

SERS News



www.sers.state.pa.us

June Retirement Wave Handled Without Delays

SERS is pleased to report that the 2,100 members who retired in June **received their first retirement payments in an average of just 37 days** from their last day of employment.

“In the last edition of the *SERS News*, we warned those members that they may have to wait longer than normal for their initial payments due to the high volume of retirement applications that had been submitted,” explained SERS Office of Member Services Director Dave Durbin. “The good news is that our members received their payments without the expected delays.”

In total, 4,647 members retired during the first six months of the year – nearly as many as retired in all of 2010 (4,781). The increased workload included responding to more than 146,000 phone calls, calculating approximately 8,700 benefit estimates, conducting more than 9,000 counseling sessions, and leading 65 group informational meetings.

“Prompt payments were possible because of dedicated staff who worked extra hours, including Saturdays, so that members wouldn’t have to wait,” said SERS Executive Director Len Knepp. “It was an extremely busy time here at SERS but the staff powered through for our retiring members.” 📌

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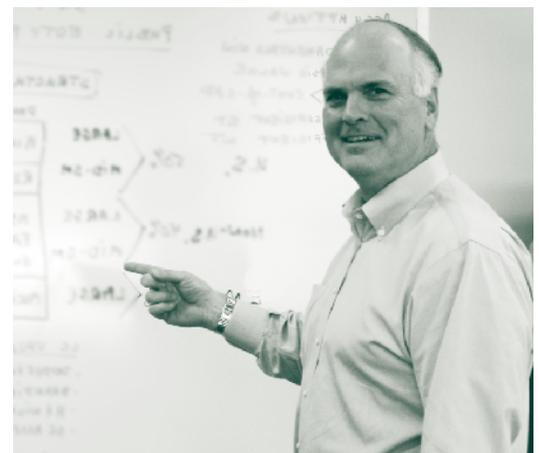
Is it good to be an outsider? At times it certainly can be, according to Anthony S. “Tony” Clark, SERS’ new Chief Investment Officer.

Following a national search, the SERS Board hired Tony to fill the position left vacant when former CIO, John Winchester, retired. Now that Tony has had six months to settle into his new position, we asked him about his perspective on his work on behalf of SERS’ 227,000 members, the soundness of the SERS Fund and the Fund’s future.

SERS News: You have been at SERS for six months now – what are your observations so far?

Tony Clark: SERS is full of incredibly dedicated and caring people. And, Commonwealth employees often are native to PA – they grew up here, went to school here. I’m not. I’m an outsider. While I have a lot to learn about the culture and history, one advantage is that I bring a different perspective and experiences. I’ve worked for a large corporate pension plan and at an endowment. I’m pulling from those

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SERS Chief Investment Officer Anthony S. Clark

IRS Requiring Full Social Security Number on Tax Forms This Year

The Internal Revenue Service (IRS) discontinued the pilot program that allowed SERS to mask the first five digits of your Social Security number when printing your **1099-R** tax forms last year. As a result, your full Social Security number will be displayed on your 2011 tax forms which are scheduled to mail in mid-January 2012.

SERS will, however, continue the two other changes that were implemented last year:

- each **1099-R** will be mailed in a separate envelope and
- each **1099-R** will include a unique control number.

Please be sure you have received each of your **1099-R** forms from SERS before completing your federal income tax return.

How will you know if you should receive more than one **1099-R** from SERS? Check the first digit of the control number. The unique seven-digit control number will be printed directly above your name and address on each **1099-R**, as seen through the window of the envelope:

- the first digit indicates how many **1099-Rs** you will receive from SERS and
- the remaining six digits are assigned by the printer to identify each individual form.

For example, if you receive a **1099-R** from SERS with the control number 2123456, based on the first digit, a “2,” you should expect to receive two **1099-R** forms from SERS. Your second **1099-R** will be mailed in a separate envelope and will have a different control number that also begins with a “2.”

You may receive more than one **1099-R** if:

- **you received payments from more than one member’s benefit during the tax year.** For example, you received your Annuity as a Retiree and you also received a lump sum payment at some point during that tax year as a Beneficiary of another deceased member’s benefit.
- **you retired during the tax year and elected a rollover and/or lump sum payment of your Accumulated Deductions at retirement.**
- **you retired before the age of 59½ but turned 59½ during the tax year.** According to IRS regulations, SERS must code Box 7 of your 1099-R differently for annuity payments made to you before you turned 59½ (Distribution Code 2, “Early Distribution exceptions apply”) and after you turned 59½ (Distribution Code 7, “Normal Distribution”). Be sure to look at Box 7 for the different distribution codes. This is especially important if you turn 59½ in June, because all other information will appear exactly the same on two **1099-Rs**. ▼



Traveling This Winter?

Please be sure to notify PEBTF and SERS of your change of address when you leave Pennsylvania and when you return. This will ensure uninterrupted health care benefits and the timely delivery of important health care and retirement information.

PEBTF
1-800-522-7279

SERS
1-800-633-5461

SERS retirement benefits are payable on the last working day of each month.

Annuitants who receive their payments by direct deposit, have money deposited on the last working day of each month.

Annuitants who receive payments by check, have checks mailed from Harrisburg on the next-to-last working day of each month. Checks generally arrive within ten business days.

January 2012 Payment Dates

Checks mail from Harrisburg: Jan. 28
Payments by direct deposit: Jan. 31

A complete 2012 payment date calendar will be mailed to you in January, as part of your annual **Personal Statement of Retirement Benefits**.

SERS' Custom Calculator

Benefit estimates at your fingertips -- www.sers.state.pa.us

Curious about how much money you could expect each month from your SERS benefit if you were to retire in say two, five or 20 years?

Wondering what impact the various monthly payment options would have on the amount of your monthly annuity?

You can check that information through SERS' Custom Benefit Calculator, available on the SERS website, www.sers.state.pa.us.

The custom calculator pulls your actual benefit information from SERS' database



to prepare personal retirement estimates for a number of payment options.

Because the custom calculator pulls your personal information from our database, you will need to log into your secure Online Member Services account first.

If you do not yet have an Online Member Services account, you can register for one on the SERS website by clicking on the SERS Online Member Service Account Login link at the top of the left-hand navigation bar on the website. 📌

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past experiences, from things that worked well – processes, organizational structures, ways to empower employees to think and act as a team pulling the oars in the same direction – and bringing them together to benefit our working and retired members.

SERS News: What challenges do you see in the future for the management and performance of the Fund?

Tony Clark: My charge is to manage and safeguard our assets – to bring in the best managers to manage assets wisely for our members. We are looking at all of our managers, the future needs of the Fund and different options available to decide our best course for the long term. In addition, during periods of heightened volatility in the markets, risk management is the biggest challenge for large institutional investors. We are no different. We are evaluating options to upgrade our systems so we can more rapidly analyze performance and risk exposure at any given time.

SERS News: With all the uncertainty we have been experiencing in the economy and investment markets, what can you tell us about the stability of the SERS Fund?

Tony Clark: The Fund is sound. We have ample liquidity to meet our obligations for the foreseeable future.

SERS News: For years, pension system funding was suppressed by old legislation – the employer contribution rate even dropped to zero for two years – but a new law passed last year, Act 2010-120, instituted a schedule that gradually increases funding. How critical is it that this funding be continued in the future?

Tony Clark: In investing terms we talk about compounding. In up markets, compounding builds wealth. In down markets, compounding erodes wealth. If we are in a prolonged period of poor investment returns, funding requirements to satisfy benefit obligations will increase. While the magnitude of the funding is subject to debate, the growth provided in the 2010 legislation is definitely an encouraging step in the right direction. Of course, if the Governor and General Assembly found additional funds to supplement the System, we'd happily accept it! 📌

SERS has Counseling Centers throughout the Commonwealth serving Active Members based on work location and Retirees, Survivor Annuitants and Beneficiaries based on residence.

Retirement Counselors are available in each center to answer your questions about your retirement benefit. Simply call 1-800-633-5461.



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Retirees Answered the Call -- Aid In Flood Recovery Effort

In September, Governor Corbett, through his Office of Administration, asked SERS to help contact retirees who could help with the flood recovery effort. By the end of the month, more than 100 retirees answered the call and were helping with the recovery efforts.

“Commonwealth retirees have been instrumental in assisting with disaster recovery efforts by helping to staff the 29 disaster recovery centers throughout the state,” explained the Governor’s Deputy Secretary for Human Resources and Management James Honchar. “Without their experience and response, we could not have responded to the needs of the victims of the flooding as quickly or as effectively.”

SERS Fast Fact:

Over the last 10 years, despite the global economic turmoil, the vast majority of SERS funding has come from investment returns.

SERS Funding
(10-Year History)

