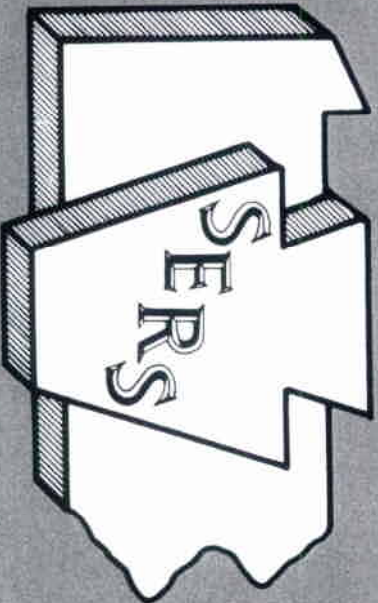




**PENNSYLVANIA  
STATE EMPLOYEES'  
RETIREMENT  
SYSTEM**



COMMONWEALTH OF PENNSYLVANIA  
STATE EMPLOYEES' RETIREMENT SYSTEM

**1980 ANNUAL REPORT**

DICK THORNBURGH  
Governor



**Commonwealth of Pennsylvania  
State Employees' Retirement System  
204 Labor and Industry Building  
Harrisburg, Pennsylvania 17120**

**BOARD OF TRUSTEES**

William J. Moran  
Acting Chairman

Honorable R. Budd Dwyer, ex officio  
State Treasurer

Milton Melman  
K. Paul Muench  
Robert A. Bittenbender  
James I. Scheiner  
Honorable Charles J. Lieberth



**COMMONWEALTH OF PENNSYLVANIA  
STATE EMPLOYEES' RETIREMENT SYSTEM  
204 LABOR & INDUSTRY BUILDING  
HARRISBURG, PENNSYLVANIA  
17120**

Telephone  
717-787-6293

To The Honorable Dick Thornburgh  
Governor of Pennsylvania,  
Members of the General Assembly, and  
Members and Retirees of the  
Pennsylvania State Employees' Retirement System:

The Annual Report of the Pennsylvania State Employees' Retirement System for the year ending December 31, 1980, is submitted herewith.

As of December 31, 1980, a total of 48,783 former state employees and beneficiaries were receiving monthly benefits of \$17,176,780.68. This is a net increase of 3,567 recipients over December 31, 1979. Total benefit payments for normal, early, and disability retirements, death benefits, and refunds to former members amounted to \$295,740,441 during 1980. The number of active members remained constant during the year, standing at 121,973 at the end of 1980.

Total assets of the trust fund held in reserve for future benefit payments increased by \$228 million to \$3.17 billion at book value. The income return on investments of the Fund during 1980 was 9.8% producing \$178 million. Employer contributions to the Fund are current and continue to be made at the rate certified by the plan's actuary as sufficient to provide for all liabilities under the plan.

The State Employees' Retirement Board and its staff are pleased to provide this Annual Report for your information.

Sincerely,

Robert L. Cusma  
Secretary

# SECRETARY'S REPORT

This Annual Report covers the 56th year of continuous operation of your Retirement System. As members of this System, we all have a stake in one of the largest and oldest statewide pension plans for public employees in the country. I am pleased to report that, during 1980, we have been able to continue our long tradition of improving and expanding services and activities on behalf of the membership.

One of the most significant achievements of your Board of Trustees last year was the drafting of new proposed legislation governing the investments of your Fund. These proposals have been introduced in the State Legislature as House Bill 994 and Senate Bill 725. If enacted, the changes would permit a broader range of investments and would enable the Fund to benefit from the high investment returns available in many areas of the markets which are currently prohibited. Both the House and Senate versions have Governor Thornburgh's backing, and the unanimous endorsement of the Board and all of its advisors. We hope to see favorable legislative action during 1981.

The Board has also been active on other investment matters. In December, 1980, the Board adopted a five-year planning horizon for allocation of revenues to various types of investments. The plan calls for an increasing commitment to the Pennsylvania home mortgage market throughout the period and an expansion of the Fund's commitment to commercial mortgages and real estate. The Board is also exploring ideas to increase in-state investment while maintaining competitive investment returns. A review of the Fund's investments reveals an already strong commitment to Pennsylvania industry, with names like AMP, Air Products and Chemicals, Rite-Aid, and Bethlehem Steel, among others, well-represented in the portfolio.

We reported last year that plans were underway to obtain an independent financial audit of the System for the three years ending December 31, 1980. The accounting firm of Ernst and Whinney was selected by the Board to perform the audit. Although the results were not available in time for publication in this report, the auditors expect to have their work completed by June 30, 1981. The audited financial statements will be entered into the public record and will be published at a later date. The Board desires to establish a policy of full annual financial audits as a further protection for the members of the Retirement System.

Direct services to members haven't been overlooked amidst all this activity. During 1980, your Retirement System disbursed over \$295 million in benefit payments to more than 55,000 members and beneficiaries. Both

the amount of benefits and the number of recipients represent all time highs for the System. New or improved services were also introduced last year. An updated and revised handbook for active members was published. A new program of small group retirement counseling was initiated and is proving very successful. The new program is designed for employees aged 55 and older to introduce them to a variety of subjects which are important to successful retirement planning. This program has been so well accepted by members who have attended so far, that we plan to significantly expand it during 1981. SERS has also begun conducting on-site training sessions for Retirement Counselors in both the eastern and western sections of the Commonwealth. Taking our show "on the road" is one method we are pursuing to provide better information to members outside of Harrisburg.

Finally, during the past year the Board has established a formal appeal and hearing procedure to assure that members are afforded every appropriate opportunity to press claims for benefits and rights under the Retirement Code. This report contains a full explanation of appeal and hearing procedures on page 15.

We've also been keeping a watchful eye on pension-related developments on the national scene. One piece of potential Federal legislation is of particular interest - the Public Employees' Retirement Income Security Act (PERISA). This proposal, similar to legislation already in place which governs the operations and activities of private pension plans, is designed to protect public employees' pension rights by setting minimum standards for participation, vesting, and public disclosure of information. Although several versions of PERISA have been introduced for the past five years without success, the issue keeps coming up. Our retirement plan already conforms in all significant respects with the requirements of the Federal proposal, an effort we have deliberately undertaken so that our members are afforded the same protections as those enjoyed by members of private pension plans.

As always, we welcome your ideas and suggestions for further improvements in the operations of your Retirement System. Please feel free to address your comments to my attention at the address shown on the inside front cover of this Annual Report.



Robert L. Cusma  
Secretary

# ADMINISTRATIVE & ADVISORY STAFF

Robert L. Cusma, Secretary  
 Frances M. Crimbly, Assistant Secretary

## DIVISION DIRECTORS

Robert Bowers — Administrative Services  
 John Brosius — Accounting  
 Dale Everhart — Refund and Retirement Benefits  
 Joseph Fuller — Disability and Death Benefits  
 Ruth Granoff — Membership Services  
 Aldo Mastriane — Retirement Counseling

## ADVISORS

Consulting Actuaries  
 Huggins and Co., Inc.  
 Philadelphia, PA

Investment Advisors  
 Fixed Income and Equities:  
 Alliance Capital Management, Inc.  
 New York, NY

Mellon Bank, N.A.  
 Pittsburgh, PA

Mortgages:  
 The Fidelity Bank  
 Philadelphia, PA

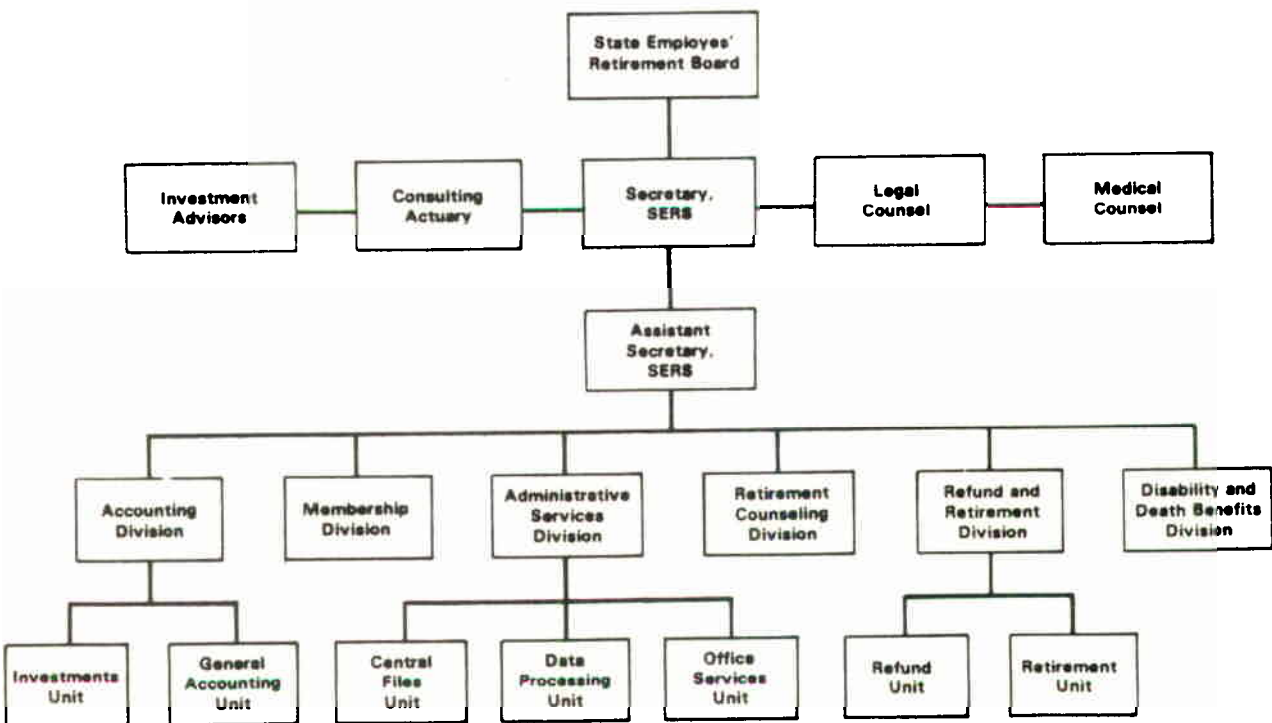
Portfolio Evaluation:  
 A. G. Becker Co., Inc.  
 Chicago, IL

Policy Advisor:  
 Ronald A. Karp, Assocs.  
 Summit, NJ

Legal Counsel  
 Thomas Mangan, Esq.

Medical Counsel  
 Professional Corp.  
 Mark Berger, M.D., Pres.  
 Harrisburg, PA

# ORGANIZATION OF SERS





# RESULTS OF OPERATIONS

## State Employees' Retirement System Statement of Revenues, Expenses, and Changes in Reserves

For the Year Ended December 31, 1980

### Revenue

|  |                      |
|--|----------------------|
| (1) Member Contributions               | \$113,654,568        |
| (2) Employer Contributions             | 289,646,680          |
| (3) Casualty Premium Tax               | 7,604,682            |
| (4) Funds Received from PSEERB         | 6,952,032            |
| Investment Income:                     |                      |
| (5) Interest on Investments            | 202,544,785          |
| (6) Dividends on Investments           | 29,169,255           |
| (7) Accrual of Discount on Investments | 2,838,938            |
| (8) Profit on Sale of Investments      | 16,512,166           |
| Total Investment Income                | 251,065,144          |
| (9) Miscellaneous Revenue              | 2,809,917            |
| <b>Total Revenue</b>                   | <b>\$668,925,911</b> |

### Expenses

|   |                 |
|---|-----------------|
| Benefit Payments:                           |                 |
| (10) Withdrawals                            | \$ 14,036,753   |
| (11) Normal Retirement                      | 212,044,144     |
| (12) Disability Retirement                  | 13,751,337      |
| (13) Early Retirement                       | 41,029,773      |
| (14) Beneficiary Annuity                    | 13,499,907      |
| (15) Funds Transferred to PSEERB            | 1,378,533       |
| Total Benefit Payments                      | 295,740,441     |
| (16) Administrative Expenses                | 2,466,463       |
| Investment Expenses:                        |                 |
| (17) Loss on Sale of Investments            | 59,390,497      |
| (18) Amortization of Premium on Investments | 4,553,723       |
| (19) Accrued Interest Purchased             | 9,029,454       |
| Total Investment Expenses                   | 72,973,674      |
| Total Expenses                              | 371,180,578     |
| Excess of Revenues over Expenses            | 297,745,333     |
| Reserve Balance At 1-1-80                   | 2,869,761,484   |
| Reserve Balance At 12-31-80                 | \$3,167,506,817 |

## State Employees' Retirement System Notes to Statement of Revenues, Expenses, and Changes in Reserves

### Revenue

- (1) Member Contributions - Amounts received from active contributing members. The contribution rate is 5% of gross earnings.
- (2) Employer Contributions - The employer's share of retirement contributions. The rate for fiscal 1980-81 is 14.67% of employee's gross earnings.
- (3) Casualty Premium Tax - State's share of receipts from taxes levied on out-of-state Casualty Insurance Companies which are credited to the State Police Benefit Account.
- (4) Funds Received from PSEERB - Funds transferred from Public School Employee's Retirement System to fund combined benefit payments of multiple service members who retired from SERS.
- (5) Interest on Investments - Interest income earned by fixed income investments, long-term and short-term, of SERS.
- (6) Dividends on Investments - Dividends earned by the common and preferred stock investments of SERS.
- (7) Accrual of Discount on Investments - The portion of unamortized discounts that is written off (realized as income) for the year.
- (8) Profit on Sale of Investments - Profit realized on the sale of investments (i.e. the excess of proceeds from sale over the book value of the investment).
- (9) Miscellaneous Revenue - Small amounts of revenue not properly recorded in any other income account.

### Expenses

- (10) Withdrawals - Accumulated contributions and interest withdrawn by members who leave the system before becoming eligible for benefits.
- (11) Normal Retirement - Payments made to retirees who retire after normal retirement age.
- (12) Disability Retirement - Payments made to retirees who terminated due to a disability.
- (13) Early Retirement - Payments made to retirees who retire prior to normal retirement age after ten or more years of service.
- (14) Beneficiary Annuity - Payments made to beneficiaries of deceased members.
- (15) Funds Transferred to PSEERB - Funds transferred to Public School Employee's Retirement System to fund combined benefit payments of multiple service members who retired from PSEERB.
- (16) Administrative Expenses - All operating costs incurred by SERS (including salaries, benefits, fixed assets, advisory and other service contracts).
- (17) Loss on Sale of Investments - Loss realized on the sale of investments (i.e. the deficiency between proceeds from sale and the book value of the investment).
- (18) Amortization of Premium on Investments - The portion of unamortized premiums that is written off (expensed) for the year.
- (19) Accrued Interest Purchased - The amount of accrued interest purchased by SERS on investment transactions.

# BALANCE SHEET

## State Employees' Retirement System Balance Sheet December 31, 1980

| <b>Assets</b>                               |                        |
|---|------------------------|
| (1) Cash                                    | \$ 195,062             |
| (2) Short-Term Investments (At Cost)        | 128,045,029            |
| Fixed Income Investments (At Par)           |                        |
| (3) U.S. Gov't. Obligations                 | 171,681,000            |
| (4) Corporate Bonds & Notes                 | 1,544,922,810          |
| (5) Mortgages                               | 525,367,121            |
| (6 & 7) Add Net of Premiums & Discounts     | 2,241,970,931          |
| Total Fixed Income Investments (Book Value) | 42,838,095             |
| (8) Equities (At Cost)                      | 2,284,809,026          |
| Receivables:                                | 625,659,835            |
| (9) Employers' Contributions Receivable     | 82,696,440             |
| (10) Members' Contributions Receivable      | 4,251,163              |
| (11) PSEERB Transfers Receivable            | 2,486,175              |
| (12) Other Accounts Receivable              | 350,098                |
| Total Receivables                           | 89,783,876             |
| (13) Accrued Interest and Dividends         | 41,033,081             |
| (14) <b>Total Assets</b>                    | <b>\$3,169,525,909</b> |

### Reserves & Liabilities

|  |                        |
|--|------------------------|
| Reserves:                                  |                        |
| (15) Members Annuity Savings Account       | \$ 917,126,426         |
| (16) Members Annuity Savings Account - SSI | 18,973,785             |
| (17) Annuity Reserve Account               | 1,853,274,387          |
| (18) Less: Supplemental Annuity Account    | 301,648,714            |
| Net Reserve for Annuity Benefits           | 1,551,625,673          |
| (19) State Annuity Accumulation Account    | 489,725,261            |
| (20) PA State Police Benefit Account       | 178,230,443            |
| (21) PA Enforcement Officers Account       | 11,825,229             |
| (22) Total Reserves                        | <b>\$3,167,506,817</b> |
| Liabilities:                               |                        |
| (23) Benefits Payable                      | 1,693,036              |
| (24) Administrative Expenses Payable       | 39,725                 |
| (25) Reserve for Outstanding Checks        | 191,331                |
| (26) Contingency Fees                      | 95,000                 |
| (27) Total Liabilities                     | 2,019,092              |
| (28) <b>Total Reserves and Liabilities</b> | <b>\$3,169,525,909</b> |

## State Employees' Retirement System Notes to Balance Sheet

### Assets

- (1) Cash - Cash not currently invested in securities.
- (2) Short-Term Investments - Commercial Paper, Repurchase Agreements, and Short-Term U.S. Treasury Bills.
- (3) U.S. Government Obligations - Long-Term U.S. Treasury Bills, Notes and Bonds.
- (4) Corporate Bonds and Notes - Railroad Bonds, Public Utilities, and Industrial Bonds.
- (5) Mortgages - Government Insured PA Residential Mortgages, Commercial Mortgages, and Mortgage-backed Securities issued by Government National Mortgage Association.
- (6) Premium on Investments - Unamortized premium on fixed income investments owned. This represents amounts paid in excess of par value.
- (7) Discount on Investments - Unamortized discount on fixed income investments owned. This represents amount paid below par value.
- (8) Equities - Common and preferred stocks at average cost valuation.
- (9) Employers' Contributions Receivable - Amounts due from the various departments and agencies for Employer's share of contributions which were not received at year end.
- (10) Members' Contributions Receivable - Amounts due for members' payroll deductions which were not received at year end.
- (11) PSEERB Transfers Receivable - Amounts due from Public School Employees' Retirement Board which were not received at year end.
- (12) Other Accounts Receivable - Balance of court-ordered restitution due from a former employe of SERA.
- (13) Accrued Interest and Dividends - Interest and dividends earned in 1980, but not received until 1981.
- (14) Total Assets - The recorded value of all assets available to pay plan benefits.



## Reserves and Liabilities

(Note: The seven reserve accounts listed on this statement all include accumulated interest to date.)

- (15) Members Annuity Savings Account - All member contributions. Funds are held in this account until the member leaves the System or retires.
- (16) Members Annuity Savings Account - Social Security Integration - Contributions made by members who, prior to March 1, 1974, elected to contribute 5% of that portion of their compensation in excess of the maximum taxable for Social Security.
- (17) Annuity Reserve Account - Member's contributions (except PA State Police and PA Enforcement Officers) and employer contributions which are transferred to this account when the member retires. Annuity and death benefit payments are charged to this account.
- (18) Supplemental Annuity Account - Contributions to be made by employer to fund cost-of-living increases.
- (19) State Annuity Accumulation Account - Employer contributions. Transfers are made from this account to the Annuity Reserve Account when a member retires.
- (20) PA State Police Benefit Account - PA State Police member and employer contributions which are transferred to this account when the member retires. Also includes receipts from Casualty Premium Tax.
- (21) PA Enforcement Officers Account - PA Enforcement Officer member and employer contributions which are transferred to this account when the member retires.
- (22) Total Reserves - The total amount of funds set aside for the purpose of meeting the specified liabilities as defined by the State Employees' Retirement Code to be used solely for the benefit of members of the System. This balance equates to the "Reserve Balance at 12-31-80" shown on the "Statement of Revenues, Expenses, and Changes in Reserves for the Year Ended December 31, 1980."
- (23) Benefits Payable - Annuity benefit payments which were prepared in December, 1980, and paid in January, 1981.
- (24) Administrative Expenses Payable - Administrative expenses incurred in 1980, and paid in January, 1981.
- (25) Reserve for Outstanding Checks - The amounts of checks written by Treasury but not cashed by December, 1980.
- (26) Contingency Fees - Commitment Fee paid to the Fund by the Lenkin Company to obtain a mortgage loan at a later date.
- (27) Total Liabilities - The total amount due for the payment of outstanding administrative expenses and for benefit payments in process.
- (28) Total Reserves and Liabilities - Total claims against the Total Assets of the Fund shown on Line 14.

## INVESTMENT PORTFOLIO

| Description                | December 31, 1980  |              | December 31, 1979  |              |
|----------------------------|--------------------|--------------|--------------------|--------------|
|                            | Value <sup>1</sup> | Percent      | Value <sup>1</sup> | Percent      |
| Bonds at Par:              |                    |              |                    |              |
| Corporate                  | \$1,544.92         | 51.7         | \$1,733.61         | 61.9         |
| U.S. Government            | 171.68             | 5.7          | -0-                | 0.0          |
| Mortgages at Par:          |                    |              |                    |              |
| Residential                | 180.87             | 6.0          | 161.69             | 5.8          |
| Commercial                 | 163.96             | 5.5          | 112.55             | 4.0          |
| Mortgage-backed Securities | 180.54             | 6.0          | 100.96             | 3.6          |
| Equities at cost           | 625.66             | 20.9         | 533.26             | 19.0         |
| Temporary Investments:     |                    |              |                    |              |
| Commercial Paper           | 48.97              | 1.6          | 33.92              | 1.2          |
| U.S. Treasury Bills        | 57.53              | 1.9          | 127.06             | 4.5          |
| Repurchase Agreements      | 21.55              | 0.7          | -0-                | 0.0          |
| Cash                       | .19                | 0.0          | .03                | 0.0          |
| <b>Total</b>               | <b>\$2,995.87</b>  | <b>100.0</b> | <b>\$2,803.08</b>  | <b>100.0</b> |

<sup>1</sup>Dollar values in millions.

There were major changes in the composition of the investment portfolio of the State Employees' Retirement Fund during 1980. Both the dollar amount and percentage commitment to corporate bonds declined as the Board and its investment advisors sought other investments which perform better in times of high inflation and surging interest rates. Over \$170 million was committed to intermediate-term U.S. Treasury Notes and Bonds. These issues currently provide a high rate of return and, since their maturities are shorter than our average corporate bond holdings, their market values fluctuate less as interest rates change.

The Fund's commitment to mortgages of all types also increased during 1980 as the Board directed larger amounts of cash flow to these markets. At year end, mortgage holdings stood at 17.5% of total

# ACTUARY'S REPORT

HUGGINS & COMPANY, INC.  
MEMBER - THE HAY GROUP

*Consulting Actuaries*

229 S. 18 ST. • RITTENHOUSE SQUARE • PHILADELPHIA, PA. 19103 • (215) 893-0270

May 7, 1981

Board  
State Employees Retirement System  
204 Labor and Industry Building  
Harrisburg, Pennsylvania 17120

Dear Board Members:

An actuarial valuation was last performed on December 31, 1979 to determine actuarial liabilities under the State Employees Retirement System. The valuation was carried out in accordance with sound actuarial principles in a manner which, in my opinion, reflects the applicable provisions of the State Employees Retirement Code. The valuation also served as the basis for determining the contributions required to be made by the Commonwealth to fund the liabilities of the System.

Valuations are made annually based on data supplied by the staff of the Retirement Board. Analyses of the experience under the Retirement System are made quinquennially. The results of the analyses are used to develop the assumptions underlying the actuarial valuations. Thus, required contributions are determined on an actuarial basis reflecting actual experience under the System.

Sincerely yours,



ROBERT H. SMITH, F.S.A.  
Member, American Academy of Actuaries

RHS:pm

THE HAY GROUP  
HAY ASSOCIATES • HAY COMMUNICATIONS • HAY HUGGINS • RESEARCH FOR MANAGEMENT  
HAY ASSOCIATES, INC. • HUGGINS & COMPANY, INC. • HAY GROUP INTERNATIONAL, LTD. • GROUP GAMBAY

investments. Residential mortgages, which are all on homes in Pennsylvania, increased to \$181 million. The Board plans to increase this commitment during the next five years since these investments return an attractive income stream to the Fund while also providing funds for our state's home mortgage market.

The star performers of the portfolio during 1980 were the common and preferred stocks owned by the Fund. Our stocks yielded a total return in excess of 27% during 1980 and, at year end, were held at a sizeable profit. As mentioned earlier in this report, the Board has endorsed legislation to increase the Fund's legal authority to own stocks so that the Fund can reap the full benefits of common stock ownership when the market is favorable.

Temporary, or short-term, investments amounted to 128 million dollars as of December 31, 1980. High-grade commercial paper, U.S. Treasury Bills, and bank repurchase agreements are used to keep funds earning income until they are needed either to make benefit payments or to acquire permanent investments. The State Treasurer's office is responsible for making all temporary investments for the Fund.

The twenty largest stock holdings of the State Employees' Retirement Fund:

| Description                                    | Market Value as of 12-31-80 |
|--|-----------------------------|
| 1. Dresser Industries, Inc.                    | \$ 27,862,800               |
| 2. Atlantic Richfield Corporation              | 24,024,800                  |
| 3. Union Pacific Corporation                   | 22,365,000                  |
| 4. Hewlett Packard Company                     | 20,012,200                  |
| 5. International Business Machines Corporation | 19,595,512                  |
| 6. Abbott Laboratories, Inc.                   | 18,871,000                  |
| 7. Eastman Kodak Company                       | 18,420,975                  |
| 8. Exxon Corporation                           | 18,301,875                  |
| 9. Minnesota Mining and Manufacturing Company  | 18,107,100                  |
| 10. General Electric Company                   | 17,731,875                  |
| 11. Deere and Company                          | 17,721,600                  |
| 12. SmithKline Corporation                     | 17,560,000                  |
| 13. Phillips Petroleum Company                 | 17,519,250                  |
| 14. American Telephone and Telegraph Company   | 17,094,391                  |
| 15. Johnson and Johnson                        | 16,229,325                  |
| 16. Air Products and Chemicals, Inc.           | 15,743,849                  |
| 17. AMP, Inc.                                  | 14,379,750                  |
| 18. Cheesebrough-Pond's, Inc.                  | 13,888,125                  |
| 19. American Home Products Corporation         | 13,435,312                  |
| 20. Caterpillar Tractor Company                | 12,986,200                  |



## 1980 RETIREMENT STATISTICS

Following are facts and figures which apply to those persons who retired during 1980.

| Retirement by Type:      | 1970      | 1980      |
|--------------------------|-----------|-----------|
| Early Retirements        | 113,007   | 121,973   |
| Normal Retirements       | 18,530    | 48,783    |
| Disability Retirements   | \$244.09  | \$352.11  |
| <b>Total Retirements</b> | <b>55</b> | <b>68</b> |

## A TEN-YEAR PERSPECTIVE

|                        | 1970 <sup>1</sup> | 1980 <sup>1</sup> | Annual Rate of Growth <sup>2</sup> |
|------------------------|-------------------|-------------------|------------------------------------|
| Assets                 | \$809.45          | \$3,169.53        | 14.6%                              |
| Members' Contributions | 54.49             | 113.65            | 7.6                                |
| Employer Contributions | 49.18             | 289.65            | 19.4                               |
| Investment Earnings    | 38.25             | 251.07            | 20.7                               |
| Revenue                | 145.43            | 668.93            | 16.5                               |
| Expenses               | 65.02             | 371.18            | 19.0                               |
| Administrative Expense | .66               | 2.47              | 14.1                               |

<sup>1</sup> Dollar values in millions.

<sup>2</sup> Annual rate of growth is the percentage increase per year for the ten year period.

## APPEAL AND HEARING PROCEDURES

What happens if you believe you have been unjustifiably denied a right or benefit which you think you are entitled to under the Retirement Code? If you find yourself in such a situation, you should do the following:

- 1) Read your Member's Handbook and other written material provided by the Retirement Board to see if your question is answered to your satisfaction; if it isn't—
- 2) If you are a contributing member, contact the Retirement Counselor assigned to your work location for further information;
- 3) If you do not receive a satisfactory answer from your Retirement Counselor, or if you are retired or vested, put your question in writing to the Secretary of the Retirement System as follows:

Robert L. Cusma, Secretary  
 Pa. State Employes' Retirement System  
 Rm. 204 Labor and Industry Bldg.  
 Harrisburg, PA 17120

Your letter should include your name, address and phone number; your social security number; your work location; a complete description of your question and the facts of your situation; and the names and locations of any representatives of your personnel office or the Retirement System you had contacted (if possible, include copies of any pertinent correspondence).

You will receive a written reply from a member of the Retirement System's staff.

4) If, after receiving a formal reply from the Retirement System, you still disagree with the position taken by the Retirement System, you may request an administrative hearing. An administrative hearing is a process which attempts to resolve disputes before an independent hearing examiner. It also serves to create a complete record of facts and testimony in the event the case is not resolved and the matter is taken to court. When you request a hearing, you will be given a choice of several hearing examiners and a date will be set for the hearing. All hearings are conducted at the Retirement System's offices in Harrisburg. You may bring an attorney if you wish and you may also bring witnesses to testify. The Retirement System bears the cost of the hearing examiner, the public stenographer, and the System's attorney. You are responsible for any expenses for your attorney and witnesses as well as your travel and incidental expenses.

To request a hearing, contact the Secretary of the Retirement System in writing.

5) If the hearing examiner finds against you, or if the Board refuses to accept a recommendation of the hearing examiner in your favor, you have the right to institute a formal legal suit. You would be notified of your rights and procedures at the time of a denial of your claim.

These procedures insure your rights under the Retirement Code. You have a corresponding responsibility to inform yourself of your rights and responsibilities by carefully reading all material which you receive from the Retirement System and by following the steps outlined above if you have any problems.

## DO YOU KNOW? . . .

### Active Members:

Monthly retirement benefits are guaranteed after 10 years of credited service (3 years of credited service if you have attained normal retirement age). Make sure you explore all available options before you terminate state service.

You have disability benefit protection after five years of credited service, providing you are under normal retirement age.

Should you have any questions concerning eligibility for the above benefits, contact your Retirement Counselor.

You may "purchase" retirement credit for active military service or out-of-state teaching credit while you are an active contributing member. See your Retirement Counselor for details.

In the event of your death, the Retirement System will pay your named beneficiary(ies) any accrued benefits. If there has been a change in your personal situation, you may want to file a new beneficiary designation. Nomination of beneficiary forms are available from your Retirement Counselor/Personnel Office.

If you are enrolled in the SSI (Social Security Integration) program, you may elect to "freeze" your participation in this program. It may be to your advantage to "freeze" your SSI Account since the social security base has again increased sharply in 1981. The SSI program is an optional program which was closed to new members on March 1, 1974. The SSI program is a separate program from Federal Social Security. You may also elect to terminate your membership in the program and withdraw your accumulated SSI contributions plus interest. Once you "freeze" or cancel your SSI membership, you may not reenter the program. See your Retirement Counselor for details.

### Retirees:

If you are receiving normal or early retirement payments due to your service as a state employee, these monthly benefits are guaranteed for the rest of your life.

If your named beneficiary has died, you should consider filing a new beneficiary designation.

You should notify the Retirement Board of any change in address.

You can arrange to have your check directly deposited to any financial institution of your choice.

Federal Income Tax can be withheld from your monthly check only upon request. Use Form W-4P, which is available from the Retirement System or your local IRS office.

Many of you have inquired about the possibility of working for the State while collecting your monthly benefit. If you return to state service, either full time or part time, your monthly benefit checks will cease.

## IF YOU NEED HELP . . .

### Active Members:

Contact your retirement counselor. If you don't know who your retirement counselor is, contact your personnel office.

### Retired Members:

Please call the State Employees' Retirement System at (717) 787-6293

or write:

State Employees' Retirement System  
Room 204 Labor and Industry Building  
Harrisburg, PA 17120

For a prompt reply, please remember to include your Social Security number and telephone number on all correspondence with the Retirement System. If you are a beneficiary annuitant, include the original member's Social Security number as well as your own.

## HOW YOU CAN HELP . . .

Please retain all information sent to you from the Retirement System.

Please include your Social Security number and telephone number on all correspondence to the Retirement System.

## MAILING SCHEDULE OF MONTHLY ANNUITY CHECKS

Following is a list of the dates that monthly annuity checks will be mailed from the Retirement System's office. Checks are mailed the day before the last working day of each month and are payable on the last day of each month.

|           |           |          |
|-----------|-----------|----------|
| Thursday  | May       | 28, 1981 |
| Monday    | June      | 29, 1981 |
| Thursday  | July      | 30, 1981 |
| Friday    | August    | 28, 1981 |
| Tuesday   | September | 29, 1981 |
| Thursday  | October   | 29, 1981 |
| Friday    | November  | 27, 1981 |
| Wednesday | December  | 30, 1981 |
| Thursday  | January   | 28, 1982 |
| Thursday  | February  | 25, 1982 |
| Tuesday   | March     | 30, 1982 |
| Thursday  | April     | 29, 1982 |
| Thursday  | May       | 27, 1982 |
| Tuesday   | June      | 29, 1982 |