



# PSERS Retired Member Newsletter

## Volume 1 - 2024

A publication of the Commonwealth of Pennsylvania's Public School Employees' Retirement System

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& More...

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Publication #9460

## Message from PSERS' Executive Director

**On behalf of the Public School Employees' Retirement System (PSERS) and PSERS Board of Trustees, I want to wish you and yours a very happy and healthy New Year.**

I would also like to share with you that the fund is on a healthy trajectory towards a fully funded status. We are encouraged by the positive progress of our funded ratio, which for the 6th consecutive year has improved rising from 61.6% to 63.6% over the last 12 months. This progress towards a fully funded status is due in large part to strong employer payroll growth and the financial commitment of Governor Shapiro, the General Assembly, and school boards through continued payment of the actuarially required funding. Being fully funded helps provide our members with the promised benefits to which they are entitled, in the most cost-effective way.

Beginning in July, 116,851 public school employees who first began their careers on or after July 1, 2011, will pay 0.5% or 0.75% less for their retirement benefits, marking a welcomed return to their base member contribution rate. This reduction was caused by net investment returns over the past 10 years exceeding a statutory threshold in the calculation of the Shared Risk/Shared Gain Contribution Rate.

Delivering positive outcomes for our members is at the core of what we do at PSERS, and in furtherance of that goal, the PSERS Board recently adopted an all-new strategic plan framework for the agency. This plan represents months of hard work by both members of the Board and staff to better define and map out the work that we are committed to doing, each and every day.

To ensure that PSERS' strategic plan was created with a sense of purpose and built upon a strong foundation, we revisited and ultimately revised PSERS' mission, vision, and values statements. These changes reflect our continued dedication to partner with members, employers, employees, and other stakeholders to provide a secure retirement benefit that will be there for members when they need it.

### Our Mission

**To be a partner with our members to fulfill the promise of a secure retirement.**

### Our Vision

**To be a trusted partner in delivering exceptional retirement services and benefits.**

### Our Values

#### Public accountability and transparency

We are committed to holding ourselves to the highest standards of ethics and accountability and believe that openness and honesty are fundamental to PSERS' success.

#### Staff growth and development

We are committed to cultivating a human-centered organizational culture and developing team-member competencies to meet the needs of today and tomorrow.

#### Exceptional levels of service

We are committed to continuous improvement and exploring innovative ways to increase productivity and enhance the customer experience.

#### Respect for our members, stakeholders, and staff

We are committed to creating an organizational culture that fosters diversity, equity, and inclusion where everyone receives fair treatment and civility.

#### Stewardship of resources and investments

We are committed to prudently investing the assets and effectively managing the resources entrusted to our care.

(Continued on next page)

The Board also identified six strategic priorities:

- Enhance member satisfaction throughout the customer experience.
- Enhance comprehensive and transparent financial reporting and forecasting.
- Develop the organizational culture and staff/ leadership competencies to meet the demands of the future.
- Implement a robust enterprise risk management program.
- Enhance communications, collaboration, and the education of all critical stakeholders.
- Align all organizational units and functions with PSERS' strategic priorities.

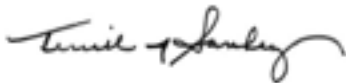
These strategic priorities are supported by 25 initiatives, many of which are either already under way or will begin soon. These clear priorities and initiatives provide the focus we need to efficiently work together on the right things at the right time.

We are all excited to embark on this journey over the next few years. We know it will be challenging at times, but we are confident that we have the right staff, leaders, and high-level plans in place to achieve what is laid before us.

PSERS strategic plan is available on our website [www.psers.pa.gov](http://www.psers.pa.gov).



Respectfully



Terrill (Terri) J. Sanchez  
PSERS' Executive Director

## Federal Withholding Tax

Any changes to your monthly benefit payment due to Federal Withholding Tax table revisions will appear at the top of your *2023 Guide to Your PSERS-Issued Form 1099-R (PSRS-293)*, which is included with your *Form 1099-R*. The guide will provide you with a comparison of your December 2023 and January 2024 net monthly check amounts.

All retirement benefit payments from PSERS are exempt from Pennsylvania state and local taxes. If you live in another state, check with your state and local tax authority to see if your Pennsylvania retirement benefit is taxable.

### Changing Your Federal Withholding

You may change your federal withholding amount through the Member Self-Service (MSS) Portal. Alternatively, you can submit a *Form W-4P Federal Tax Withholding Certificate for Annuity Payments (PSRS-996)* to PSERS. This form is available on the PSERS website under "Forms" or by contacting PSERS. You also may submit an Internal Revenue Service (IRS) *Form W-4P* to PSERS.

## Annual Earnings Statement Reminder

**Your Annual Earnings Statement Is Due April 30, 2024**

If you are receiving a disability retirement benefit and have not yet reached normal retirement age, you are required to submit an *Annual Earnings Statement for Disability Benefits (PSRS-1266)* to PSERS to verify the gross amount of income you earned during the 2023 calendar year. This is required to be returned to PSERS even if you had no income other than your PSERS disability benefit.

If your annual earnings plus your annual disability retirement benefit exceeds your annual earnings limitation based on your last school year salary, you must return the overpaid disability supplement. You may make a lump-sum payment to PSERS within 30 days, or PSERS will withhold the disability supplement portion of the disability retirement benefit each month until the overpayment is recouped.

# PSERS is Sending Forms 1099-R by the End of January

Your *Form 1099-R* reflects the total payments issued to you from PSERS during the calendar year. The form is to be used to prepare your annual federal income tax return. PSERS issues the *Form 1099-R* during the month of January, usually starting around the middle of the month with all forms being sent by January 31.

Instead of watching a physical mailbox and waiting for mail delivery, members can electronically access their *Form 1099-R* through the Member Self-Service (MSS) Portal. Through MSS, the *Form 1099-R* is electronically delivered sooner and securely with the ability to access it at any time and as often as needed. Registering for

MSS enables members to receive their PSERS documents through quick, secure, and paperless delivery, with the choice to opt out of paperless delivery at any time. This means no more waiting for a paper *Form 1099-R* to be delivered in the mail. Members with paperless delivery will receive an email when their form is available.

If you are not enrolled in MSS or paperless delivery, watch your mailbox for delivery of your *Form 1099-R* via USPS. If you do not receive your form by **February 10, 2024**, log in to your MSS account to retrieve the electronic copy or contact PSERS for a duplicate copy.

## Frequently Asked Questions

### Where do I find my Premium Assistance and Healthcare Premium information?

Benefit summary information, including your premium assistance and healthcare premium information, is included on the top of your 1099-R Guide, which is included with your *Form 1099-R*.

Tax Recipient Name: John Doe	Tax ID: XXX-XX-1234
Additional information to assist in filing your tax return for the <i>Form 1099-R</i> where Box 1 is \$25,200	
Premium Assistance paid to you: \$1,200.00	Healthcare premiums paid by you: \$2,400.00
Reminder: tax tables typically change every January based on the new IRS withholding rates. Your December and January check amounts are shown below. If there is a change in your monthly check amount for other than Federal Withholding Tax, you will also receive a separate notice.	
December 2021 Monthly Check: \$2,100.00	January 2022 Monthly Check: \$2,105.00
Commonwealth of Pennsylvania – Public School Employees' Retirement System	
5060 Mail Planner	

### Where do I find my *Form 1099-R* in my MSS account?

Your *Form 1099-R* is available on the Documents page in your MSS account. You will also find a quick link to the form on the homepage after you log in.

Your *Form 1099-R* is identified as “1099-R Document.” The accompanying guide will be shown as “Form 1099-R.” If you click on the document name, it will open as a PDF file.

To Print: In most cases, you should be able to print your document once you open it by clicking the print button on the top of your document viewer.



To troubleshoot, access our *Form 1099-R* troubleshooting guide:

<https://tinyurl.com/PSERS1099Troubleshooting>

### Can a *Form 1099-R* be requested on behalf a PSERS member?

A *Form 1099-R* may be requested on behalf of PSERS members by authorized individuals, such as their Power of Attorney or individuals authorized by the member in an *Authorization for Release of Information* (PSRS-1273) form.

If a member has passed, an appointed executor, administrator, or personal representative of the member's estate may request a *Form 1099-R* using the *Executor Request for PSERS Documents* (PSRS-1332) form.

## PSERS Board of Trustees Meetings

Visit [www.psers.pa.gov](http://www.psers.pa.gov) for the schedule of Board and Committee meetings.

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 live streamed and open to the public.

For exact meeting times or if you would like to attend and require an accommodation to participate, please contact Tivia Danner, PSERS Executive Office at [tidanner@pa.gov](mailto:tidanner@pa.gov).

## 2024 Payment Calendar

PSERS pays monthly retirement benefits on the last business day of the month for which they are due. Because PSERS group health insurance premiums are payable in advance, your medical deduction is for the next month.

Benefit for Month of:	Paid on:	Deduction of Medical Premium for:
January	January 31	February
February	February 29	March
March	March 29	April
April	April 30	May
May	May 31	June
June	June 28	July
July	July 31	August
August	August 30	September
September	September 30	October
October	October 31	November
November	November 29	December
December	December 31	January 2025

## Missing Direct Deposit Payments

Payments sent via direct deposit (Electronic Fund Transfer (EFT)) to your financial institution should be in your account on the last business day of the month. Always check to ensure your electronic deposit is in your account on that date. If it is not, contact your financial institution to make sure the delay was not within its system. If you recently enrolled in or submitted a change to direct deposit with PSERS, verify with your financial institution the account number and routing number that you submitted to PSERS.

Payments mailed to your home address may take additional time to reach you. Contact PSERS if your check does not arrive by the 10th of the following month (e.g., your January check has not arrived by February 10). Waiting until the 10th of the month allows the post office sufficient time to forward your check to you or reroute misdirected mail. You should contact PSERS immediately if you believe that your check was stolen or destroyed.

## Being Active Can Help You Feel Better

Physical activity is key to maintaining a healthy body and sharp mind. Exercise can help reduce anxiety and improve your mood and confidence. Different types of exercise offer different benefits. For example, aerobic exercises can help improve heart health and endurance, flexibility exercises help increase range of motion around joints, and stability exercises can help reduce the risk of falls.

Many health plans include wellness programs or discounts at local gyms. For example, members enrolled in the HOP Medical Plan or HOP Pre-65 Medical Plan have no-cost access to the SilverSneakers® fitness program.

SilverSneakers provides access to gyms throughout the country, on-demand workout videos, coordination with neighborhood classes and programs, and a mobile app for fitness programs on the go. If you haven't already, reach out to your insurance provider to see what's available with your plan.

If you have health problems, it can be a challenge to exercise regularly. Conditions like back or joint pain, diabetes, or asthma can make it difficult to get moving. Regardless of your health status, always consult your doctor before starting a new exercise program. If you do have a health condition, ask him or her to recommend specific exercises that might be beneficial for you.



## 2024 Retirement Checklist

- ❑ **Draft a budget.** Prioritize what you know is most urgent, what's important, and what can wait. Remember to keep inflation in mind and find ways to reduce your expenses.
- ❑ **Keep your address up-to-date.** As a retiree, it is important to keep your mailing address up to date, not only to ensure that you receive informational publications and your yearly *Form 1099-R*, but also to ensure that you continue to receive your monthly benefit payment. This is true whether the payment is mailed to your home address or sent directly to your financial institution.
- ❑ **Create or review your estate plan.** Review and update beneficiary designations on your various policies and accounts. If you become seriously ill or die, how will your assets be distributed? An estate plan includes essential documents such as a power of attorney, living will, trust, and will.
- ❑ **Stay cyber safe.** Be vigilant in protecting your online accounts, emails, and passwords. Don't reply to unsolicited emails, messages, or phone calls. Be sure to look for warning signs, like a suspicious URL, before clicking. Never provide personal or account information to an unexpected caller.
- ❑ **Revisit retirement goals.** Do you plan on selling your home? Or buying a vacation home? Will you be traveling this year? Your goals may change, and you need to review your savings to accommodate.
- ❑ **Reassess your healthcare coverage.** Are you eligible for Premium Assistance? Schedule preventive health check-ups. Staying healthy can help keep medical costs down during retirement.

# Public School Employees' Retirement System as of June 30, 2023

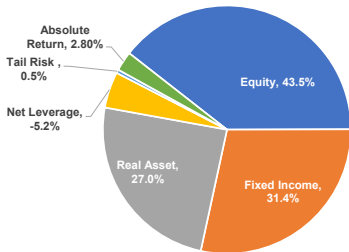
Highlights of PSERS' funding as of June 30, 2023, are provided below. More detailed information is available in the *Annual Comprehensive Financial Report as of June 30, 2023* (ACFR) and the *Summary Annual Financial Report* (SAFR), which are available on the PSERS website, [www.psers.pa.gov](http://www.psers.pa.gov).

**PSERS' Total Net Position**  
(as of fiscal year ended June 30, 2023)  
**\$72.8 Billion**

## Net Position Held in Trust

The fair value of the System's fiduciary net position increased by \$1.6 billion during FY 2023 to \$72.8 billion as of June 30, 2023.

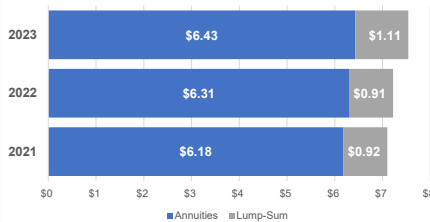
Asset Distribution as of June 30, 2023



## Investments

- In FY 2023, PSERS earned a positive 3.54% net of fees return.
- During the fiscal year, performance reflected shifts in the market environment primarily related to rising interest rates, tighter credit markets and geopolitical uncertainty.
- Long-term returns remain above PSERS' return assumption. PSERS posted positive returns of 7.46% for the 10-year and 6.57% for the 25-year period ended June 30, 2023.

Pension Benefit Payments  
Amount in Billions



## Pension Benefit Payments

- PSERS paid \$7.54 billion in pension benefit payments for the fiscal year ended June 30, 2023.
- Of this amount nearly 90%, or \$6.7 billion, went directly into state and local economies. PSERS pension benefits are a significant economic driver that benefit the economy of the Commonwealth.

## Total Membership - Active & Retired

As of June 30, 2023, PSERS had over 251,000 active members and 771 school employers with an employer payroll of \$15.3 billion. In FY 2023, members contributed more than \$1 billion in contributions to the Fund. PSERS also had approximately 250,000 retirees and beneficiaries. The average yearly benefit paid to retirees is \$26,197.

## PSERS Defined Contribution Plan Continues to Grow

School employees who became new members of PSERS on or after July 1, 2019, can choose from three classes of membership: two consisting of defined benefit (DB) and defined contribution (DC) components and one that is a stand-alone DC plan. As of June 30, 2023, approximately 64,000 participants were enrolled in PSERS DC Plan and the total DC Plan balance was nearly \$202 million. Membership in PSERS DC plan continues to grow, now accounting for more than 16% of PSERS total membership.

## Reducing Costs

Based on the most recent international benchmarking survey, PSERS had a 11% 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 \$6.4 million annually in administrative expenses compared to its peers.

## Financial Improvement Continues

- The unfunded accrued liability decreased by \$1.7 billion and the funded ratio increased from 61.6% to 63.6% in FY 2023.
- Employer Contribution Rate (ECR) decreased in FY 2024-25. This was the second decline since since FY 2008-09. This is the seventh year in the row the ECR is lower than projected.

**Comparison of Total Accrued Liabilities to Total System Assets**  
**For Valuation Year 2023 (\$ Amounts in Billions)**

Year	(A) Accrued Liabilities*	(B) Actuarial Value of Assets	(A) - (B) (Unfunded) Funded Accrued Liability**	(B) / (A) Funded Ratio***
2023	\$ 116.3	\$ 74.0	\$ (42.3)	63.6%
2022	\$ 114.5	\$ 70.6	\$ (44.0)	61.6%

\* 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. PSERS' funded ratio increased from 59.6% at June 30, 2021 to 61.6% as of June 30, 2023, the most recent actuarial valuation, due to fully funded employer contributions, favorable demographic experience, and positive long- term investment returns.

**Condensed Statement of Fiduciary Net Position as of June 30, 2023 (\$ Amounts in Millions)**

<b>Assets:</b>		
Receivables:		
Member and employer contributions	\$	1,857
Investment receivables and other miscellaneous		686
Total Receivables		<u>2,543</u>
Investments (at fair value)		71,734
Securities lending collateral pool		6,148
Capital assets		36
Miscellaneous		45
<b>Total Assets</b>		<u><b>80,506</b></u>
<b>Liabilities:</b>		
Benefits and other accounts payable		794
Investment purchases and other liabilities		491
Obligations under securities lending		6,148
Other Liabilities		231
<b>Total Liabilities</b>		<u><b>7,664</b></u>
<b>Net Position - restricted for pension, DC, and postemployment healthcare benefits</b>	<b>\$</b>	<u><b>72,842</b></u>

**Condensed Statement of Changes in Fiduciary Net Position for Year Ended June 30, 2023 (\$ Amounts in Millions)**

Net Position - restricted for pension and postemployment healthcare benefits at beginning of year, 7/1/2022	\$	\$71,152	A
Additions during the year:			
Member Contributions		1,225	
Employer Contributions		5,403	
Participant Premiums		413	
Centers for Medicare & Medicaid Services		66	
Net investment income		2,830	
<b>Total Additions</b>		<u><b>9,937</b></u>	<b>B</b>
Deductions during year:			
Benefits and refunds paid to members		8,151	
Administrative expenses		97	
<b>Total Deductions</b>		<u><b>8,248</b></u>	<b>C</b>
Change in Net Position restricted for pension and postemployment healthcare benefits (B - C)		1,690	<b>D</b>
<b>Net Position - restricted for pension, DC, and postemployment healthcare benefits</b>			
<b>at end of year, June 30, 2023 (A + D)</b>	<b>\$</b>	<u><b>72,842</b></u>	

Detailed information regarding the financial statements is available in the PSERS' ACFR and SAFR. The ACFR 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.

**PSERS**  
**5 N 5th Street**  
**Harrisburg PA 17101-1905**

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



**Website**  
[www.psers.pa.gov](http://www.psers.pa.gov)

Register for PSERS' Member Self-Service (MSS) Portal to access your retirement account online, anytime!



**Call or Fax**

**Toll-Free: 1.888.773.7748**

**Local Calls: 717.787.8540**

**FAX: 717.772.3860**



**Send us a Secure Message  
through your MSS Account!**

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Complete the Contact Form on our  
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