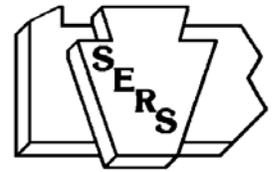




SERSNews

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PA State Employees' Retirement Board Executive Director Retires



John R Brosius is a business education teacher in Pennsylvania and also served as a college adjunct faculty member. Subsequently, he completed a masters degree program at Bucknell University, worked for a national Certified Public Accounting (CPA) firm, and achieved the certification as a CPA in Pennsylvania.

Mr. Brosius was instrumental in implementing significant program developments, including the Retirement Counseling Program, establishing a full-time Legal Office, deploying a professional Investment Office Staff, developing a Knowledge Management Program and a full-time Information Technology Office. Under his management, SERS successfully completed its web site development, a Customer Relations Information System, a State Employees' Retirement Information System, a Document and Work Process Management System, and an Investment Data Warehouse.

Contact Your Counselor Now if You Plan to Retire by June 2005

If you plan to retire between January 1 and June 30, 2005, please take the following steps to expedite the retirement process:

- Contact SERS as soon as possible to obtain retirement estimates, coordinate service purchases and to arrange for counseling/signing appointments
- Retire on a payday
- Give advance notice to your employer (Note: SERS will not notify agencies of potential retirements until the retirement application has been completed.)
- Take care of any agency debts for equipment, uniforms, etc.
- Follow agency rules/guidelines about the retirement process

Also, SERS would like you to consider using the Interactive Custom Calculator to estimate your retirement benefits and to understand your retirement options. The calculator inserts actual account information into your estimate, making estimates more accurate. Also, through the Account Login button that is found on the left navigation bar of the SERS web site, you may obtain secure access to your Annual Statement of

At the end of June 2004, former SERS Executive Director John R. Brosius concluded a twenty-year term at the director post and a total tenure of over 30 years with the Commonwealth. Mr. Brosius, a graduate of Bloomsburg University, initiated his career as a

He also played a key role in planning the effective implementation of major plan legislation affecting the Retirement Code, SERS' achievement and maintenance of being fully funded, the dramatic lowering of employer costs, SERS' achievement of annual awards for financial excellence, and the establishment of a successful Deferred Compensation Plan.

Mr. Eric Henry, the new SERS executive director, began his new assignment on June 28, 2004. He has 10 years of pension fund experience, including serving as the executive director for the New Hampshire Retirement System for the past four years. Previously, he held the positions of vice president, controller of Central Pennsylvania Financial Corp. and senior consultant with Ernst and Young, CPAs. Professional/educational accomplishments include an M.S. in Business Administration from Bucknell University, a B.S. in Accounting from Penn State University, and he is also a CPA.

The executive director is responsible for the overall operational management of the retirement system, setting the strategic direction of the agency, conducting liaison activities with other government offices, retirement systems, and investment professionals.

Account and current account information, such as member contributions, service credits, final average salary, and quarterly earnings.

In an effort to streamline the retirement signing process, SERS has posted the 2004 Guide For Retiring Members (Guide) to its web site (under Publications). SERS designed the Guide to familiarize you with sample forms that you will complete at the time of your retirement, what information you must bring to the meeting, and what retirement decisions you will need to make. The Guide also outlines services SERS provides to retired members, as well as related Health Care and Tax information.

If you are a Commonwealth employee under the Governor's jurisdiction, you are also strongly encouraged to review the employee and employer checklists from the Governor's Office of Administration to streamline the retirement signing process. As always, SERS' goal is to process all retirements within 8-12 weeks of receipt of all paperwork, including your retirement application and your final payroll transaction (which properly terminates you from your agency).

Retired Employee Health Program Changes Eliminate "Fully State-Paid" Benefit

Most Commonwealth of Pennsylvania employees retiring on or after July 1, 2005, who enroll in REHP coverage will pay one percent (1%) of their final annual base salary (as an employee) toward the cost of their REHP coverage. (Certain

bargaining units are exempt from this requirement.) This is called the "retiree share."

This change means that “fully-State-paid” REHP coverage will not be available for most employees retiring effective July 1, 2005 or later. Coverage after that date will be referred to as a “majority payment” to distinguish it from the \$5.00 monthly State share that the Commonwealth pays for anyone who does not meet the age and service requirements but enrolls in the REHP and pays the bulk of the cost themselves. The retiree share will remain in effect for as long as the retiree is covered under the REHP. The one percent (1%) retiree share also will apply to any retiree affected by this requirement who is eligible for Medicare.

IRS Permits Deferrals from Annual and Sick Leave Payouts

The IRS has determined that Annual and Sick leave payouts are eligible for deferral into the Commonwealth's Deferred Compensation Plan (DCP). Deferral reduces your federal income tax burden. If you participate in the DCP, you must complete a Salary Deferral Agreement at least 45 days prior to termination (while an active employee). Participants should contact their Great West representative for assistance in the completion of a new Salary Deferral Agreement. This card will be clearly marked by Great West as a one-time transaction for Annual & Sick Leave deferral purposes.

If you do not currently participate in the DCP, you must first enroll in the DCP and establish a regular payroll reduction **prior to retirement and prior** to requesting the tax deferral of a leave payout. Those who are interested in deferring their leave payout **must contact** their personnel/payroll office and a Great West representative **6-8 weeks prior to retirement** to learn specific payroll procedures and file appropriate forms.

Important Notice about Disability Retirements

The State Employees' Retirement Code provides that if you are an active member who can no longer perform your job duties because of injury or illness, you may be eligible for disability retirement benefits. To qualify for disability retirement, the SERS Code requires you to file your application for disability retirement while you are working, on paid leave or on leave without pay. In addition, you must have at least five years of credited service (State Police and enforcement officers are immediately eligible), and you must provide medical evidence to support your disability application, indicating that you are unable to perform your current job. Based on your application and your medical evidence, SERS' medical examiners will make a recommendation to the State Employees' Retirement Board about your qualification for disability retirement. Your SERS

As an example, employees whose base salary on their last date of employment is \$50,000 will pay \$500 per year toward the cost of REHP benefits. The contribution will be taken automatically from their monthly annuity payments as a \$41.67 deduction (\$500 divided by 12 months).

The Commonwealth retains the right to modify the benefits provided under the REHP at any time, regardless of a retiree's date of retirement.

Both the current IRS annual deferral limit, and any applicable Catch-up limit, as determined by the Great West records, may affect the actual amount of the Annual & Sick Leave Payout that can be deferred into the Deferred Compensation Program. For calendar year 2004, the current deferral limit is \$13,000 for regular contributions and \$26,000 for those eligible to make catch-up contributions. For calendar year 2005, the limits are \$14,000 and \$28,000 respectively.

In order to process your deferral request in a timely manner, please provide enough lead-time to meet all of the requirements of your employer and Great West. Leave payments cannot be arranged, modified, or corrected following a retirement date. Great West representatives will provide counseling about contribution limits, forms for new enrollments and leave payout deductions. Great West can be reached toll-free at 1-866-737-7457, then press 2 for the local office.

Retirement Counselor can provide you with a disability retirement estimate and the medical forms that must be completed before your application for disability benefits will be reviewed.

If you are considering applying for disability benefits, you should contact your SERS Retirement Counselor at 1-800-633-5461 **to sign the Disability Retirement Application prior to terminating from your agency.** For more detailed information on applying for disability retirement, download a copy of the SERS pamphlet on How to Apply for Disability Retirement (SERS-152) from our website www.sers.state.pa.us or request a copy from your Retirement Counselor at 1-800-633-5461.