS
- Class A legislators who do not elect Class D-4
- Future eligible employees hired on or after 7-1-01

Election Period

- N/A

Election Period

- 5-17-01 to 12-31-01
- Membership in Class AA is NOT automatic, it MUST be elected.

Normal Retirement Requirements

- 35 years of service OR age 50/60 with 3 years of service

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- 35 years of service OR age 50/60 with 3 years of service

Employee Contribution Rate

- 5%

Employee Contribution Rate

- 5% through 12-31-01
- 6.25% effective on 1-1-02

Employee Contributions Begin

- first payroll (if hired before 7/1/01)

Employee Contributions Begin

- 6.25% effective 1-1-02

Benefit Formula

- 2% x years of service x final average salary

Benefit Formula

- 2% x 1.25 (2.5%) x years of service x final average salary

Vesting Period

- 5 years

Vesting Period

- 5 years

(continued from page 2)

service credits, final average salary, and quarterly earnings

- password protected access for retired members to review their 1099R forms, current account information, such as retirement type, Federal Withholding Tax filing status, and health insurance and retirement payment information.

Members can sign up to receive communiqués from SERS through the e-Alerts program. The program sends alerts about news affecting the retirement system or membership benefits. Members can also use the generic benefits calculator to help them better understand retirement options and make retirement decisions. A future release will pull actual retirement information into the estimate, making estimates easier and more accurate. The site will continue to expand in scope and depth in coming weeks and months. Stay tuned!

SERS to Adopt New Morality Tables

Based on a recommendation by the SERS actuaries, SERS will implement new mortality tables for most members (starting in January 2002) to better reflect the demographic assumptions that SERS uses in calculating member benefits. It is standard practice for pension plans to periodically review group annuity mortality tables (and it is required by law for SERS).

Currently, SERS uses the 1971 Group Annuity Mortality tables. With the change, SERS will be moving to the 1983 Group Annuity Mortality tables, but not all

members will be affected by the change.

You do not need to make any changes yourself, such as making an election or voting. SERS will apply the new mortality tables to affected members.

You may see changes to the value of your benefits, and if you have any questions about how the 1983 Group Annuity Mortality tables will affect your calculated retirement benefit, call 1-800-633-5461 to speak to your retirement counselor. Counselors will be prepared to provide estimates by mid-November.

Class AA Election Form Processing

- SERS mailed over 106,000 election forms.
- 80% of eligible SERS members have elected Class AA membership.
- Less than .5% of eligible SERS members have declined Class AA membership.
- Fewer than 20,000 election forms have not been returned.

e-SERS Online Services

Visitors to the new SERS web site will discover a brand new application designed to provide members with immediate access to their own account information. The new e-SERS application is part of SERS's ongoing effort to improve its member service, through greater flexibility and individualized attention. Members can access this new service through the Your Account link or the e-SERS Online Services link, both found on the left navigation bar.

Active members will be able to see their 2000 Member Statement and view current account information, such as member contributions, service credits, final

average salary, and quarterly earnings.

Retired members will be able to review their 1099R forms and access current account information, such as retirement type, FWT filing status, and health insurance and retirement payment information.

To obtain confidential access to your account, it is necessary for you to register with SERS for a secure password. Members may register on the SERS web site through the e-SERS Online Services link. Take advantage of having access to your SERS account seven days a week, 24 hours a day!

Multiple Service

Members of SERS and the Public School Employees' Retirement System (PSERS), who have credited or creditable service in both systems, may combine that credit for what is known as "Multiple Service." At retirement, Multiple Service members receive one monthly annuity check, which may be larger than the combined individual benefits from both systems.

In the past, the Retirement Code required its members to elect Multiple Service within 30 days of becoming a member of the system or forever waive the right to do so. Act 2001-9, which recently became effective, extends that period of time to 365 days from the date of membership. It also opens a 2^o year period - from July 1, 2001 through December 31, 2003 - for current and future SERS members to elect Multiple Service. Current members of SERS are eligible to elect to combine their SERS credit with any credited or creditable PSERS service they may have. Members, who have either credited or creditable PSERS service, have until the earlier of December 31, 2003 or their dates of termination to elect to combine that service with their SERS

credit. If you are not sure whether you are eligible for Multiple Service, contact your SERS Retirement Counselor for assistance.

To receive Multiple Service, SERS members must repay any accumulated deductions from PSERS that became payable after the date of membership in SERS. The members must also repay annuity payments from PSERS that were made after the date of membership in SERS. As soon as administratively feasible after receipt of a Multiple Service Election form and PSERS' certification of the identified service, PSERS will invoice the members for the appropriate amount. Repayment must be made in accordance with the terms stated in the invoice.

Please carefully read the Multiple Service election form. If you decide to elect Multiple Service, complete the form and return it to SERS. SERS must receive this election form by December 31, 2003. If you have any questions about electing Multiple Service, please contact your SERS Retirement Counselor at (800) 633-5461.

Election Form Second Notices

New Letters Mailed

In September, SERS mailed Act 2001-9 second notice election forms to 20,000 members who had not responded to the initial mailing.

If you wish to elect Class AA, the election form must be received by the State Employees' Retirement System by the close of business December 31, 2001. If you fail to elect Class AA prior to December 31, 2001, you will be prohibited from doing so after this date, and you will remain a Class A member with a benefit accrual rate of 2% and member contribution rate of 5%. Service not converted to Class AA during this election period will remain Class A regardless of future terminations and

returns to state employment.

SERS will process member election forms on a daily basis, and will provide replies in as timely a manner as possible. Please continue to be patient while SERS manages the flow of responses.

If you have not returned your election form, please complete it and mail it to SERS before the end of the deadline. Members may contact their retirement counselors at 1-800-633-5461 to learn whether SERS has recorded their election.

Purchase of Service

For Active Members

With the passage of Act 2001-9 and repeal of certain regulations, SERS may now permit active contributing members, who are making a service purchase, to have an actuarial debt established instead of making payroll deductions to pay for the service. An actuarial debt allows members to receive credit for the service immediately without having deductions taken from their paychecks. The debt is reduced from the present value of the retirement account at the time of retirement. The debt continues to accrue statutory interest at the rate of 4% per year throughout the member's career.

For members who choose to purchase service through this method, the annual Statement of Account will reflect the increase in the benefit due to the purchase of service, and will also reflect the amount of the debt at the end of each calendar year.

SERS began to contact its members in three phases:

Phase 1 - August 6, 2001: SERS sent service purchase invoices to inform members of the actuarial debt provisions. Members were advised that a debt would be established unless they notified SERS, within 30 days from the date of the letter, that they wished payroll deductions. The maximum length of time for payroll deductions is 6 years.

For members who had already selected payroll deductions and the Comptrollers had not been notified to

begin deductions, new invoices with a cover letter were issued informing the members that SERS had established a debt. However, if they wished to make payroll deductions, they had 30 days to notify SERS.

For active contributing members who were billed within the last 45 days and did not respond, SERS sent them new invoices with a cover letter explaining the new provisions and gave them the option of the actuarial debt.

Phase 2 - August 20, 2001: This phase identified all active contributing members who currently had an arrears balance of \$500.00 or more and were making payroll deductions.

These members were notified that SERS would establish a debt for the remaining balance to be actuarially reduced, unless they notified SERS that they wished to continue making deductions. If SERS converted the remaining balance to an actuarial debt, SERS did not refund any monies previously paid.

Phase 3 - September 1, 2001: SERS began to notify all active contributing members who were billed since October 1995 and never responded concerning the actuarial debt provisions.

Members who have questions concerning the purchase of service provisions are encouraged to contact their retirement counselor at 1-800-633-5461.