Retirement Savings

Available options through employment with
the Pennsylvania State University

PennState
Human Resources

Mandatory Retirement Plans

Full-time faculty and staff are eligible to participate in one of two mandatory retirement plans.

State Employees' Retirement System (SERS)

Penn State Alternate Retirement Plan (Administered by TIAA)

- Once you are enrolled in a retirement plan, the enrollment is irrevocable.
- Part-time faculty and staff must participate in a mandatory retirement plan once they become eligible by working 750 hours in a given calendar year. Part-time faculty and staff who worked previously for a SERS or PSERS employer may need to participate immediately with those retirement plans.

State Employees’ Retirement System (SERS)

- New SERS member have the choice of two hybrid defined benefit pension/defined contribution investment plans, referred to as class A-5 and A-6. A hybrid plan means that a portion of one’s retirement benefit comes from a pension plan that features guaranteed monthly payments for life, and a portion comes from a defined contribution investment plan, and what is earned from those contributions is determined by one’s personal investment choices
- New SERS members will enter SERS in the class A-5 hybrid plan, with the option to choose the other hybrid plan (A-6) or the straight defined contribution plan within their first 45 days of membership. Failure to communicate a selection within 45 days is an affirmative action to remain in the A-5 class of service.

State Employees' Retirement System (SERS)

- If an employee already is a member of SERS from previous employment, the employee will remain in the same class of service as determined by one's previous employment with a SERS participating employer. Other classes include A, AA, A-3, and A-4.
- One's class will determine such things as contribution rate (for both employer and employee), vesting period, and pension calculation.
- May be eligible for a SERS retirement benefit if one is unable to perform job duties due to illness or injury.
- All employee contributions are pre-tax.

State Employees’ Retirement System (SERS)

SERS Class Options			
	Hybrid (Class A5)	**Alternate Hybrid (Class A6)**	**Defined Contribution**
Annual Benefit Accrual Rate	1.25%	1.0%	N/A
New Employee Contribution Rate	8.25%	7.5%	7.25%
Current Employee Contribution Rate	Total Contributions Same as Current Class of Service		
DC Employer Contribution Rate	2.25%	2.0%	3.5%
Vesting Years	DB 10/DC 3	DB 10/DC 3	3
Final Average Salary	Highest 5 Years	Highest 5 Years	N/A
SERS Normal Retirement Age	Age 67/3 years of service; Rule of 97 and 35 eligibility points	Age 67/3 years of service; Rule of 97 and 35 eligibility points	N/A
Early Retirement Milestone	Age 57/25 years of service	Age 62/25 years of service	N/A
Early Retirement Reduction	**If reach milestone:** 3% reduction for each year under 67 OR **Age 62/10 years of service** Acturarial reduction for reach year OR **10 years of service but NOT age 62** Standard Actuarial reduction from 62-67 plus special 7.375% actuarial reduction for each year under 62	**If reach milestone:** 3% reduction for each year under 67 OR **Age 62/10 years of service** Acturarial reduction for reach year OR **10 years of service but NOT age 62** Standard Actuarial reduction from 62-67 plus special 7.375% actuarial reduction for each year under 62	N/A

State Employees’ Retirement System (SERS)

The basic pension formula is:

$$\underbrace{\textbf{2\%} \times \textbf{Class of Service Multiplier}}_{\text{together, these comprise your “benefit accrual rate”}} \times \textbf{Years of Credited Service} \times \textbf{Final Average Salary} = \textbf{Maximum Annual Retirement Allowance}$$

Years of Credited Service

In general, most SERS members are credited with one year of service for every 1,650 hours worked in a calendar year. If you work more than 1,650 hours, you are not credited with more than one year of service. If you work less than 1,650 hours, you are credited with the fraction of a year’s credit based on the hours you worked.

State Employees’ Retirement System (SERS)

Long-Service Pension Supplement

If you retire with 41 or more years of credited service, you are eligible for a supplemental benefit that increases your maximum annual pension by 2% for each additional year to a maximum 110%.

Total Years of Credited Service	Percentage of Maximum Annual Pension
35-40	100%
41	102%
42	104%
43	106%
44	108%
45 +	110%

State Employees' Retirement System (SERS)

pennsylvania
STATE EMPLOYEES' RETIREMENT SYSTEM

Online Calculators

Estimate your future retirement benefit or the federal tax withholding from your current pension payments.

Sign Up For News

Provide your e-mail address to get member updates, notice of board meetings, press releases, and more.

Contact SERS

Contact SERS with questions about your specific plan or fill out our contact form for general questions.

sers.pa.gov or 1.800.633.5461

Penn State Alternate Retirement Plan (Administered by TIAA)

- This is a defined contribution plan.
- The amount of money available for retirement will depend on the amount of money contributed and investment performance.

Penn State Alternate Retirement Plan (Administered by TIAA)

Contributions:

- Employee contributes 5% and Penn State contributes 9.29%
- All employee contributions are pre-tax.
- All contributions, including both employee and employer, are immediately owned by the employee. is 100% invested from the start.

Penn State Alternate Retirement Plan (Administered by TIAA)

Choose your own investments:

- Tier 1: Target Date Funds
- Tier 2: Index and Active Investment Strategies
- Tier 3: Lifetime Income Investment Strategies
- Tier 4 : Self Directed Brokerage Services

Penn State Alternate Retirement Plan (Administered by TIAA)

Key features of the plan:

- Ability to take a loan from the plan.
- Portable upon leaving employment – can rollover or transfer to another employer's plan or an IRA.
- May be eligible to take a distribution due to a disability.
- No in-service withdrawals allowed except if on a phased retirement.

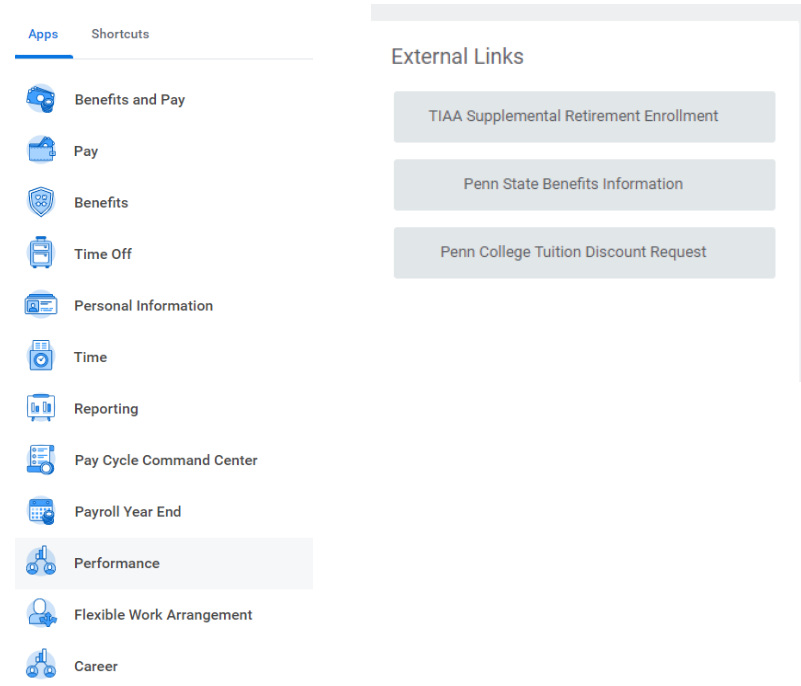
Penn State Alternate Retirement Plan (Administered by TIAA)

TIAA

General Phone Number: (800) 842-2252

Schedule an appointment with a TIAA Financial Consultant: (800) 732-8353

Access account through Workday



Supplemental Retirement Savings

- All employees are eligible to make tax-deferred contributions to a **403(b) tax-deferred annuity plan** and/or a **457(b) deferred compensation plan.**

- A Roth (post-tax) contribution option is also available on the 403(b) plan tax-deferred annuity plan.

- Contributions to these supplemental retirement plans are **in addition to and separate from** contributions that are made to your mandatory Penn State retirement plan.

Supplemental Retirement Savings

A comparison of the two plans can be found on the HR website at:

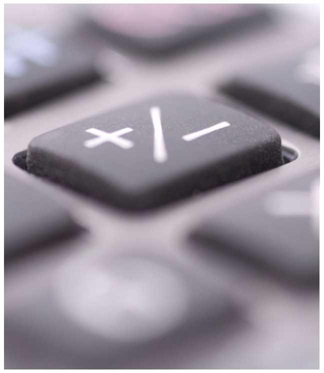
hr.psu.edu/benefits/retirement/supplemental-retirement

INVESTMENT OPTIONS		
Provision	**403(b) Tax-Deferred Annuity**	**457(b) Deferred Compensation**
Investment Company	TIAA	TIAA
Contribution Limits	Annual salary reduction contributions are limited to $22,500 in 2023	Annual salary reduction contributions are limited to $22,500 in 2023
Age 50 Catch-up Provision	If you are age 50 or older, you may contribute an additional $7,500 above the maximum annual deferral amount.	
Distributions	Distributions must meet a qualifying event: ◦ Separation from service ◦ Age 59½ ◦ Permanent and total disability ◦ Financial hardship as defined by IRS regulations - for example, a tuition payment, or to purchase primary residence ◦ Death of participant	Distribution must meet a qualifying event: ◦ Separation from service ◦ Age 70½ ◦ Retirement ◦ Unforeseeable emergency as defined by IRS regulations - for example, an unexpected illness or loss of property ◦ Death of participant
Rollovers	Rollovers are allowed if the guidelines of a qualifying event are met. Employer approval may be required.	Rollovers are allowed from a governmental plan if the guidelines of a qualifying event are met. Employer approval may be required.
Additional Catch-up Provision ***(Cannot be used with the Age 50 and Over Catch-up Provision)***	N/A	"3 Year Rule": An additional amount up to a total of $39,000 may be available if you have not made maximum contributions in previous years when you were eligible for a 457(b) Plan. This provision may be used only in the three years before you attain normal retirement age.
Loans	Loans are available to the extent permitted by the plans. Effective January 1, 2015 the following provisions apply to the loan policy: ◦ Only one new loan may be originated in a 12-month period ◦ No more than three loans originated after January 1, 2015, can be outstanding at one time ◦ Employees who default on a loan originated after January 1, 2015, will not be permitted to take additional loans from the plan(s). Defaulted loans taken before the effective date will not be affected.	
Withdrawals While Employed at Penn State ***(Considered only when an employee has no other resources, including Plan loans)***	Withdrawals can be made any time after age 59½ or in the event of a Qualified Financial Hardship: Unreimbursed medical expenses, purchase of a primary residence, tuition expenses, funeral expenses, or prevention of a foreclosure or eviction.	Withdrawals can be made any time after age 70½ or in the event of unforeseen emergencies: unreimbursed medical expenses, casualty loss, sudden and unforeseeable emergency, funeral expenses, or prevention of a foreclosure or eviction.

Supplemental Retirement Savings

Enrollment

1. Determine if you will contribute to a 403(b) tax-deferred annuity, a 457(b) deferred compensation plan, or both.
2. Complete an online enrollment form for the **TIAA** through the benefits tab in Workday.
3. During your enrollment, you will be able to select how your contributions will be allocated among investment options. You will also be asked to select your beneficiaries.



Retirement Healthcare Savings Plan

- Full-time faculty and staff hired on or after January 1, 2010 are automatically enrolled in the Penn State Retirement Healthcare Savings Plan (RHSP).
- The University makes monthly contributions of $144 to your Plan account while you are employed at Penn State.
- After meeting retirement eligibility criteria, you will use the accumulated savings in your Plan account to pay for the purchase of health insurance and other qualified medical expenses. The savings may be used for you or your eligible dependents.

Retirement Healthcare Savings Plan

- **HR54 Continuation of Group Insurance after Age 60, Age 65, and after Retirement or Death**

Eligibility for Coverage into Retirement:

- Full-Time Employees (does not apply to Post-Doctoral Scholars or Fellows) Hired on or After January 1, 2010:
  - You will be eligible to access your Penn State Retirement Savings Account when you are no longer actively employed at Penn State AND have:
  - Completed 25 years of continuous full-time service and are age 60 or older.

    OR
  - Completed a minimum of 15 years of continuous full-time service and are age 65 or older.

The Pennsylvania State University Retirement Healthcare Savings Plan

About the plan

Eligibility	Full-time active employees hired on or after January 1, 2010, are automatically enrolled by the Penn State Office of Human Resources Employee Benefits Division—no forms are required.
Contribution schedule	Penn State contributes $144 per month after the first full month following your employment date. (This amount may be adjusted periodically.)
Entitlement	You are eligible to access your healthcare account when you are no longer actively employed at Penn State and have either (1) completed 25 years of continuous service and are at least age 60, or (2) completed a minimum of 15 years of continuous service and are at least age 65.
Qualified healthcare expenses	▪ Qualified healthcare expenses are IRS section 213(d) expenses such as **expenses** premiums on a health insurance policy, copays, deductibles, prescription drugs and other out-of-pocket related costs. ▪ Hospital and surgical expenses, physical therapy, psychotherapy, dental care, weight control programs, eye exams and eyeglasses, special equipment. ▪ Premiums for Medicare supplemental plans, long-term care insurance and Medicare Parts B and D. Please refer to IRS Publication 502 for a complete list of expenses.
Benefits after death	After your death, your spouse or domestic partner and eligible dependents may continue to receive reimbursement for their qualified medical expenses. **However, if there is no surviving spouse or domestic partner or eligible dependents, any unused benefits will be forfeited back to the Plan.**
Investments	Initial contributions will be invested in a TIAA-CREF Lifecycle mutual fund that has a date closest to the year you will turn age 65. Once your account is established, you will have the opportunity to change your investment option(s) if you so choose.

Questions?