

**THE PENNSYLVANIA STATE UNIVERSITY
RETIREMENT PLANS**

Virtually all faculty and staff members participate in one of two retirement programs at Penn State University -- the State Employees' Retirement System (SERS) and the Teachers Insurance and Annuity Association-College Retirement and Equity Fund (TIAA). A small number of employees (less than one percent) participate in the Federal Civil Service Retirement System and the Public School Employees' Retirement System (PSERS). Membership in the federal plan is required for those few positions funded wholly by federal funds.

Currently, there are 21,154 faculty and staff members participating in one of the four programs. A breakdown of participation is as follows:

As of November 2020:

SERS	6,635
TIAA	14,44
Federal Retirement	1
PSERS	474

The employee contribution rate for SERS is 6.25% and TIAA is 5.00% of gross salary. EFFECTIVE JULY 1, 2020, the University contributes 36.84% for the majority of the current members of SERS and 9.29% to TIAA.

These contribution rates -- both for the employee and for the employer are determined by the Commonwealth.

Election of a retirement system is mandatory for all full-time faculty and staff members. In addition, State law requires participation for part-time faculty and staff upon the completion of 750 hours of employment in a calendar year. The retirement systems are not integrated with the Federal social security benefits and the retirement benefit is in addition to the benefit provided by social security.

The SERS plan is available to faculty and staff members of the University and agencies of the Commonwealth of Pennsylvania. SERS provides a fixed dollar annuity with benefits determined by length of service and average salary for the three highest years of earnings. SERS retirement is calculated on a formula basis. The formula is either 2.0% or 2.5% times the number of years and months of retirement credit, times the average of the highest three years of earnings. There are a variety of retirement options available under the plan.

In 1974, the Commonwealth enacted legislation that enabled Penn State to offer TIAA as an alternate retirement plan. TIAA and CREF are nonprofit insurance and annuity companies, whose membership is limited exclusively to employees of colleges and universities and to employees of any other not for profit institutions. TIAA is a legal reserve life insurance and annuity company and returns a fixed annuity. Its companion, CREF, was established to provide benefits based on variable investments, primarily in the equities and bond markets. Retirement income from membership in TIAA is determined by the amount of money that has been contributed to the account by the faculty of staff member and the University, the age at retirement, and the performance of the TIAA investments. There are a number of retirement options available through TIAA at time of retirement.