

Retirement Options

APSCUF is pleased to provide this summary of your retirement options.

If you are new to the Pennsylvania State System of Higher Education (PASSHE), there are a few things you should know about the retirement benefits APSCUF has won for the PASSHE faculty. Unlike other Commonwealth employees, APSCUF members may choose from a variety of retirement providers.

At the bargaining table, APSCUF won for PASSHE faculty the option of participating in the State Employees Retirement System (SERS), the Public School Employees Retirement System (PSERS) or the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). SERS and PSERS are defined benefit plans. TIAA-CREF is a defined contribution plan.

In 2003, three additional defined contribution retirement plans became available. They are ING, MetLife, and VALIC. The Pennsylvania State System of Higher Education (PASSHE) categorizes TIAA-CREF, ING, MetLife, and VALIC as parts of the Alternative Retirement Plan (ARP).

A number of factors will determine the retirement plan that is right for you. The summary below will help you decide which plan might be best for you:

In defined benefit plans like SERS and PSERS, the retirement benefit is determined by a statutory formula that includes an employee's final average salary, years of service and a multiplier. According to state law, new SERS members contribute 6.25% of their gross salary and new PSERS members contribute 7.50% of their gross salary. The state contributes a percentage of the employee's gross salary. An actuary annually establishes the employer contribution rate. Both SERS and PSERS require five years of service to be vested. Cost of living adjustments for SERS and PSERS annuitants may be provided on an ad-hoc basis by an act of the state legislature.

TIAA-CREF, ING, MetLife, and VALIC are defined contribution plans, also referred to as alternate retirement plans. In these plans, the retirement benefit is determined by employee contributions, employer contributions, and the interest and earnings of the employee-selected investment funds at the time of retirement. To state it another way, stock and bond market performance affect the value of the retirement benefit. Employees contribute 5% of their gross salary. State law requires the employer to contribute 9.29% of the employee's gross salary. There is immediate vesting with defined contribution plans.

If you taught in another state before accepting your post at the PASSHE, both SERS and PSERS offer an option that permits you to purchase your out-of-state service time. This is only for public school or public higher education service or service as a state employee, not for private school or private university service. Both the PSERS and

SERS have options that permit participants to purchase credits for military time, a factor you might take into consideration when making your decision.

If you participated in TIAA-CREF prior to coming to the PASSHE and were pleased with the performance, you might want to continue with that provider. Also, if you intend to leave the PASSHE before the five-year vesting period for the two state systems, chances are you'll be able to continue in the TIAA-CREF program at your next job in higher education. Due to APSCUF's effort, the TIAA-CREF members now have the same benefit that SERS members acquired in December of 1982 (i.e., the tax sheltering of the individual's retirement contribution for federal income tax purposes only.)

The major advantage of the defined contribution option is that it reduces your losses if you leave the PASSHE before the five year vesting period. Under SERS and PSERS, if you leave before being vested, you lose the employer contributions to the retirement fund. You are eligible to receive the employee contributions plus statutory interest. With the defined contribution option, the employer contributions have purchased shares in your name that are yours forever, regardless of when you leave state employment.

You may visit the following internet sites to learn more about these retirement options:

SERS	www.sers.state.pa.us
PSERS	www.psers.state.pa.us
TIAA-CREF	www.tiaa-cref.org
ING	www.ingretirementplans.com/index.html
MetLife	www.metlife.com
Valic	www.valic.com

The Pennsylvania State System of Higher Education has established a web site summarizing the differences between the defined benefit plans and the defined contribution plans, otherwise referred to as the alternate retirement plans. The web address is:

<http://www.passhe.edu/executive/HR/Documents/COMPARISON%20OF%20RETIREMENT%20PLANS%203-06%20no%20color.pdf>

From this page you should be able to access an Alternative Retirement Plan Company Comparison Guide. The specific address for the comparison is:

<http://www.passhe.edu/executive/HR/SystemHR/Benefits/Documents/ARP%20COMPANY%20COMPARISON%20GUIDE%20Revised%203-12-08.pdf> .

PLEASE REMEMBER THAT YOU HAVE 30 DAYS TO MAKE YOUR SELECTION OR YOU WILL BE AUTOMATICALLY PLACED IN THE STATE EMPLOYEES RETIREMENT SYSTEM.

The above is only a brief summary of some of the things you should consider when making your decision. This is solely provided to inform you of your options and to briefly describe those options in an attempt to help you make a reasoned decision. You should talk to your university personnel officer about the retirement programs as well as an independent financial consultant.

For more information about retirement, contact:

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