

Spring/Summer 2023

MAKING A DIFFERENCE FOR 100 YEARS

Then, Now, Tomorrow

This June, your pension system – the Defined Benefit Plan -- turns 100 years old!

Governor Gifford Pinchot signed Act 1923-331 on June 27, 1923, establishing the State Employees' Retirement System. For 100 years, state employees have been contributing to a pension that provides monthly payments for life in retirement. The benefit has allowed members to take care of themselves – in part or in whole -- in retirement.



System Remains Strong

The system has withstood The Great Depression, a World War, the energy crisis of the 1970s, the tech / "dot-com" bubble of the 1990s, the Great Recession of 2008, and several pandemics. Despite the challenges, SERS has grown and remains strong. As of Dec. 31, 2022, assets in the system totaled \$33.7 billion.

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RETIRED MEMBERS: IRS RELEASED NEW FORM W-4P FOR 2023

The IRS redesigned its federal income tax withholding form (*Form W-4P Withholding Certificate for Periodic Pension or Annuity Payments*) and required its use beginning January 1, 2023.

The new form includes significant modifications that remove the ability to elect a specific number of allowances and change the default withholding from Married with three allowances to Single with no adjustments. Filers may now increase or decrease withholding amounts based on income and tax credits and deductions.

As a reminder, SERS pension payments are exempt from Pennsylvania state and local income tax for Pennsylvania residents. If you live outside of Pennsylvania, you'll need to be aware of your state and local rules regarding taxes.

Do I Need to Complete a New Form?

Though SERS pension payments are subject to federal income tax, you **do not** need to complete the new W-4P form unless you want to change the amount currently being withheld or stop having money withheld for federal income tax. Please reference your **2022 SERS statement** for your current withholding amount.

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MAKING A DIFFERENCE FOR 100 YEARS (CONTINUED)

You: The Heart of The System

People are at the heart of any retirement plan – those who earn benefits, administer the benefits, and contribute toward the benefits, as well as those who sponsor the benefits.

During the system's first year, 1,822 members contributed to the plan.

Today, we serve more than 239,000 members, including more than 96,000 employees who contributed to their pension last year and nearly 136,000 retirees and beneficiaries who received a benefit from the system in 2022. We also serve more than 7,000 "inactive" members – former state employees who are eligible for a pension but haven't yet applied to receive it.

While an anniversary presents a great time to reflect on our history and how we got to where we are today, we are also taking this historic year to shape a vision for our future. We are looking to **you** to shape that vision by telling us what retirement benefit services you want.

We have started working on a four-year strategic plan to move toward more online and self-service options. With that goal driving our work, **your** input will direct our efforts to the most popular services. Watch for a member survey this spring.

ACTIVE MEMBERS: YOUR ANNUAL STATEMENT HAS MAILED

Is Your Information Correct?

Your annual statement was mailed in March and provides a snapshot of all your SERS retirement plans as of December 31, 2022, whether you have one or multiple SERS retirement plans.

Your statement contains information about your SERS retirement benefits and will help you plan for your retirement. Please review your annual statement for accuracy, and if something doesn't look right, let us know.

Review Your Beneficiaries

Your statement lists the primary beneficiaries you have designated for each of your SERS plans. The front cover lists the number of primary beneficiaries on file for each plan. If you contribute to more than one SERS retirement plan, you will need to **file a separate beneficiary form for each plan**. Without a beneficiary form on file, the assets from that plan may go to your estate and result in estate taxes.

If you contribute to the **Defined Benefit Plan** (pension plan), you can change your beneficiary by filing a completed **Beneficiary Nomination Form**. You can access a form online or by calling 1.800.633.5461.

If you are enrolled in the **Defined Contribution Plan** (investment plan) and/or the **Deferred Compensation Plan** (voluntary supplemental plan), sign into your **online account**.

IRS RELEASED NEW FORM W-4P FOR 2023 (CONTINUED)

How Do I Request a New Form?

To make a change to your withholding, you will need to submit a new W-4P form. To obtain a copy of the form, please call us at 1.800.633.5461, press 1 for retired members and press 2 for forms.

SERS employees are not trained tax experts. If you have tax questions, please contact a professional tax advisor and see [IRS Publication 15-T](#) for more information at www.irs.gov.

MAKE THE MOST OF YOUR VOLUNTARY CONTRIBUTIONS

If you contribute extra money to your Defined Contribution Plan, consider the possible tax advantages to doing so by switching your deductions to the **Deferred Compensation Plan**, if your employer participates.

ACTIVE MEMBERS: FOUR TYPES OF SERVICE ELIGIBLE FOR PURCHASE TOWARD YOUR SERS PENSION

While there are a number of specific situations that require special consideration, the following four types of service are eligible for purchase:

Military – Prior active-duty service and current service in the Reserves/National Guard

Previous State Service – If you worked for a SERS employer in the past and you:

- left employment before you became eligible for monthly payments and withdrew your pension contributions at that time
- were an optional SERS member who never elected SERS membership during your prior service
- worked for the commonwealth on a part-time or hourly basis and did not work enough days or hours to become eligible to join SERS

In-State Educational Service – Service for a public university and/or community college within Pennsylvania

Non-State Educational Service – Service for a public educational institution outside of Pennsylvania (significant restrictions apply)

You must be working for a SERS employer to purchase service. When you purchase service, you pay the contributions that you would have made toward your SERS pension for that service. There are several ways to pay for the service. For more information, see our [Purchasing Service fact sheet](#).

If you think you have service to purchase, **contact your pension plan specialist**. They will need information about your prior service and, if it is eligible for purchase, will help you start the process.



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STATE EMPLOYEES' RETIREMENT SYSTEM

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