

# FREQUENTLY ASKED QUESTIONS:

## Statement of Account for School Year 2023-2024

Your Defined Benefit (DB) Statement of Account and Defined Contribution (DC) Participant Summary reflect activity posted to your retirement account during the June 30, 2023 - July 1, 2024 school year. The information displayed is as of June 30, 2023. For additional frequently asked questions, refer to the PSERS website at [pa.gov/PSERS](http://pa.gov/PSERS).

### Defined Benefit (DB) Statement of Account for 2023-2024

#### **What is my *contribution rate* and how is it determined?**

Your membership class and employment history determine your contribution rate. PSERS membership classes are determined by the date of your first qualified service. Refer to the *Active Member Handbook* on the PSERS website for more information. The contribution rate is the percentage of your qualifying school salary/wages that you contribute to your retirement account.

Certain membership classes (Class T-E, Class T-F, Class T-G, and Class T-H) may also have a shared-risk/shared-gain contribution rate, which is in addition to the DB basic contribution rate. With this "shared risk/shared gain" provision, your DB contribution rate may increase or decrease by 0.50% or 0.75% within the specified range once every three years depending on the investment performance of the Fund. As a result, members can benefit when PSERS investments are doing well and share some of the risk when investments underperform. Please refer to the PSERS website for more information.

#### **Why do my employer's DB contributions not appear on my *statement of account*?**

In PSERS DB Plan, employers contribute to the general fund of PSERS, not specifically to any one member's account.

#### **What is a *school year*?**

For PSERS purposes, a school year is July 1 - June 30 regardless of when you began employment or when your district starts and ends classes each year. Your statement contains information for work performed in a school year. The DB Plan information in your *Statement of Account* is based on when the wages are earned, not paid.

#### **Why do I have values under both the *days worked* and *hours worked* columns?**

Values will appear in the *days worked* and *hours worked* columns if you worked both a salaried or per diem position **and** an hourly position during the last school year.

#### **How is the credit in my *service* column determined?**

Members of PSERS earn credit for service. Members who are salaried or per diem employees must work at least 180 days to earn one full year of service. Hourly employees must work at least 1,100 hours to earn one full year of service. If you do not work enough days or hours to earn a full year of service credit, your partial year of credit is determined by dividing the days and/or hours you work by 180 (days) or 1,100 (hours).\*

*\*If you work 9 or 10 months per school year in a full-time hourly position which requires you to work 900 to 1,100 hours, your service credit is calculated using the actual hours you worked divided by your expected work hours.*

#### **Is there a deadline for applying for a PSERS disability retirement?**

Yes. You must apply for a disability retirement within two school years of your last day of service or paid leave, whichever is later. Please refer to the *Let's Talk about PSERS Disability Benefits* publication for more information.

### Defined Contribution (DC) Participant Summary on June 30, 2024 (as reported by Voya Financial)

#### **What are *eligibility points* and how are they determined?**

You earn one eligibility point for each school year (July 1 - June 30) in which school service is rendered and you contribute to the PSERS DC Plan. You must earn three eligibility points to be vested and eligible to receive your employer's DC contributions in your PSERS DC Plan account and the earnings on those contributions, if any, after termination of employment.

#### **What are *non-vested balance* and *vested balance*?**

The ***non-vested balance*** is the amount your employer(s) contributes that you are ineligible to receive prior to earning three eligibility points. This amount will be zero once you attain three eligibility points and are eligible to receive your employer's DC contributions and earnings on those contributions, if any. The ***vested balance*** is the amount you are eligible to receive after you terminate public school service. You are always 100% vested in, and eligible to receive, the balance in your PSERS DC account that is attributable to your DC participant contributions and your voluntary contributions, like after-tax contributions or rollovers. Balances include investment performance and are adjusted for the fees, costs, and expenses deducted from your DC account.

#### **Why do the amounts in my *DC participant summary* not match the amounts in my *DC quarterly statement*?**

The amounts displayed in your *DC participant summary* show a snapshot of your account as of June 30, 2024. Access your DC account online through the PSERS Member Self-Service (MSS) Portal for your most up-to-date DC account balance.

***Want to learn more about your DC plan and investment options?*** We developed one-page summaries, in-depth articles, and educational videos. Check out these helpful resources that are available through your DC account and at [pa.gov/PSERS](http://pa.gov/PSERS)!

# Understanding Your PSERS Retirement Benefits

## What is PSERS?

PSERS was established by the Pennsylvania General Assembly in 1917 and is one of the oldest governmental public pension funds in the nation. Today, PSERS is one of the nation's largest government pension funds with more than 500,000 active and retired members and nearly 800 public school employers. As a member of PSERS, the Commonwealth of Pennsylvania has given you access to a Defined Benefit (DB) Plan and Defined Contribution (DC) Plan for your retirement.

## What are DB and DC benefits?

Once vested in the DB Plan, you are guaranteed a set monthly benefit for life based on a statutory formula using your class multiplier, years of credited service, and your final average salary. PSERS pension benefits are not offset for Social Security or automatically adjusted for inflation. With the DC Plan, your retirement benefit is based on the amount of vested contributions in your account and investment performance, adjusted for fees, costs, and expenses. Your vested DC Plan balance is available for you to withdraw when you terminate all public school employment.

## How can I receive my PSERS DB and DC benefits?

You may not withdraw any money from either account until you terminate all Pennsylvania public school employment and submit an application for a DB Plan retirement or refund, or request a DC Plan distribution. You are not required to request a benefit from both plans at the same time.

## PSERS DB Plan

Submit an *Application for Retirement* (PSRS-8) or an *Application for Refund* (PSRS-59) to PSERS. There are strict time frames to apply for a PSERS benefit to ensure your earliest benefit effective date. For a regular retirement, an *Application for Retirement* must be filed with PSERS within 90 days of your date of termination for benefits to start the day after your last day of service; otherwise, your benefit will be effective the date your *Application for Retirement* is received by PSERS. To help ensure that you are properly prepared for your retirement, contact PSERS for Retirement Exit Counseling before terminating employment and applying for a retirement benefit. You must have a staff-prepared estimate to attend Retirement Exit Counseling. If you terminate service before you are eligible for a retirement benefit, you may refund your contributions and interest by calling PSERS to request an *Application for Refund*. Interest will no longer be applied to your account after the month of termination.

## PSERS DC Plan

Request a distribution through Voya or online in your PSERS DC account. Direct distributions are subject to 20% federal withholding taxes and if under age 59½ or a non-resident alien, additional federal withholding taxes will be withheld unless an exception applies.

- If your vested balance is greater than \$5,000 in the PSERS DC Plan, you may choose a full or partial distribution or purchase an annuity with a vendor. Partial distributions and full distributions may be taken as a direct distribution or a rollover to an eligible retirement plan. You may also set up installment payments for your distribution.
- If your balance is more than \$1,000 but is not greater than \$5,000, you must take a single lump-sum distribution payable to you or request a direct rollover. If you do not elect either option within 90 days after the date you are eligible for distribution, the vested balance in your PSERS DC Plan account will be automatically rolled over to a Voya IRA in your name.
- If your balance is \$1,000 or less, you must take a single lump-sum distribution payable to you or request a direct rollover. If you do not elect either option within 90 days after the date you are eligible for a distribution, the vested balance in your PSERS DC Plan account will be automatically distributed in a single lump-sum distribution payable to you less applicable federal withholdings.

## Can I borrow from my account?

You may not borrow from either account or use your accounts as collateral for loans.

## How can I prepare for retirement?

- Plan for your retirement early in your career. Attend a Foundations for Your Future (FFYF) program that provides general information about PSERS' benefits and services. You may view the presentation online or check the availability of in-person and virtual sessions on the PSERS website.
- Increasing your salary by performing additional duties (e.g., overtime, work as a coach or department head, etc.) and/or increasing your service credit by working longer. You may earn up to one service credit per school year.
- Purchasing service (if applicable) may enhance your PSERS benefit. *All requests to purchase service credit must be filed with PSERS while you are an active, contributing member and within the time frame required by law. For more information, refer to the Active Member Handbook on the PSERS website.*
- If you have former service credited with the Pennsylvania State Employees' Retirement System (SERS) for work performed for the Commonwealth of Pennsylvania (e.g., Labor & Industry, Transportation, etc.), you may elect multiple service, which combines state and school service. The deadline to apply is within 365 days from the date stated in your initial membership letter or prior to termination, whichever is earlier. You may also apply within 365 days from the date you return to active school service following a break in service. You must apply to elect multiple service membership through your MSS account or by submitting the *Application for Multiple Service Membership* (PSRS-1259) to PSERS. For more information, refer to the *Active Member Handbook* on the PSERS website.

## If I am no longer employed by a Pennsylvania public school, am I required to begin receiving my PSERS DB benefit or DC distribution by a certain age?

If you are no longer an active member of PSERS, the Internal Revenue Service (IRS) mandates that Required Minimum Distributions (RMD) distributions begin to be distributed by April 1 of the calendar year following the year in which a terminated member reaches their Required Beginning Age or when an active member terminates service after having attained their Required Beginning Age. Refer to PSERS website [pa.gov/PSERS](http://pa.gov/PSERS) to find your Required Beginning Age.

***If you are nearing your required beginning age and no longer working, contact PSERS to begin your retirement process. If there is a failure to comply with the RMD requirements, Federal law imposes a penalty tax payable by you equal to 25% on the amount not distributed. If you have questions regarding RMD, we encourage you to seek advice from your tax consultant or the IRS.***