



ANSWERS TO QUESTIONS ABOUT BECOMING

A VESTEE



What is a “Vestee”?

If you terminate your State employment prior to your Superannuation age (your age on your normal retirement date) and have five or more years of credited service but do not want an immediate benefit, you may elect to become a Vestee.

Becoming a Vestee simply means you leave your contributions in the fund and elect to postpone receiving a monthly pension. As a vested member of SERS, your right to receive monthly retirement benefits is guaranteed by law, whether or not you continue to be an active member of the system.

Why should I become a Vestee?

If you elect to become a Vestee from the time you terminate State service until your normal retirement date, your benefit will grow in value. At the time you terminate State service and become a Vestee, your retirement account stops accruing service credits; however, interest on your contributions continues to accrue. The retirement benefit you ultimately receive will be based on your credited service and earnings. If you have not attained your Superannuation age when you terminate State service, becoming a Vestee will reduce the early retirement reduction factor applied to your benefit. Therefore, your monthly benefit will be larger than it would have been if you had begun receiving it immediately upon terminating State service.

What is “normal retirement date”?

Your normal retirement date is the date at which you can receive the maximum retirement benefit to which you are entitled under the law without any early retirement reduction factor. Also called “superannuation,” the normal retirement date for most SERS members is age 60 or the date when you would have attained 35 years of credited service had you remained in State service, if earlier.

As a Vestee, after reaching your normal retirement date, your potential benefits no longer increase and can actually decrease under certain retirement options. Further, under current law, if you fail to file an application to receive retirement benefits within seven years of attaining your normal retirement date, you may forfeit your rights to receive a monthly retirement benefit.

NOTE: Some SERS members are eligible for age 50 retirement. For details, see the pamphlet titled *Classes of Membership* (SERS-150).

What if I change my mind?

If you become a Vestee and then change your mind and decide you want to receive a monthly annuity benefit before your normal retirement date, you may apply for an early retirement benefit. Your benefit will be calculated based on how far you are from your normal retirement date at the time you apply for the benefit. Your early retirement election may include a withdrawal of your contributions under SERS retirement Option 4. For more information on retirement options, contact your Regional

Retirement Counseling Center or see the pamphlet titled *Retirement Options* (SERS-154).

What happens to my vested benefits upon my death?

If you die while in Vestee status, payment will be made to your named beneficiaries. In that event, benefits will be paid as though you had retired under Option 1 the day before your death unless you instruct SERS to do otherwise. Under Option 1, the total present value of your retirement benefit will become payable to your beneficiaries. SERS will pay benefits to the beneficiaries listed on the most recent beneficiary form received by SERS prior to your death. Be sure to keep an updated beneficiary form on file with SERS at all times. Contact your Regional Retirement Counseling Center to obtain the proper form and for any help you may need completing it.

What must I do to become a Vestee?

You should file a vesting application as soon as you terminate State service. You will also be required to provide proof of date of birth and complete an updated beneficiary nomination form at that time. When you reach your normal retirement date, SERS will contact you with the proper forms and provide an estimate of your benefits under each payment option. For that reason, it is extremely important to keep your current address updated with SERS at all times.

What if I return to State service while in Vestee status?

If you became a Vestee when you left employment and you later return to service, you will automatically receive credit for your previous service. You will be reinstated to active membership with SERS, resume making contributions to the Fund and begin earning credit for your new period of State service.

Effective July 1, 2001, Act 2001-9 added a new class of membership, Class AA. Class AA service has a multiplier of 1.25, which translates into an annual benefit accrual rate of 2.5 percent of final average salary and regular member contributions of 6.25 percent of compensation. Members who became Vestees prior to July 1, 2001 and later return to service must earn three years of State service credit to have their prior State service converted from Class A to AA. New service of Vestees returning to State service after July 1, 2001 will be credited as Class AA immediately.

Unlike the retirement accounts of other former State employees who return to State service, the present value of a Vestee's account is not "frozen." For an explanation of frozen present value and how it can affect your benefit, refer to the pamphlet titled "Frozen Present Value" (SERS-158). Contact your Regional Retirement Counseling Center to request a copy.

Will I be covered by REHP during my status as a Vestee?

You should be aware that the Retired Employees Health Plan (REHP) through the Pennsylvania Employees Benefit Trust Fund (PEBTF) is not effective until you retire and begin receiving a retirement benefit from SERS. Therefore, if you decide to defer receipt of your SERS annuity by becoming a Vestee, you will not be eligible for REHP benefits while you are a Vestee.

More Information

For more information about becoming a Vestee visit the SERS web site at www.sers.state.pa.us. **Members may also contact their Regional Retirement Counseling Center by calling toll-free 1-800-633-5461 for additional information and individual retirement estimates.**

Disclaimer

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Members' retirement-related information may be subject to disclosure under Pennsylvania's Right-to-Know Law.

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