

FREQUENTLY ASKED QUESTIONS: STATEMENT OF ACCOUNT FOR SCHOOL YEAR 2022-2023

Your *Statement of Account* reflects activity posted to your retirement account during the 2022-2023 school year. For additional frequently asked questions, refer to the PSERS website at psers.pa.gov.

What is my *Contribution Rate* and how is it determined?

The contribution rate is the percentage of your school salary/wages that you contribute to your retirement account. Your membership class and employment history determine your contribution rate. PSERS membership classes are determined by the date of your first qualified service.

In addition, 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 Defined Benefit (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. 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 contributions not appear on my statement?

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 information 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.*

How were my *Estimated Retirement Benefits* calculated?

Your retirement benefit is determined by a calculation set forth in state law. The estimate on your statement shows what your benefit would have been if you were eligible and had retired as of June 30, 2023. Only the Single Life Annuity retirement option is provided in the estimate on page three of your *Statement of Account*.

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

If you are interested in viewing your other available retirement options, you may calculate your own retirement estimates using the online Retirement Estimate Calculator on the PSERS website or within your Member Self-Service (MSS) account. If you are within 12 months of retirement, you may also request a staff-prepared estimate from PSERS by submitting a *Request for Retirement Estimate* (PSRS-151) form or by calling PSERS at 1.888.773.7748 during normal business hours.

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 for your retirement.

What is a DB benefit?

Once vested, 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.

How can I receive my DB benefit?

You may not withdraw any money from your account until you terminate all Pennsylvania public school employment and submit an *Application for Retirement* (PSRS-8) or an *Application for Refund* (PSRS-59). 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. To attend Retirement Exit Counseling, you must have a staff-prepared estimate. 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. You may not borrow from your account or use your account as collateral for loans.

How can I prepare for retirement?

- Plan your retirement early in your career. Attend a *Foundations for Your Future* (FFYF) program that provides general information about your 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 about purchasing service, 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 about multiple service, refer to the *Active Member Handbook* on the PSERS website.
- It is extremely important to nominate a beneficiary(ies) of your retirement benefit as soon as possible. Filing a properly completed nomination with PSERS will ensure that any benefits payable upon your death are paid pursuant to your most recent intent. If you do not name a beneficiary, any benefits payable will be paid to your estate if one exists. You may nominate and review your beneficiary(ies) online through your PSERS MSS account.

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

If you are no longer an active member of PSERS, the Internal Revenue Service (IRS) mandates that you begin receiving a Required Minimum Distribution (RMD) by April 1 of the calendar year following the year in which you reach your Required Beginning Age. The IRS determines the Required Beginning Age based on your date of birth. Refer to PSERS website psers.pa.gov 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.