

# Welcome to PSERS



## Membership Class Information

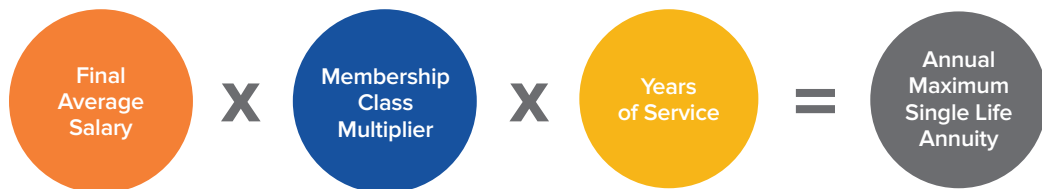
Use this information to help determine which PSERS membership class is right for you.

As a school employee who first became an active member of PSERS on or after July 1, 2019, you are automatically enrolled as a Class T-G member. Class T-G provides a hybrid retirement that has both a Defined Benefit (DB) and a Defined Contribution (DC) component for your retirement benefit. You have an election period to decide if you would like to remain Class T-G or elect another hybrid membership class with different contribution rates (Class T-H) or a defined contribution only membership class (Class DC).

**No action is required to remain in Class T-G. Remember, your decision to remain Class T-G or elect Class T-H or Class DC is irrevocable.**

### What is the difference between PSERS' Defined Benefit (DB) and Defined Contribution (DC) Plans?

The **Defined Benefit** component of your retirement guarantees you a monthly benefit based on the following calculation.



The **Defined Contribution** component of your retirement is based on the amount of contributions made by you and your employer and the investment performance on those contributions. Your contributions have the potential to grow based on investment earnings, but are not guaranteed against loss in declining investment markets.



### Important points to consider when making your membership class election decision

1. **Class T-G is the default Membership Class in which you contribute the most to your DB component of your retirement benefit for the guaranteed highest monthly benefit at retirement.**
2. Class T-G has the highest Employer DC Contribution Rate of the three Classes.
3. 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?
4. What Membership Class will better help you attain your expected retirement income and meet your retirement goals?
5. Do you want the ability to make the investment decisions for all or some of your retirement plan contributions?
6. In the PSERS 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.

## Membership Class Snapshot

**Class T-G** guarantees the highest monthly DB benefit at retirement. You also contribute to the DC component of your retirement, which allows you to potentially grow the money that you set aside for retirement based on the performance of the investment markets. Compared to Class T-H, Class T-G has a higher DB member contribution rate and a higher employer DC contribution rate, but a lower participant DC contribution rate.

**Class T-H** guarantees a monthly benefit from the DB component that is lower than Class T-G. You also contribute to the DC component of your retirement, which allows you to potentially grow the money that you set aside for retirement based on the performance of the investment markets. Compared to Class T-G, Class T-H has a lower DB member contribution rate and a lower employer DC contribution rate, but a higher participant DC contribution rate.

**Class DC** provides no guaranteed monthly benefit at retirement because there is no DB component to your retirement benefit. The value of your DC account is based solely on what you and your employer contribute to the DC Plan and the performance of those contributions in the investment markets based on the investment options you choose. The employer DC contribution rate is the same as Class T-H, which is lower than that of Class T-G.

	Your Default Option Class T-G (Hybrid of DB & DC Plans)	Elective Option Class T-H (Hybrid of DB & DC Plans)	Elective Option Class DC (DC Plan)
<b>Total Member Contribution Rate*</b>	8.25% (DB: 5.50% + DC: 2.75%)	7.50% (DB: 4.50% + DC: 3.00%)	7.50%
<b>Employer Contribution Rate to Member's DC Account</b>	2.25%	2.00%	
<b>Vesting Period (When you qualify for a benefit)</b>	10 years (or age 67 with 3 years of service) - DB Plan 3 eligibility points - DC Employer Contributions/Earnings		No DB Plan 3 eligibility points - DC Employer Contributions/ Earnings
<b>Total Retirement Benefit</b>	DB = 1.25% x FAS x Years of Service + Value in DC account at time of retirement	DB = 1.00% x FAS x Years of Service + Value in DC account at time of retirement	No DB Plan. Value in DC account at time of retirement
<b>Your Total Retirement is based on...</b>	Guaranteed monthly benefit (DB Plan) + Contributions (DC Plan) and the investment performance		Contributions (DC Plan) and the investment performance only
<b>Purchasing Service, Disability Retirement, Electing Multiple Service</b>	Yes		No, except for USERRA
<b>Normal Retirement Age</b>	For the DB Plan, earlier of: <ul style="list-style-type: none"> <li>• Age 67 with 3 years of service</li> <li>• Combination of years and service equaling 97 with at least 35 years of service</li> </ul> For the DC Plan, distribution upon termination of service	For the DB Plan, age 67 with 3 years of service  For the DC Plan, distribution upon termination of service	N/A (Distribution upon termination of service)
<b>Early Retirement Milestone</b>	Age 57 with 25 years of service	Age 55 with 25 years of service	N/A

\* The Member Contribution Rate is a percentage of your retirement-covered compensation that is withheld from your pay. The contributions you make to the PSERS DB and PSERS DC Plans lower your federal taxable income and increase your tax-deferred savings for retirement.

## Membership Class Example

**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.

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

	Your Default Option	Your Other Elective Options	
	Class T-G <i>Highest guaranteed retirement benefit</i>	Class T-H <i>Reduced guaranteed retirement benefit</i>	Class DC <i>Value of account at time of distribution</i>
<b>Total Retirement Benefit</b>	\$538,581	\$499,774	\$408,861
<b>Retirement Benefit Breakdown</b>	\$28,190 Annual Pension for <u>life</u> + DC Plan Account of \$215,190 at retirement	\$24,807 Annual Pension for <u>life</u> + DC Plan Account of \$215,190 at retirement	No Annual Pension (You assume all investment risk) + DC Plan Account of \$408,861 at retirement
<b>First Year Member Contributions (based on a \$25,000 starting salary)</b>	\$2,062.60 or \$79.33 from bi-weekly pay	\$1,875 or \$72.11 from bi-weekly pay	
<b>Total Member Contributions</b>	\$124,703	\$113,366	
<b>Total Employer DC Contributions</b>	\$34,010	\$30,231	

**Member assumptions: \$40,000 starting salary with 3% annual increases, working for 35 years (normal retirement)**

**PSERS DB Plan assumptions:** Final average salary of \$103,093 and earns a guaranteed 4% on contributions and interest. Member leaves these in for maximum pension benefit.

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

	Your Default Option	Your Other Elective Options	
	Class T-G <i>Highest guaranteed retirement benefit</i>	Class T-H <i>Reduced guaranteed retirement benefit</i>	Class DC <i>Value of account at time of distribution</i>
<b>Total Retirement Benefit</b>	\$861,721	\$758,243	\$654,177
<b>Retirement Benefit Breakdown</b>	\$45,103 Annual Pension for <u>life</u> + DC Plan Account of \$344,304 at retirement	\$36,083 Annual Pension for <u>life</u> + DC Plan Account of \$344,304 at retirement	No Annual Pension (You assume all investment risk) + DC Plan Account of \$654,177 at retirement
<b>First Year Member Contributions (based on a \$40,000 starting salary)</b>	\$3,300 or \$126.92 from bi-weekly pay	\$3,000 or \$115.38 from bi-weekly pay	
<b>Total Member Contributions</b>	\$199,525	\$181,386	
<b>Total Employer DC Contributions</b>	\$54,416	\$48,370	

\*These hypothetical examples assume a 6% effective annual interest rate and no withdrawals. For illustrative purposes only, to show how the contribution rate and number of years invested in the PSERS DC Plan could affect your account value. Not intended as a guarantee of past or future performance of any security. Hypothetical assumptions are not guaranteed. Your actual results may vary. Actual rate of return may be more or less than shown and will depend upon a number of different factors, including your choice of investment options.

## Things to Consider

- 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 Member Self-Service (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](http://psers.pa.gov), email [ContactPSERS@pa.gov](mailto:ContactPSERS@pa.gov), or contact the PSERS Member Service Center by calling toll-free 1.888.773.7748 (1.888.PSERS4U). The Member Service Center is staffed each business day from 8:00 a.m. to 5:00 p.m.

## DC Plan Investment Choices

At enrollment into the PSERS DC Plan, your and your employer's contributions are automatically invested in a target date investment based on your estimated normal retirement age (67) as determined by your date of birth.

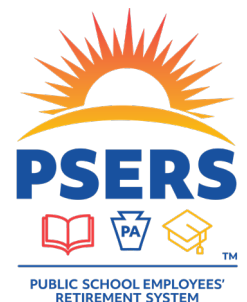
Your birth year:	Your default investment:
Prior to 1956	T. Rowe Price Target Date 2020
1/1/56 - 12/31/60	T. Rowe Price Target Date 2025
1/1/61 - 12/31/65	T. Rowe Price Target Date 2030
1/1/66 - 12/31/70	T. Rowe Price Target Date 2035
1/1/71 - 12/31/75	T. Rowe Price Target Date 2040
1/1/76 - 12/31/80	T. Rowe Price Target Date 2045
1/1/81 - 12/31/85	T. Rowe Price Target Date 2050
1/1/86 - 12/31/90	T. Rowe Price Target Date 2055
In 1991 or after	T. Rowe Price Target Date 2060

The T. Rowe Price target date trusts (the Trusts) are not mutual funds. They are common trust funds established by T. Rowe Price Trust Company under Maryland banking law, and their units are exempt from registration under the Securities Act of 1933. Investments in the Trusts are not deposits or obligations of, or guaranteed by, the U.S. government or its agencies or T. Rowe Price Trust Company and are subject to investment risks, including possible loss of principal.

You can remain in your default target date investment or change how all or part of your account balance is invested at any time by accessing your PSERS DC Plan through your MSS account. You can select a different target date investment or choose from among 11 additional investment options:

- American Funds Europacific Growth
- BlackRock High Yield Bond
- Calvert Balanced
- Fidelity 500 Index Premium
- Fidelity Extended Market Index Premium
- Fidelity Real Estate Index Premium
- ICMA-RC VT Plus
- Invesco Oppenheimer Developing Markets
- PIMCO Real Return
- PIMCO Total Return
- Templeton Global Bond

**More information about each of the investment options available in the PSERS DC Plan can be found by visiting your account through PSERS MSS Portal.**



**Not FDIC/NCUA/NCUSIF Insured | Not a Deposit of a Bank/Credit Union | May Lose Value | Not Bank/Credit Union Guaranteed | Not Insured by Any Federal Government Agency**

Insurance products, annuities and funding agreements are issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), Windsor, CT. VRIAC is solely responsible for its own financial condition and contractual obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services LLC ("VIPS"). VIPS does not engage in the sale or solicitation of securities. All companies are members of the Voya® family of companies. Securities distributed by Voya Financial Partners LLC (member SIPC) or third parties with which it has a selling agreement. All products and services may not be available in all states.