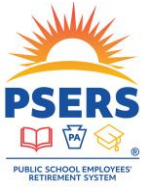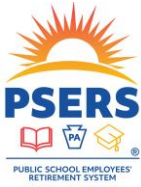# Electing Your Membership Class
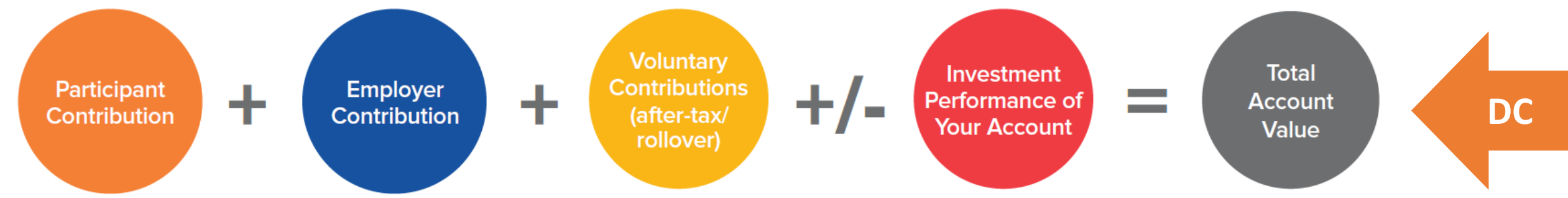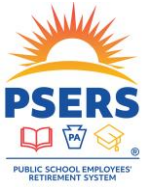## Class T-G, Class T-H, or Class DC

Agenda

- Overview of PSERS Defined Benefit (DB) and Defined Contribution (DC) Plans

- Comparisons of Class T-G , Class T-H, and Class DC

- Election Process

- Contacting PSERS

PSERS Defined Benefit Plan and Defined Contribution Plan Differences

Final Average Salary X **Membership Class Multiplier** X **Years of Service** = **Annual Maximum Single Life Annuity** ← **DB**

Participant Contribution + **Employer Contribution** + **Voluntary Contributions (after-tax/rollover)** +/- **Investment Performance of Your Account** = **Total Account Value** ← **DC**

Class T-G: Your Default Option
(Hybrid of DB & DC Plans)

Total Member Contribution Rate	9.00% (DB: 6.25% + DC: 2.75%)
Employer Contribution Rate to Member's DC Account	2.25%
Shared Risk/Gain	Rate can increase or decrease 3% below or 3% above basic contribution rate, in increments of 0.75%
Vesting Period (When you qualify for a benefit)	10 years (or age 67 with 3 years of service) - DB Plan 3 eligibility points - DC Employer Contributions/Earnings
Final Average Salary	Highest Five Years
Total Retirement Benefit	DB = 1.25% x FAS x Years of Service + Value in DC account, if any, at time of retirement
Normal Retirement	Earlier of: •Age 67 with 3 years of service •Combination of age and service equaling 97 with at least 35 years of service
Early Retirement Milestone	Age 57 with 25 years of service
Purchasing Service, Disability Retirement, Electing Multiple Service	Yes

# Class T-G: Your Default Option
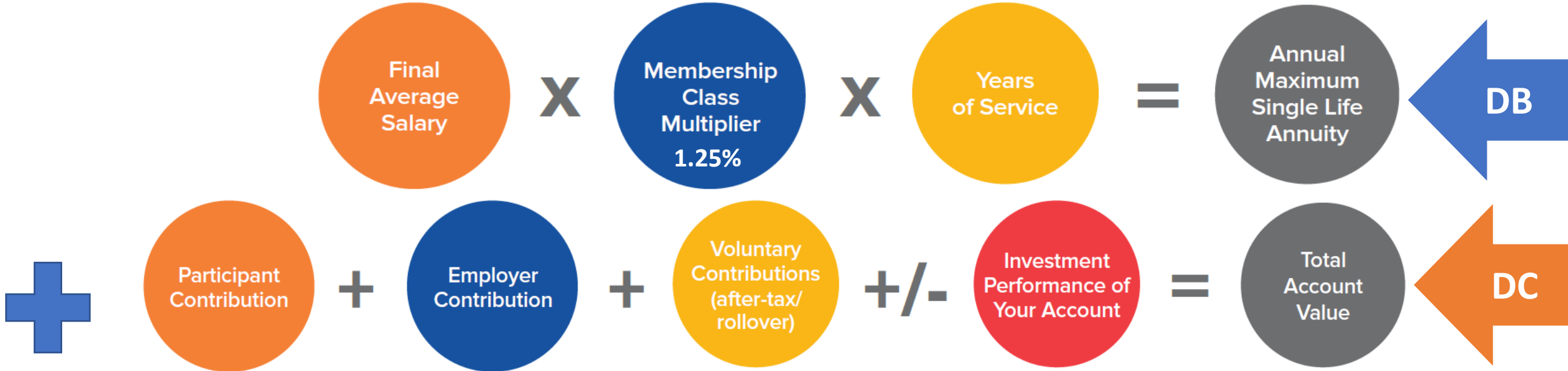
**Class T-G Total Retirement Benefit**
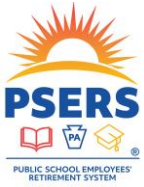
Class T-H Elective Option
(Hybrid of DB & DC Plans)

| Total Member Contribution Rate	8.25% (DB: 5.25% + DC: 3.00%)
Employer Contribution Rate to Member's DC Account	2.00%
Shared Risk/Gain	Rate can increase or decrease 3% below or 3% above basic contribution rate, in increments of 0.75%
Vesting Period (When you qualify for a benefit)	10 years (or age 67 with 3 years of service) - DB Plan 3 eligibility points - DC Employer Contributions/Earnings
Final Average Salary	Highest Five Years
Total Retirement Benefit	DB = 1.00% x FAS x Years of Service + Value in DC account, if any, at time of retirement
Normal Retirement	Age 67 with 3 years of service
Early Retirement Milestone	Age 55 with 25 years of service
Purchasing Service, Disability Retirement, Electing Multiple Service	Yes

# Class T-H Elective Option
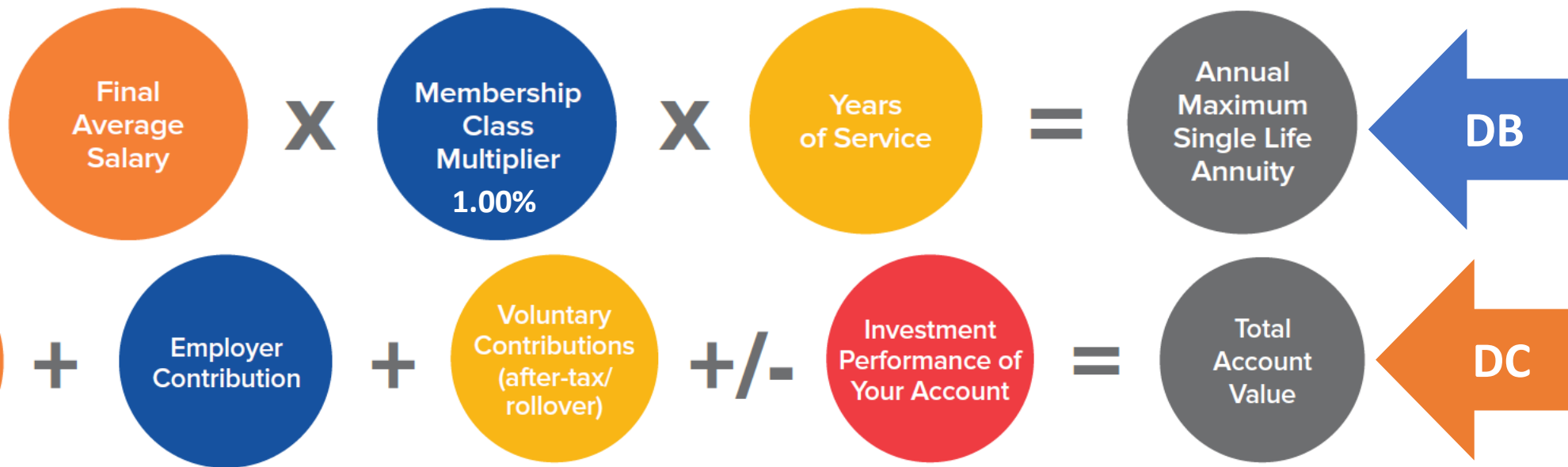
Class T-H Total Retirement Benefit
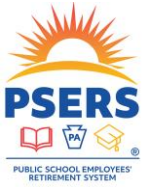
Class DC Elective Option
(Defined Contribution Only)

Total Member Contribution Rate	7.50%
Employer Contribution Rate to Member's DC Account	2.00%
Vesting Period (When you qualify for a benefit)	No DB Plan 3 eligibility points -DC Employer Contributions/Earnings
Final Average Salary	NA
Total Retirement Benefit	No DB Plan. Value in DC account, if any, at time of retirement
Normal Retirement	N/A
Early Retirement Milestone	N/A
Purchasing Service, Disability Retirement, Electing Multiple Service	No
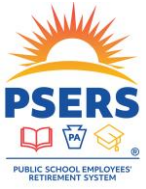
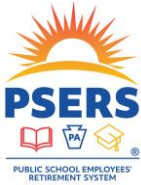# Class DC Elective Option
Total Retirement Benefit
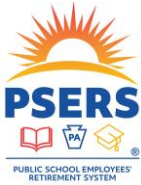
Benefit Comparisons by Numbers

Member assumptions: $25,000 starting salary with 3% annual increases, working for 35 years (normal retirement)

PSERS DB Plan assumptions: Final average salary of $64,433 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.pa.gov** for the most current contribution rates.

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

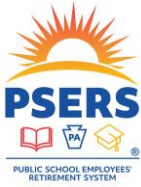|	Your Default Option	Your Other Elective Options	
	Class T-G *Highest guaranteed retirement benefit*	**Class T-H** *Reduced guaranteed retirement benefit*	**Class DC** *Value of account at time of distribution*
Total Retirement Benefit	$590,258	$515,244	$408,861
Retirement Benefit Breakdown	$28,190 Annual Pension for life+ DC Plan Account of $215,190 at retirement	$22,552 Annual Pension for life+ DC Plan Account of $215,190 at retirement	No Annual Pension (You assume all investment risk) + DC Plan Account of $408,861 at retirement
First Year Member Contributions (based on a $25,000 starting salary)	$2,062.60 or $79.33 from bi-weekly pay	$1,875 or $72.11 from bi-weekly pay	
Total Member Contributions	$124,703	$113,366	
Total Employer DC Contributions	$34,010	$30,231	

Benefit Comparisons by Numbers

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.pa.gov* 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 *Highest guaranteed retirement benefit*	**Class T-H** *Reduced guaranteed retirement benefit*	**Class DC** *Value of account at time of distribution*
Total Retirement Benefit	$944,399	$824,388	$654,177
Retirement Benefit Breakdown	$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 (You assume all investment risk) + DC Plan Account of $654,177 at retirement
First Year Member Contributions (based on a $40,000 starting salary)	$3,300 or $126.92 from bi-weekly pay	$3,000 or $115.38 from bi-weekly pay	
Total Member Contributions	$199,525	$181,386	
Total Employer DC Contributions	$54,416	$48,370	

Other Considerations

- If you wish to remain in Class T-G, *no action is required*.

- When you retire, you have the option to withdraw your DB contributions and interest, although this reduces the value of your DB account and your monthly benefit from the DB component.

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

- If you choose Class DC, there will be no monthly DB benefit portion to your retirement benefit. You will also not be eligible for a PSERS disability retirement benefit, you will not be able to purchase service, including prior military service, and you will not be able to combine your PSERS credited service with service credited in the State Employees' Retirement System for one combined pension benefit.

- If you have any questions about making an election, please visit **psers.pa.gov**, email **ContactPSERS@pa.gov**, or contact the PSERS Member Service Center by calling toll-free **888-773-7748 (888-PSERS4U)**. The Member Service Center is staffed each business day from 8:00 a.m. to 5:00 p.m.
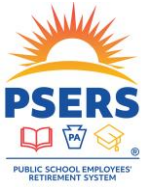
Other Considerations

- 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 retirement goals?

- Do you want the ability to make the investment decisions for all or some of your retirement plan contributions?

- In the DC Plan, you will not be able to purchase any service (e.g., out-of-state and non-contributing approved leave of absence) except USERRA.
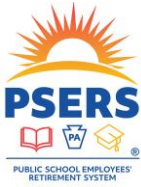
Election Process

- All new members are automatically enrolled in Class T-G.

  - **If you wish to remain in Class T-G, no action is required.**

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

- Your choices are irrevocable (final and binding).
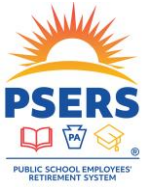
MORE INFORMATION AND CONTACTING PSERS

Visit **psers.pa.gov** for general information and access to your retirement account through the Member Self-Service (MSS) Portal. More details are available in the Active Member Handbook available on our website.

Account Information and General Questions:
1.888.773.7748   (Monday- Friday 8:00 a.m. – 5:00 p.m.*)

Email:
ContactPSERS@pa.gov

Mailing Address:
PSERS
5 N 5th Street
Harrisburg, PA 17101-1905

*Call volumes increase towards the end of the day so calling earlier may decrease your wait and ensure that your concerns are promptly addressed