

SERS News

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

Everhart Leaving SERS To Head PSERS

SERS Assistant Executive Director Dale H. Everhart has been named to the post of executive director of the Pennsylvania Public School Employees' Retirement System (PSERS).

"On behalf of the SERS Board of Trustees, I commend Dale for his years of dedication to the fund and its members," said Board Chairman Nicholas J. Maiale.

The SERS Board honored Everhart at its December 9, 1998, meeting with a resolution expressing "sincere appreciation for Mr. Everhart's service and his contributions to improving the administration of and member services provided by the Fund."

Everhart has been with SERS throughout his 23-year state government career, serving during that time as a Retirement Analyst, Assistant Director of the Retirement Counseling Division, and Director of the Benefits Determination Division. He has been SERS's Assistant Executive Director since 1982, with responsibilities including oversight of agency information technology, counseling services, and member services.

During his tenure, Everhart played a key role in the implementation of the statewide system of Retirement Counseling Centers, the design and development of the agency's new computer systems, and initiation of the SERS disaster recovery plan.

"Dale has performed as a dedicated and innovative member of the SERS staff," said Chairman Maiale. "He has made many important contributions to the successful administration of the



Dale H. Everhart

agency. He will be missed here, and I'm sure he will do his usual, excellent job heading PSERS."

Everhart takes over at PSERS in January 1999, replacing James A. Perry, who is retiring. □

Retirement Savings and Investment Issues and Resources

Where should I invest my retirement pay out? Where and how should I invest to stretch my pension dollars?

SERS receives these and many other investment-related questions, especially from **active members** approaching retirement and **annuitants** in retirement.

Because SERS is not authorized to provide investment – or tax – advice, our counseling staff is restricted from giving answers to these questions. Just as in the member's selection of his or her retirement option, we can't offer any advice other than the basics: Consider your personal situation; consult a reputable financial and/or tax planner; and when you invest, diversify.

With that said, and in response to member

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Transitions

Region 4 and Region 5 local telephone changes

The local area code and mailing address have changed for SERS's Region 4 Retirement Counseling Center located in Montoursville.

The area code has changed from 717 to 570, while the local number remains the same: 368-5680.

Though the center has not moved, the mailing address should now be written as 93 Pierce Lane, Montoursville, Pa. 17754.

The Montoursville center serves SERS **annuitants** *living in* and **active members** *working in* the following counties: Bradford, Cameron, Clinton, Columbia, Lycoming, Montour, Northumberland, Potter, Schuylkill, Snyder, Sullivan, Tioga, and Union.

The local area code also has changed from 717 to 570 for SERS's Region 5 Retirement Counseling Center located in Hazleton.

The local number remains 459-3965. The Hazleton center serves SERS **annuitants** *living in* and **active members** *working in* the following counties: Carbon, Lackawanna, Lehigh, Luzerne, Monroe, Pike, Susquehanna, Wayne, and Wyoming.

In addition to using the local telephone number, members may reach the center serving their area by calling toll-free 1-800-633-5461.

Lost Checks and Direct Deposit

SERS gets many calls from **annuitants** who are worried that an annuity check may be lost or delayed in the mail.

We understand this is a real concern for those who do not have their monthly checks deposited directly into a financial institution.

A check is not considered lost until at least 10 working days after the mailing date. Upon notification from

an **annuitant** that a check has not been received within the 10 working days, the SERS Benefit Determination Division researches the member's account for additional information and provides this information to the state Department of Treasury.

When Treasury's review confirms that the check has not been cashed, a stop-payment is issued and a new check is processed and sent to the Benefit Determination Division for distribution to the member. If the check has been cashed, Treasury provides SERS with a copy of the cashed check. In either case, SERS will send the member a letter reporting the outcome.

Annuitants interested in switching to direct deposit should call their SERS Retirement Counseling Center at 1-800-633-5461 to request a Direct Deposit form. □



Here's a list of upcoming mailings to SERS members.

☒ **January:** IRS Tax Form 1099-R for 1998; mailed to **annuitant** *home addresses* by the end of January.

☒ **March:** SERS 1998 Member Statement of Account listing information on the **active member's** retirement account as of the end of the previous calendar year; mailed to **active member** *home addresses* by April 1.

☒ **April:** Spring *SERSNews* mailed to **annuitants** with the end-of-month annuity distribution; provided to **active members** through payroll distribution on succeeding pay days. □

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:** Geoffrey S. Yuda 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: **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.

AnnuitantREPORT: Federal Withholding

By Sandra Bailey
SERS Accounting Systems Analyst

With tax time approaching, it's a good time to consider the amount of federal income tax you may want SERS to withhold from your pension in 1999.

As you prepare your 1998 taxes, you may discover that you've had either too little or too much federal income tax withheld from your annuity checks.

In either case, in order to change the amount of federal income tax withheld, you must complete IRS Form W-4P (Withholding Certificate for Pension or Annuity Payments) and send it to SERS. You can obtain a Form W-4P from your tax preparer or by calling your SERS Regional Counseling Center at 1-800-633-5461. You may start, cancel, or change the amount of federal income tax withheld from your monthly annuity at any time.

It is very important that the Form W-4P be filled out completely and legibly so SERS staff will make the changes you want. **Be sure to sign the form and fill in your Social Security number and the date.** SERS also asks that you include a telephone number where we can contact you if we have questions about your form.

Line 2 of Form W-4P should be completed with a marital status and number of allowances, *except* when you are electing to have your federal withholding stopped.

NOTE: If you previously filed a Form W-4P and file a new one, the

new form will take the place of the old form.

If your Form W-4P is received and processed by SERS after the fifth day of the month, it will become effective for the following month.

For example, a Form W-4P received and processed on July 7, will become effective for the annuity check you receive at the end of August.

Following are three examples of different tax withholding changes.

Example A: Mr. Doe decides to stop having federal income tax withheld from his annuity check. He checks the block at the end of Line 1 of Form W-4P to indicate this choice, completes the form, and mails it to SERS.

Example B: Mr. Doe wants SERS to apply the married withholding rate and is claiming one allowance. To do this, at Line 2 of his Form W-4P he checks the *Married* box and writes in *1* for the number of allowances.

Because Mr. Doe also wants us to deduct an additional \$20 from his pension, at Line 3 he writes in *\$20*. **NOTE:** If Mr. Doe had previously asked us to deduct an additional \$10 and on his new Form W-4P asks us now to deduct an additional \$20, we will not add the \$10 and \$20 together to give him an additional \$30 withholding. We will only deduct the additional \$20 indicated on his new form.

Example C: Mr. Doe wants SERS to withhold a fixed amount of \$300. To do this, at Line 3 of his Form W-4P he writes in *\$300 Total*. He also completes Line 2, as required, indicating marital status and number of allowances.

SERS cannot counsel you on how much federal income tax to withhold from your pension. If you have questions about what is the proper withholding amount for your situation, talk to your tax preparer or consult IRS Publication 919 (Is My Withholding Correct?).

Completed Example B of IRS Form W-4P

Form W-4P		Withholding Certificate for Pension or Annuity Payments		OMB No. 1545-0415
Department of the Treasury Internal Revenue Service		For Paperwork Reduction Act Notice, see page 3.		1998
Type or print your full name JOHN DOE			Your social security number 555 55 5555	
Home address (number and street or rural route) 55 MAPLE AVENUE			Claim or identification number (if any) of your pension or annuity contract	
City or town, state, and ZIP code ANYWHERE, PA 10231-0000				
Complete the following applicable lines:				
1 Check here if you do not want any Federal income tax withheld from your pension or annuity. (Do not complete lines 2 or 3.)			<input type="checkbox"/>	
2 Total number of allowances and marital status you are claiming for withholding from each periodic pension or annuity payment. (You may also designate an additional dollar amount on line 3.)			1 <u>1</u> (Enter number of allowances.)	
Marital status: <input type="checkbox"/> Single <input checked="" type="checkbox"/> Married <input type="checkbox"/> Married, but withheld at higher Single rate				
3 Additional amount, if any, you want withheld from each pension or annuity payment. Note: For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2.			▶ \$ <u>20</u>	
Your signature ▶ <i>John Doe</i>			Date ▶ <i>12/31/98</i>	
			Cat. No. 10228T	
Your Telephone # <u>(515) 555-5555</u>				

1999 Annuity Payment Dates Card

With the end-of-November 1998 annuity, all SERS **annuitants** were sent a Monthly Annuity Payment Dates card for 1999. The green card lists the dates annuity checks are to be distributed during the year.

Annuitants who misplace the Monthly Annuity Payment Dates card should contact their regional Retirement Counseling Center at 1-800-633-5461 to request a new one.

Active Member Notes

1998 Statement of Account

All SERS active members who contributed to the SERS fund during the last year will receive a SERS annual Statement of Account updated through the end of 1998. Approximately 113,000 Statements will be mailed to **active members'** home addresses of record by April 1, 1999.

More Information

New in the 1998 Statement, all *vested* members – those with at least 10 years of credited service – will be provided estimated retirement benefits projected to the normal retirement date. Previously, projected estimates were given only to members who were within 10 years of their normal retirement date. The Statement also will list the vested member's normal retirement date, which usually is at age 60.

30 and Out Reminder

The cover page to the Statement will include a reminder about Act 1998-41, which reopened the 30-year early retirement window allowing a member of SERS to retire with 30 years of retirement-credited service at any age and receive full retirement benefits with no benefit reduction for retiring prior to normal retirement age.

Qualified **active members** must terminate active state service and file an application for annuity with an effective date of retirement *not later than July 1, 1999*.

Beneficiary Listing

For the second year, the Statement will list the member's principal

beneficiary(ies), as designated by the member on the most recent Nomination of Beneficiary(ies) form on file with SERS at the end of 1998.

Members are reminded that if the beneficiary section of the Statement is blank, in most cases it is because the **active member's** Nomination of Beneficiary(ies) form predates 1993, when SERS began computerizing this information.

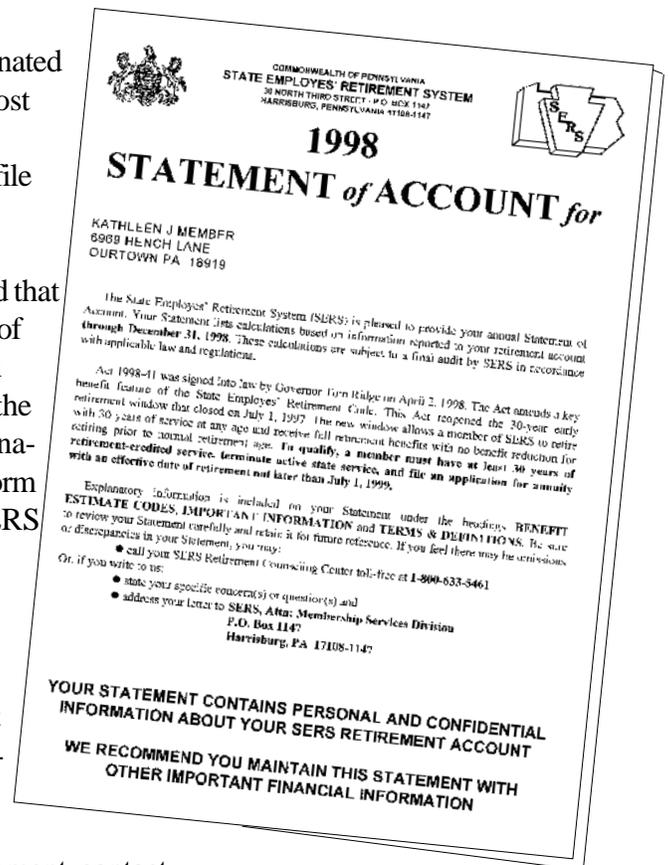
Contacting SERS

If you are an **active member** and you do not receive your 1998 Statement or if you feel there may be omissions or discrepancies in the Statement, contact your SERS regional Retirement Counseling Center by calling toll-free 1-800-633-5461.

If you have a question about your Statement and must write to us, state your specific question and send your

Annuitant reminder:

You, too, should be sure your beneficiary(ies) information – including their mailing addresses – is current with SERS. If you want to change beneficiary(ies), contact your SERS Retirement Counseling Center for a new Nomination of Beneficiary(ies) form.



letter to SERS, Attn. Membership Services Division, P.O. Box 1147, Harrisburg, Pa. 17108-1147.

Duplicate copies of the Statement are available from SERS at a cost of \$5 each.

Statement information is subject to a final audit by SERS.

Handbook Reissue

Coming in 1999, all SERS **active members** will receive a new, revised *Member Handbook*.

Last issued in 1995, the 26-page handbook will be updated to include current address information

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Active Member ...

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on the SERS Retirement Counseling Centers and other changes.

The new handbook will be mailed to each active member's home address of record. Members joining SERS after the mailing will receive a handbook in the welcoming package of material our Membership Services Division sends to all new members.

To ensure that your handbook reaches you at home, please be sure your agency has your current home address. The address provided to us by your agency is the address of record SERS will use when we distribute the handbooks.

Watch for more on the distribution of the new handbook in future issues of the *SERSNews*. □

Telephone Service Review

As part of the agency's ongoing effort to improve member services, staff is now reviewing SERS's automated telephone answering system. Improvements to the system will be announced in future issues of the *SERSNews*. □



Y2K Update

A Year 2000 Readiness Disclosure



As we reported in the last issue of the *SERSNews*, the agency – along with the other state agencies – is diligently working to resolve any computer problems associated with the year 2000 (Y2K).

To reassure our members, particularly the **annuitants**, the article noted that all our mission-critical computer programs, including those for processing annuity payments, already had been adjusted and tested.

More Done, More to Do

As 1998 ends, we are pleased to report that we believe our non-mission critical programs have been brought into Y2K compliance.

Now into 1999, we continue to adjust or replace any “embedded technologies” (which affect things like fax machines and buildings' environmental systems) found not to be Y2K-compliant. As the year progresses, we plan to continue testing the readiness of these systems as well as our other systems.

Looking Beyond SERS

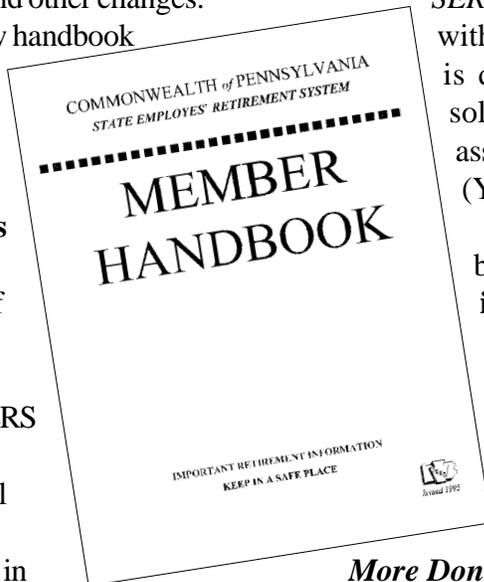
SERS is “linked” electronically to our various investment managers and

other outside entities. The agency depends on these outside entities being Y2K-compliant to ensure the continued smooth flow of information and investment transaction data between them and us.

To help ensure the continued compatibility of these outside systems, SERS's Auditing, Review and Compliance Office has contacted our more than 100 investment managers and consultants. By canvassing the managers, we can assess and monitor their progress toward Y2K compliance.

As we noted in our previous article, with a project of this complexity it is always possible that year 2000 disruptions may occur, despite all our efforts. We anticipate, however, that, due to our aggressive response to this problem, we will be able to minimize and quickly correct any such disruptions. SERS is dedicated to ensuring that our retirees and their beneficiaries continue to receive timely and accurate annuity payments.

Future issues of the *SERSNews* will provide updates on the agency's Y2K compliance effort as we approach the year 2000. □



SERS- and Retirement-Related Contacts

- *Pennsylvania Employees Benefit Trust Fund (PEBTF)*: Toll Free (In State) 1-800-522-7279; (Out of State) 1-800-628-0174; for Retired Employee Health Program-related inquiries regarding state medical coverage and claims.
- *Pennsylvania Public School Employees' Retirement System (PSERS)*: Local (717) 787-8540; for information related to school service or related to multiple service (service in both SERS and PSERS).
- *Pennsylvania Pharmaceutical Assistance Program (PACE)*: Toll Free 1-800-225-7223.

Savings and ...

Continued from front page

demand, the agency currently is developing the means to offer members basic, introductory information on how to approach retirement investment decisions. Included will be a video, which members may obtain on loan from their regional Retirement Counseling Center. The video is due to be available through the Counseling Centers in 1999, and more information on its release will appear in future issues of the *SERSNews*.

Also under consideration is the inclusion of a financial planning component during group counseling presentations. This is currently planned to be a strictly informational presentation. News about the development of this program will be announced in future issues of the *SERSNews*.

The National Drive to Improve Investor Education

At the national level, Congress, the White House, the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Labor all have been involved recently in promoting greater public awareness of the importance of saving and investing.

In spring 1998, the SEC, along with the North American Securities Administrators Association (NASAA), sponsored Saving & Investing Education Week as part of the nationwide Facts on Saving & Investing Campaign. The campaign was prompted by surveys showing as many as 75 percent of American workers not knowing how much to save for retirement and an estimated 65 million U.S. households with no comprehensive financial plan.

“At a time Americans are increasingly responsible for their financial security, that spells trouble,” said SEC Chairman Arthur Levitt. “We are in the midst of a financial literacy crisis, and many will pay a high price.”

Echoing the campaign slogan, “*Get the facts. It’s your money. It’s your future.*,” NASAA’s then president Denise Crawford said, “It pays to be skeptical, to do your homework and ask tough questions. ... Wall Street is no short cut to Easy Street. Success takes persistence and practice.”

On the specific issue of retirement savings, last June the White House and Congress hosted the first SAVER National Summit on Retirement Savings planned by the U.S. Department of Labor and the American Savings Education Council.

Prompted by the federal Savings Are Vital to Everyone’s Retirement (SAVER) Act of 1997, the 200-delegate gathering was the first of three planned through 2005. The goal: Increase public awareness about the importance of retirement savings.

Two of the delegates’ key concerns, according to Linda Savitsky, past president of the Government Finance Officers Association and a summit delegate:

- 1) solvency of the Social Security Trust Fund, and
- 2) “the fact that baby boomers are fast approaching their retirement years, and ... not enough of them have adequate savings invested toward their retirements.”

Writing in the October 1998 issue of “Government Finance Review,” Savitsky predicts 1999 will see more ferment on these issues, producing intense public debate over Social Security and retirement savings. “If so,” she writes, “the 1998 SAVER

Summit will have proved instrumental in shining a much-needed light on a public policy issue that all too often has been relegated to second-tier status.”

Information Resources

Here are some contacts if you want to learn more about savings and investing issues:

American Savings Education Council

Suite 600, 2121 K Street NW
Washington, D.C. 20037-1896
Phone: 202-659-0670
Fax: 202-775-6360
E-mail: asecinfo@asec.org
Internet: www.asec.org

North American Securities Administrators Association

10 G Street, NE, Suite 710
Washington, D.C. 20002
Phone: 202-737-0900
Fax: 202-783-3571
Internet: www.nasaa.org

Pa. Securities Commission

Second Floor, Eastgate
1010 North 7th Street
Harrisburg, Pa. 17102-1410
Phone: 717-787-8061
Fax: 717-783-5122
Internet: www.psc.state.pa.us

SAVER National Summit on Retirement Savings

Internet: www.saversummit.org

Social Security Administration

Phone/toll-free: 1-800-772-1213
Internet: www.ssa.gov □