

# Welcome to PSERS

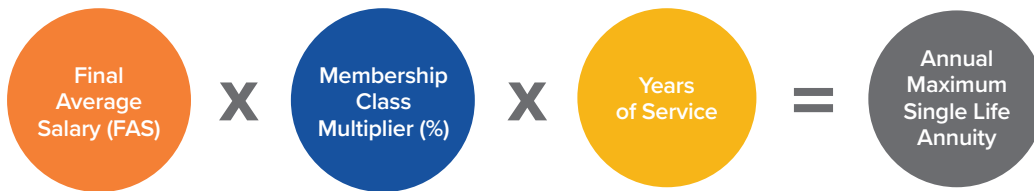
## Understanding your membership class options



You are automatically enrolled as a Class T-G member. Class T-G provides both a Defined Benefit (DB) and a Defined Contribution (DC) component for your retirement benefit. If you wish to remain in Class T-G, **no action is required**. You have a 90-day election period to decide if you would like to remain Class T-G or elect one of two other membership classes: Class T-H or Class DC. This guide compares the features and benefits of each membership class on the next page.

### What is the difference between PSERS' Defined Benefit (DB) and Defined Contribution (DC) Plans?

The **Defined Benefit** component of your retirement guarantees you a monthly benefit based on the following calculation.



The **Defined Contribution** component of your retirement is based on the amount of contributions made by you and your employer and the investment performance on those contributions, subject to costs and expenses. Your contributions have the potential to grow based on investment earnings, but are not guaranteed against loss in declining investment markets.



### How are the membership classes similar and different?

**Class T-G** offers the highest monthly DB benefit at retirement. You also have a DC component of your retirement, which is based on what you and your employer contribute to the DC Plan and the performance of those contributions based on the investment options you choose, subject to costs and expenses. Compared to Class T-H, Class T-G has a higher DB member contribution rate\* and a higher employer DC contribution rate, but a lower participant DC contribution rate.

**Class T-H** offers a monthly benefit from the DB component that is lower than Class T-G. You also have a DC component of your retirement, which is based on what you and your employer contribute to the DC Plan and the performance of those contributions based on the investment options you choose, subject to costs and expenses. Compared to Class T-G, Class T-H has a lower DB member contribution rate\* and a lower employer DC contribution rate, but a higher participant DC contribution rate.

**Class DC** offers the value of your DC account based solely on what you and your employer contribute to the DC Plan and the performance of those contributions based on the investment options you choose, subject to costs and expenses. The participant DC contribution rate is the highest and the employer DC contribution rate is the same as Class T-H, which is lower than that of Class T-G. Class DC provides no monthly DB benefit or PSERS disability retirement benefit. Class DC members cannot purchase service and cannot elect Multiple Service membership to combine PSERS credited service with service credited in the State Employees' Retirement System.

\* The DB contribution rate is subject to a Shared Risk/Shared Gain contribution Rate. Please visit PSERS online for additional information and the most current contribution rates.

## Membership Class Comparison

The following chart compares the unique features and benefits of Class T-G, Class T-H, and Class DC. The chart also details how much of your salary you contribute each pay period, how much your employer contributes on your behalf each pay period, when you qualify for a benefit, and how your total retirement benefit is calculated. Please review the information carefully when considering your Membership Class options.

	Your Default Option Class T-G (Hybrid of DB & DC Plans)	Elective Option Class T-H (Hybrid of DB & DC Plans)	Elective Option Class DC (DC Plan)
<b>Total Member Contribution Rate*</b>	8.25% (DB: 5.50% + DC: 2.75%)	7.50% (DB: 4.50% + DC: 3.00%)	7.50%
<b>Employer Contribution Rate to Member's DC Account</b>	2.25%	2.00%	
<b>Vesting Period (When you qualify for a benefit)</b>	10 years (or age 67 with 3 years of service) - DB Plan 3 eligibility points to receive the DC Employer Contributions/Earnings		No DB Plan 3 eligibility points to receive the DC Employer Contributions/ Earnings
<b>Your Total Retirement is based on...</b>	DB = 1.25% x FAS x Years of Service + Value in DC account	DB = 1.00% x FAS x Years of Service + Value in DC account	No DB Plan. Value in DC account only
<b>Total Retirement Benefit</b>	Guaranteed monthly benefit for life (DB Plan) + Contributions (DC Plan) and the investment performance, subject to costs and expenses		Contributions (DC Plan) and the investment performance, subject to costs and expenses
<b>Purchasing Service, Disability Retirement, Electing Multiple Service</b>	Yes		No, except for USERRA
<b>Normal Retirement Age</b>	For the DB Plan, earlier of: <ul style="list-style-type: none"> <li>• Age 67 with 3 years of service</li> <li>• Combination of age and service equaling 97 with at least 35 years of service</li> </ul> For the DC Plan, distribution after termination of service	For the DB Plan, age 67 with 3 years of service For the DC Plan, distribution after termination of service	N/A (Distribution permitted after termination of service)
<b>Early Retirement Milestone</b>	Age 57 with 25 years of service	Age 55 with 25 years of service	N/A

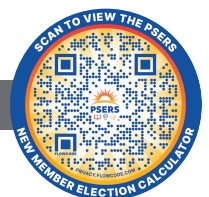
\* The Member Contribution Rate is a percentage of your retirement-covered compensation that is withheld from your pay. This represents the current DB rate inclusive of the Shared Risk/Shared Gain Contribution Rate. The mandatory contributions you make to the PSERS DB and DC Plans lower your federal taxable income and increase your tax-deferred savings for retirement.

## PSERS New Member Election Calculator

New members can use the PSERS New Membership Class Election Calculator to estimate what the value of their DB and DC component may be in retirement. This is particularly important for Class T-G members who are within their 90-day class election window to elect Class T-H or Class DC. You also may want to consider consulting with a certified financial planner.

PSERS Membership Class Election calculator provides estimated DB monthly annuity amounts and a potential and estimated DC vested amount. Although PSERS makes every effort to accurately represent the estimated amounts calculated using this calculator, PSERS makes no assurance, representation, or promise regarding the estimated DB benefit, future earnings or losses, or income projections.

Access the Election Calculator on the PSERS website or scan the QR code



## Membership Class Example

**Member assumptions: \$40,000 starting salary with 3% annual increases, working for 35 years (normal retirement)**

**PSERS DB Plan factors:** Final average salary of \$103,093 and earns a guaranteed 4% on contributions and interest. Member leaves these in for maximum pension benefit. The base DB contribution rate is 5.50% for Class T-G and 4.50% for Class T-H. Shared Risk/Shared Gain rate is not applied. Visit PSERS online for the most current contribution rates.

**PSERS DC Plan assumptions\*:** 26 pay periods per year and 6% rate of return.

	Your Default Option	Your Other Elective Options	
	Class T-G <i>Highest guaranteed retirement benefit</i>	Class T-H <i>Reduced guaranteed retirement benefit</i>	Class DC <i>Value of account at time of distribution</i>
<b>Total Retirement Benefit</b>	\$944,399	\$824,388	\$654,177
<b>Retirement Benefit Breakdown</b>	\$45,103 Annual Pension for life + DC Plan Account of \$344,304 at retirement	\$36,083 Annual Pension for life + DC Plan Account of \$344,304 at retirement	No Annual Pension + DC Plan Account of \$654,177 at retirement (You assume all investment risk)
<b>First Year Member Contributions (based on a \$40,000 starting salary)</b>	\$3,300 or \$126.92 from bi-weekly pay	\$3,000 or \$115.38 from bi-weekly pay	
<b>Total Member Contributions</b>	\$199,525	\$181,386	
<b>Total Employer DC Contributions</b>	\$54,416	\$48,370	

\* These hypothetical examples assume a 6% effective annual interest rate and no withdrawals. For illustrative purposes only, to show how the contribution rate and number of years invested in the DC Plan could affect your account value. Not intended as a guarantee of past or future performance of any security. Hypothetical assumptions are not guaranteed. Your actual results may vary. Actual rate of return may be more or less than shown and will depend upon a number of different factors, including your choice of investment options.

## Questions to Ask Before Making Your Irrevocable Membership Class Election

- Will you work long enough to be eligible for a DB benefit with Class T-G or Class T-H by either rendering 10 years of service, or working until age 67 with at least three years of service?
- What Membership Class will better help you attain your expected retirement income and meet your financial goals?
- Do you want the ability to make the investment decisions for all or some of your retirement plan contributions?

## Watch the Series of PSERS Member Class Election Videos

Visit PSERS online and go to the Class Election page for three short videos to assist you in making this important decision.

- “Understanding Your PSERS Benefit” provides a high-level overview of the PSERS retirement benefit options for new members.
- “Understanding Membership Classes” compares the PSERS membership classes: Class T-G, Class T-H, and Class DC.
- “Selecting Your Membership Class” provides examples of what your benefit may look like in each membership class as well as instructions for remaining in your current membership class and electing a new class.

## Electing Class T-H or Class DC

If you would like to elect Class T-H or Class DC, you must timely log in to your PSERS MSS account and follow the instructions on the *Class Election* tab prior to your deadline.

If you have any questions about making an election, please visit PSERS online, send a secure message from your Member Self-Service (MSS) account, or call PSERS at **1.888.773.7748 (1.888.PSERS4U)**. The Member Service Center is staffed each business day from 8:00 a.m. to 5:00 p.m.

## DC Plan Investment Options

Upon enrollment into the PSERS DC Plan, your and your employer's contributions are automatically invested in a target date investment based on your estimated normal retirement age (67) as determined by your date of birth. Target date investments are professionally managed and periodically adjusted with a specific target retirement date in mind. They are designed to adjust to changing needs *up to and throughout retirement* in a single investment option. Professional investment managers invest your money in a mix of funds across a variety of asset classes to create a diversified investment portfolio, guided by the number of years until retirement. The target date investment is automatically monitored and rebalanced to shift assets to more conservative investments as the retirement year draws near.

Your birth year:	Your default investment:
Prior to 1956	T. Rowe Price Target Date 2020
1/1/56 - 12/31/60	T. Rowe Price Target Date 2025
1/1/61 - 12/31/65	T. Rowe Price Target Date 2030
1/1/66 - 12/31/70	T. Rowe Price Target Date 2035
1/1/71 - 12/31/75	T. Rowe Price Target Date 2040
1/1/76 - 12/31/80	T. Rowe Price Target Date 2045
1/1/81 - 12/31/85	T. Rowe Price Target Date 2050
1/1/86 - 12/31/90	T. Rowe Price Target Date 2055
1/1/91 - 12/31/95	T. Rowe Price Target Date 2060
In 1996 or after	T. Rowe Price Target Date 2065

You can remain in your default target date investment or change how all or part of your account balance is invested at any time by accessing your PSERS DC account through the PSERS MSS Portal. You can select a different target date investment or choose from among the following 9 additional investment options. Visit PSERS online for more investment information and to access fund prospectuses.

## With PSERS, you're on your way!

The T. Rowe Price target date trusts (the Trusts) are not mutual funds. They are common trust funds established by T. Rowe Price Trust Company under Maryland banking law, and their units are exempt from registration under the Securities Act of 1933. Investments in the Trusts are not deposits or obligations of, or guaranteed by, the U.S. government or its agencies or T. Rowe Price Trust Company and are subject to investment risks, including possible loss of principal.

**Not FDIC/NCUA/NCUSIF Insured • Not a Deposit of a Bank/Credit Union • May Lose Value • Not Bank/Credit Union Guaranteed • Not Insured by Any Federal Government Agency**

Plan administrative services are provided by Voya Institutional Plan Services, LLC (VIPS). VIPS is a member of the Voya® family of companies and is not affiliated with the Public School Employees' Retirement System (PSERS) or the PSERS Defined Contribution Plan.

### Stable Value

**MissionSquare PLUS Fund R10** seeks to preserve capital, limit risk of loss to your principal, and deliver stable returns.

### Bonds

**BlackRock High Yield K** invests primarily in non-investment grade bonds with maturities of 10 years or less.

**PIMCO Total Return Instl** invests at least 65% of its total assets in a diversified portfolio of fixed income instruments of varying maturities.

**PIMCO Real Return Instl** invests at least 80% of its net assets in inflation-indexed bonds of varying maturities issued by the U.S. and non-U.S. governments.

### Balanced

**Calvert Balanced R6** actively manages a portfolio of stocks, bonds, and money market instruments.

### Stocks

**Fidelity® 500 Index** invests at least 80% of assets in common stock included in the S&P 500 Index, which broadly represents the performance of common stocks publicly traded in the U.S.

**Fidelity® Extended Market Index** invests at least 80% of assets in common stocks included in the Dow Jones U.S. Completion Total Stock Market Index, which represents the performance of stocks of mid- to small-capitalization U.S. companies.

**Fidelity® Real Estate Index** corresponds to the total return of equity Real Estate Investment Trusts and other real estate-related investments.

**American Funds Europacific Growth R6** invests primarily in common stock of issuers in Europe and the Pacific Basin that the investment adviser believes have the potential for growth.

