

Inside...

- Retirement Exit Counseling Sessions
- Eligibility for Disability Retirement
- State of the Fund

& More...

Join 107,000+ Members on PSERS' Member Self-Service (MSS) Portal

PSERS has saved more than \$149,000 in print and mailing costs since the launch of the Member Self-Service Portal (MSS) in March 2018.

Join the more than 107,000 PSERS members who have registered for MSS and who can now access their pension account information online, anytime they need it. The benefit of an MSS account is the ability to conduct many pension plan-related transactions instantaneously online with the click of a button instead of filling out paper forms or contacting PSERS staff. If you have not registered yet, now is the time to do so and be entered for a chance to be **one of the winners of an iPad Mini!**

Join 107,000+ Members on PSERS' MSS Portal!
Your Pension Account - Online, Anytime

 98.1% Paperless	 31,899 Nominations of Beneficiary	 24,968 Retirement Estimates
 10,584 Address Changes	 1,125 Class T-F Elections	

March 25 to November 30, 2018

Why Paperless?

Get Access Anytime, Anywhere. More than 98% of MSS members receive their documents via paperless delivery. When you register on the MSS Portal, you will be enrolled automatically in the paperless delivery option. This gives you the convenience of instant access to your statements and account information online through the MSS Portal. You will receive an email notification when you have an alert or a new document is available. With electronic documents and access to your account, you can also find information faster such as confirming your beneficiaries and checking that your address is current.

Continued on next page

The Public School Employees' Retirement System (PSERS) provides this document for educational and informational purposes. Information in this document is general in nature, does not cover all factual circumstances, and is not a complete statement of the law or administrative rules. The statements in this document are not binding. In any conflict between the statements in this document and applicable law or administrative rules, the law and administrative rules will prevail. This document is designed solely to provide an overview of benefits available to PSERS members and is not intended to be a substitute for retirement counseling. The contents of this newsletter may not be used for any commercial purpose without PSERS' prior written permission.

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717.772.3860

Phone Hours:
Weekdays (except holidays)
8:00 a.m. - 5:00 p.m.

Website Address:
psers.pa.gov

Email Address:
ContactPSERS@pa.gov

(Join 107,000+ Members on MSS...continued)

Faster Processing. When requesting transactions online, MSS gives you immediate confirmation that your request was entered and, in most cases, accepted. Transactions such as nominating beneficiaries and updating addresses on MSS are effective immediately. MSS can provide you the peace of mind of knowing that you did not miss a deadline.

Data Protection. These days, most companies are “going green” not just to save the environment but to provide an audit trail of tracking and managing data and of when documents are received or sent. Electronic-based systems also provide additional security measures for personal information that prove more difficult for paper-based systems.

Protecting your personal information is always a priority at PSERS. PSERS, therefore, has implemented the necessary precautions in MSS to continue to protect your confidential information by processing MSS documents through a secure server. With the paperless delivery option, your documents are delivered through this secure electronic channel rather than being printed and mailed to your home.

Opting-Out of Paperless. MSS members can opt out of paperless delivery at any time; however, in an effort to promote going green, PSERS is conducting the second of our planned iPad drawings. **You must keep the paperless delivery option through January 2019 to be eligible for the iPad Mini drawing.** Drawing rules are exclusively online at tinyurl.com/psersipad

For more information on the MSS Portal, including helpful, one-minute how-to videos, visit bit.ly/PSERSvideos

Questions about the MSS Portal? Please connect with PSERS at ContactPSERS@pa.gov or 1.888.773.7748.

Need Your PSERS ID?

If you are new to PSERS, your PSERS ID is printed on the materials in your Welcome Packet. Otherwise, look for your PSERS ID in the top right corner of any recent PSERS correspondence mailed to your home (e.g., *Statement of Account*). You can also connect with PSERS at ContactPSERS@pa.gov or 1.888.773.7748 to have your ID mailed to you.

Retirement Exit Counseling Sessions

Members who do not attend Retirement Exit Counseling (REC) are more likely to have errors on their retirement application that delay or prevent the processing of their retirement benefit.

Attending a **free** REC session conducted by PSERS staff will help ensure that you understand your options and avoid errors when completing the necessary forms. Exit counseling is offered as a service to PSERS members retiring in the current school year. Don't wait until the last minute!

Before you register for a session, you must request a staff-prepared retirement estimate by completing a *Request for Retirement Estimate* (PSRS-151). This form can be found on the PSERS website or your MSS account under "Forms." You also can request an estimate over the phone with PSERS. You will need your staff-prepared retirement estimate for your counseling session. Routine retirement estimates take 4-6 weeks to process.

Planning for retirement is an exciting, important, and complicated process. Allow PSERS to make it just a bit less stressful for you by taking advantage of these free resources available to all our members. Attending a REC session may prevent you from making a mistake that will permanently and negatively affect your retirement benefit.

Once you have requested your estimate, you may schedule your exit counseling session. PSERS strongly suggests that all members who are planning for retirement attend a Foundations for Your Future (FFYF) seminar. More information on FFYF programs can be found below or on the PSERS website under "Leaving Employment."

Free Educational Programs to Prepare You for Retirement

Each year, PSERS conducts hundreds of Foundation for Your Future (FFYF) programs to help you better understand your PSERS retirement benefits and plan for your future. Regardless of the position you hold with your employer or how close you are to retirement, we recommend that you attend this free program at least once prior to retirement. In fact, PSERS has found that many members attend these sessions multiple times before they retire. These programs are held around the Commonwealth throughout the year and provide members with the opportunity to meet and interact with a PSERS retirement representative.

FFYF programs cover topics that will help you better understand your retirement by answering questions such as:

- *What are purchases of service?*
- *How do I apply to purchase service?*
- *When can I retire?*
- *How is my pension calculated?*
- *What do all the numbers on my retirement estimate mean?*
- *What retirement milestones should I to consider?*

The schedule for FFYF programs and a copy of the FFYF presentation can be found on the PSERS website by selecting "Foundations for Your Future" under "Leaving Employment." Your employer also will be notified when FFYF programs are happening in your area.

In the event of inclement weather, a program may be cancelled or rescheduled if the facility where it is to be held has closed or dismissed early. Please check the PSERS website to verify that the date and/or location of the meeting you wish to attend has not changed due to weather conditions or other unforeseen circumstances. Registration is not required, and you are free to bring guests.

PSERS Board of Trustees Meeting Schedule

January 17, 2019

March 8, 2019

May 23, 2019

August 9, 2019

October 11, 2019

December 6, 2019

PSERS Board meetings are held in Harrisburg at PSERS, located at 5 N 5th Street.

In addition to Board meetings, Committee meetings are held throughout the year. All PSERS Board meetings are open to the public.

For exact meeting times or if you would like to attend and require an accommodation to participate, please call Dennis Filipovich, PSERS Executive Office at 1.888.773.7748, extension 4617.

PSERS is proud to be an equal opportunity employer supporting workforce diversity.

Weather Closings and Impact on Service Credit

During the winter months, weather-related school closings may adversely impact the time necessary to accrue one full year of service credit with PSERS. Salaried or per diem employees must work and be paid for 180 days, and hourly employees must work and be paid for at least 1,100 hours, to earn one full year of service credit. Making up weather closings must be done prior to June 30 in the school year that the weather closing occurred. For example, if a member makes up days after July 1, 2018 for weather-related school closings that occurred during the 2017-2018 school year, the make-up days will be credited by PSERS in the 2018-2019 school year.

Some employers may petition the Pennsylvania Department of Education (PDE) for a waiver to reduce the number of days that constitute a full school year. Alternatively, employers may request approval from PDE to provide instruction on Saturdays. Regardless, PSERS operates under different legislation than PDE, and cannot waive the statutory requirements when calculating service credits. If a member does not work the 180 days or 1,100 hours required to obtain one full year of service credit from July 1 to June 30, he or she will receive partial service credit for that year.

Can I Borrow from My Account?

No. To protect your PSERS benefit until retirement, the Public School Employees' Retirement Code prohibits members from borrowing money from or against their account. Funds in your PSERS account cannot be used for collateral and cannot be attached or assigned. You will receive funds from your account only if you terminate service and apply for a retirement or a refund of your contributions and interest.

Additionally, you may not liquidate your monthly benefit into a lump-sum payment when you retire.

Eligibility for Disability Retirement

The PSERS disability retirement benefit is an alternative to a regular (normal or early) retirement for members who are unable to perform their current public school employment duties for medical reasons. A member who is granted a disability retirement benefit by PSERS will receive a monthly retirement benefit payment for as long as the member is deemed disabled and he or she complies with other requirements. Disability retirement benefits may be granted on a long-term or short-term basis and may be reviewed by PSERS at any time. Disability benefits are subject to approval, denial, or renewal based on your medical information.

To qualify for a disability retirement benefit, you must:

- Have at least five years of credited service with PSERS.
- Be physically or mentally unable to perform the duties stated in your job description.
- Have become disabled while an active member of PSERS. Should you become disabled after you terminate service with your employer, you are not eligible for a PSERS disability retirement benefit.
- Be disabled at the time you submit your *Application for Disability Retirement (PSRS-49)*.
- Apply for disability retirement benefits within two full school years of your last day of active service or paid leave, whichever is later.*

**For example, if you leave service in November of the current school year, you have two school years (July 1 through June 30) from the close of the current school year to apply. If you do not apply within the two school years, you will forfeit all rights to apply for a disability retirement benefit.*

Meeting the eligibility criteria above does not guarantee that you will be approved, but you must meet these factors to be considered. Disability benefits must be approved by PSERS based on your medical documentation and your job description.

If you choose to apply for a disability retirement while still employed, you must be on an unpaid leave and apply within two school years of your last day of active service. PSERS does not require a termination of employment, but some school employers may require termination.

Contact your PSERS regional office for counseling and to apply for a PSERS disability retirement benefit. A PSERS counselor will assist you with the completion of the PSERS Disability Packet. If you apply for a disability retirement benefit and PSERS denies your request, you may appeal to the Executive Staff Review Committee.

Please refer to the *Let's Talk About Disability Retirement Benefits* pamphlet, which is available on the PSERS website at psers.pa.gov, or contact PSERS for more information.

Changing Your Address

PSERS' efforts in tracking and confirming bad addresses is proving an unnecessary use of resources and could prevent you from receiving important information. Because there are a few documents that PSERS cannot deliver electronically, it is essential for PSERS to have a valid mailing address on file for you even if you have paperless delivery in MSS. In the event that PSERS needs to contact you regarding any time-sensitive account issues, we need to make sure that our communication will reach you.

Through the MSS Portal, you can change your address anytime, anywhere.

You may choose to have your new address effective immediately or submit a new address with an effective date in the future. All you need to register for an MSS account are the following:

- PSERS ID
- Social security number,
- Date of birth
- A valid email address

Changing your address without an MSS account:

Submit your address change to PSERS in writing. You must include your signature and the last four digits of your social security number in the correspondence to ensure proper identification of your account.

Public School Employees' Retirement System as of June 30, 2018

Highlights of PSERS' funding as of June 30, 2018, are provided below. More detailed information is available in the *Comprehensive Annual Financial Report as of June 30, 2018* (CAFR) and the *Summary Annual Financial Report* (SAFR), which are available on the PSERS' website, www.psers.pa.gov, on the "Publications" page.

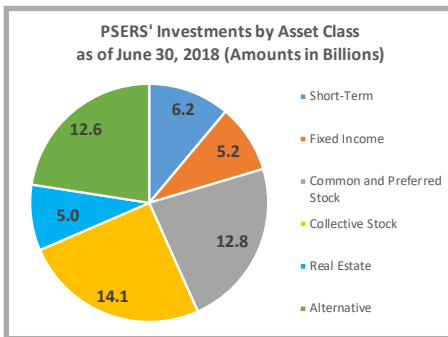
PSERS' Total Net Position
(as of fiscal year ended June 30, 2018)

\$56.7 Billion

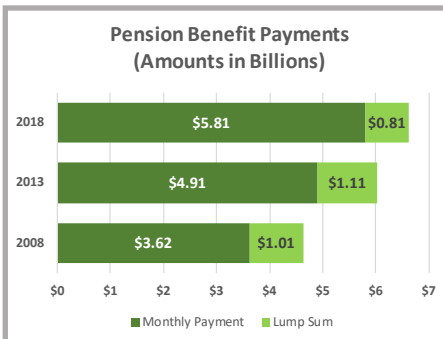
Net Position Held in Trust

The fair value of PSERS' fiduciary net position totaled \$56.7 billion as of June 30, 2018. The System is the 15th largest state-sponsored public defined benefit pension fund in the nation and the 31st largest among public and corporate pension funds in the nation.

Investments



- In FY 2018, PSERS earned a positive 9.27% net of fees return and added net investment income of \$4.7 billion to the Fund.
- Long-term returns remain above PSERS' return assumption. PSERS posted positive returns of 7.78% for the 25-year and 8.47% for the 30-year period ended June 30, 2018.
- Since the Great Recession ended in FY 2009, PSERS earned an annualized return of 9.28% net of fees.
- As of June 30, 2018, PSERS investment professionals were managing approximately \$23.9 billion, or 38% of the System's asset exposures in-house. For FY 2018, by managing assets internally, PSERS was able to save approximately \$39 million in manager fees.



Pension Benefit Payments

- PSERS paid \$6.6 billion in total benefit payments for the fiscal year ended June 30, 2018.
- Of this amount nearly 91%, or \$6.0 billion, went directly into state and local economies. These pension disbursements are a significant economic driver that benefit the economy of the Commonwealth.
- PSERS' current monthly payroll includes \$6.6 billion in pension benefits and \$111.8 million in premium assistance.

Total Membership - Active & Retired

As of June 30, 2018, PSERS had over 256,000 active members and 775 school employers with an employer payroll of \$13.5 billion. In FY 2018, members contributed nearly \$1 billion in contributions to the Fund. PSERS also had over 233,000 retirees and beneficiaries. The average yearly benefit paid to retirees is \$25,405.

Reducing Costs

- Based on the most recent international benchmarking survey, PSERS had a 16% lower pension administration cost per member than the average cost for its peer group. By running a lean and efficient operation, PSERS saves the Commonwealth and school employers approximately \$8.2 million annually in administrative expenses compared to its peers.
- PSERS recently embarked on an expanded effort to reduce investment base fees on a going forward basis in exchange for profit-sharing fees, thus creating greater incentive for exceptional performance.

Comparison of Total Accrued Liabilities to Total System Assets For Valuation Year 2018 (\$ Amounts in Billions)

The 56.5% actuarial funded ratio as of June 30, 2018 is a significant turning point for the System as future funded ratio projections are now projected to rise; reversing years of decline since the 123.8% funded peak at June 30, 2000. On a market value basis, PSERS' funded ratio, also continued to increase.

Year	(A) Accrued Liabilities*	(B) Actuarial Value of Assets	(A) - (B) (Unfunded) Funded Accrued Liability**	(B) / (A) Funded Ratio***
2018	\$ 103.1	\$ 58.2	\$ (44.9)	56.5%

* Accrued Liabilities - Generally PSERS' benefit obligations to current retirees and future benefits to be paid to active members who eventually retire.

** Unfunded Accrued Liability - Shows the portion of the accrued liabilities not covered by assets available to PSERS at the end of the valuation year.

*** Funded Ratio - Measurement used to show PSERS' progress toward funding benefit obligations.

Condensed Statement of Fiduciary Net Position as of June 30, 2018 (\$ Amounts in Millions)

Assets:	
Receivables:	
Contributions due from members and employers	\$ 1,590
Investment receivables and other miscellaneous	614
Total Receivables	<u>2,204</u>
Investments (at fair value)	55,902
Securities lending collateral pool	2,980
Capital assets	24
Miscellaneous	17
Total Assets	<u>61,127</u>
Liabilities:	
Benefits and other accounts payable	728
Investment purchases and other liabilities	542
Obligations under securities lending	2,980
Other Liabilities	148
Total Liabilities	<u>4,398</u>
Net Position - restricted for pension, DC, and postemployment healthcare benefits	<u>56,729</u>

Condensed Statement of Changes in Fiduciary Net Position for Year Ended June 30, 2018 (\$ Amounts in Millions)

Net Position - restricted for pension and postemployment healthcare benefits at beginning of year, July 1, 2017	\$ 53,507	A
Additions during the year:		
Contributions, Participant premiums, and Centers for Medicare & Medicaid Services	5,818	
Net investment income	4,718	
Total Additions	<u>10,536</u>	B
Deductions during year:		
Benefits and refunds paid to members	7,143	
Administrative expenses	91	
Total Deductions	<u>7,234</u>	C
Change in Net Position restricted for pension and postemployment healthcare benefits (B - C)	3,302	D
Effect of change in account principle	(80)	
Net Position - restricted for pension, DC, and postemployment healthcare benefits at end of year, June 30, 2018 (A + D)	<u>\$ 56,729</u>	

Detailed information regarding the financial statements is available in the PSERS' CAFR and SAFR. The CAFR financial statements are presented in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board.

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Public School Employees' Retirement System
Important Information from the
Commonwealth of Pennsylvania