



Welcome to the School
District of Philadelphia (SDP)!

Retirement and Pension

Today's Topics

- Why are we talking about Retirement?
- What is a Defined Benefits (DB) Pension?
- What is a Defined Contribution (DC) Plan?
- What is my pension plan?
- What are my retirement contributions?
- Are there other options?
- Separating from the SDP

Why are we talking about Retirement?

- It seems odd to talk about retirement when you are starting a new job, but there is no better time than now!
- While you are working is the time to set aside money so that when you retire, you have a source of money to pay your bills.
- Your retirement plans are programs that provide a way to ensure you have money in addition to social security when you retire.

What is a Defined Benefit (DB) plan?

Under the Internal Revenue Service (IRS) Code, a defined benefit plan means that your retirement benefit is determined by a formula which includes:

- a retirement factor (i.e., a multiplier or percent of your salary)
- final average salary
- years of credited service

EXAMPLE

$$\begin{array}{cccccc} \text{Final} & & \text{Membership} & & \text{Years} & & \text{Annual} \\ \text{Average} & * & \text{Class} & * & \text{of} & = & \text{Maximum} \\ \text{Salary} & & \text{Multiplier} & & \text{Service} & & \text{Pension} \end{array}$$

What are the advantages of a Defined Benefit (DB) a pension?

- Helps you save money with no effort on your part
- You can plan on what your pension income will be based on the formula

What is a Defined Contribution (DC) plan?

A defined contribution (DC) plan is a type of retirement plan in which the employer, employee or both make contributions on a regular basis. In defined contribution plans, future benefits fluctuate on the basis of investment earnings.

What are the advantages of a defined contribution plan?

- An advantage of defined contribution plan is that since your contributions are paid directly into individual accounts, it is portable, meaning you can take your accumulated funds with you when you change jobs. You can roll this money over into another retirement account.
- You have flexibility in selecting the investments in your account
- The School District also contributes to your DC account

What is my pension plan?

- If you are already a member of PSERS, your membership plan remains the same.
 - Contact PSERS for details or log into Member Self-Service (MSS) portal their Member Service Portal.
- Employees hired on or after July 1, 2019 are enrolled in a hybrid pension plan
- A hybrid plan has both a Defined Benefit (DB) and Defined Contribution (DC) component
- The DB portion is administered by PSERS and the DC component is administered by VOYA
- The next few slides provide more information on each of these plans
- Contact Information:

PSERS

5 N 5th Street

Harrisburg, PA 17101-1905

Toll-Free Number: 1.888.773.7748

<https://www.psers.pa.gov/>

More about my Defined Benefit (DB) with PSERS

<p>What is PSERS?</p>	<p>PSERS is “The Public School Employees' Retirement System” and is an agency of the Commonwealth of Pennsylvania that administers the pension plan for Pennsylvania's public school employees. Under the Internal Revenue Service (IRS) Code, the PSERS pension plan is classified as a 401(a), governmental defined benefit plan.</p>
<p>What does PSERS do?</p>	<p>PSERS houses all mandatory retirement contributions from your biweekly pay into your pension account to provide a monthly pension check to qualified retirees.</p>
<p>How do I qualify for PSERS membership?</p>	<ul style="list-style-type: none">• All salaried employees are members of PSERS.• Hourly employees who have worked at least 500 hours in one school year• Per diem employees who have worked at least 180 days in one school year

More about my Defined Contributions (DC) with Voya

<p>Who is VOYA?</p>	<p>VOYA Financial is a financial, retirement, investment and insurance company.</p>
<p>What does Voya do?</p>	<p>Employees enrolled in the Defined Contribution (DC) plan will have an individual investment account in their name. Contributions will be posted following each pay. Your money will be invested in a “target date” fund whose asset allocation mix becomes more conservative as the target date (your estimated retirement date) approaches.</p> <p>You have the option to direct your money to other investments and can choose from among 11 additional options.</p>
<p>How do I make changes to my VOYA investments?</p>	<p>You can view your investments and make changes at any time by accessing your PSERS DC Plan account through your PSERS Member Self-Service (MSS) account.</p>

What is Vesting?

- Vesting is a legal term that means to give or earn a right to a present or future payment, asset, or benefit.
- Vesting means you have met the requirements to receive a full, instead of partial, benefit.

Vesting with PSERS

How do I become vested in the PSERS DB Pension?

- Vesting in your PSERS DB Pension requires 10 years of service credit.
- When you are vested, it means you are eligible to receive monthly retirement income when you retire.
- If you are not vested and you leave employment, you are entitled to everything you contributed, plus any interest earned.

Vesting with VOYA

How do I become vested in the VOYA DC Investment Account

- You must contribute for at least 3 school years to become vested. Once you are vested, you are eligible to withdraw both what you and the School District has contributed to your account as well as any investment gains or losses.
- If you contribute to your account with Voya for at 3 school years, the School District's contribution is vested, meaning you are entitled to the investment and all associated investment gains/losses when you separate from service from all PSERS participating employers.
- If you are not vested and you leave employment, you will receive the value of your contributions plus investment gains/and losses.

When will I get my PSERS/VOYA Information?

- Information will be mailed to your address by PSERS on record with the District within two weeks to 30 days after you start work.
- You can access PSERS MSS psers.pa.gov/MSS/ portal a week after your first paycheck.
- Voya will provide Quarterly statements and PSERS will provide you an Annual statement of your pension.

Tell me more about my enrollment

You will see two separate retirement contributions on your pay check for a total of 8.25% of your salary

- Your contribution to PSERS for your Defined Benefit pension will be labeled PSERS-TGDB and is 5.5% of your salary.
 - The DB portion of your pension has a “shared risk/shared gain” provision. With this provision, members benefit when investments are doing well and share some of the risk when investments underperform. Your DB contribution rate may increase or decrease by 0.50% or 0.75% within the specified range once every three years. There is a maximum adjustment of 2.75%.
- Your contribution to VOYA for your Defined Contribution benefit will be labeled VOYA-TGDC and is 2.75% of your salary.
 - The District makes a matching contribution to your account of 2.25% of your salary.

Tell me more about my enrollment

Are there other options:

- If you are scheduled to work less than 5 hours a day or less than 25 hours a week, AND have an Individual Retirement Account (IRA) or other eligible retirement plan, you may request to waive membership by logging into the Member Self Service (MSS) portal and electing to waive.
- You have a 90 day window to switch to one of the other two classes outlined in the information you will receive from PSERS. This switch is irrevocable.
- You can make optional additional after tax contributions to your VOYA account through PSERS' MSS.
- You CANNOT borrow against your account for any reason unless you fully separated from service from any employer participating in the PSERS system.

Tell me more about my enrollment

Are there other options (continued....):

- During the Benefits presentation, you will learn more about how you can make additional voluntary contributions to 403(b) & 457(b) Savings Plans. The benefit of the District sponsored plans include:
 - You can make pre or post-tax contributions.
 - Access your funds while an active employee through:
 - ❖ Loans
 - ❖ Aged 59 ½ distributions
 - ❖ Hardship and Unforeseen Emergency withdrawals

Resigning/Retiring

- A retirement/resignation form that is available on our website must be submitted to the Office of Retirement found here: philasd.org/benefits/retirement/
- Professional Employees are required to provide 60 days notice of their intent to separate.
 - PA School Code defines a professional employee as one who requires a certificate to hold a job, such as a teaching certificate, a principal certification, etc.
- Working after Retirement: According to the Retirement Code, you may not be employed by a Pennsylvania public school employer and receive a PERS retirement benefit at the same time unless you meet certain exceptions.

A photograph of two young boys sitting at a table in a classroom, looking at a large, colorful book together. The boy on the left is wearing a grey hoodie, and the boy on the right is wearing a white shirt. They are both focused on the book. In the background, there are shelves with various colored storage bins (blue, red, white) and a window with a potted plant on the sill. The word "Questions?" is overlaid in the center of the image in a dark blue font.

Questions?

A photograph of two young boys in a classroom setting. They are sitting at a table, looking intently at a large, colorful book or poster. The boy on the left is wearing a grey hoodie, and the boy on the right is wearing a light blue shirt. In the background, there are shelves with various colored storage bins (blue, red, white) and educational materials. The text "Thank you for your service to our children!" is overlaid in a dark blue font at the top of the image.

**Thank you for your service to our
children!**

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