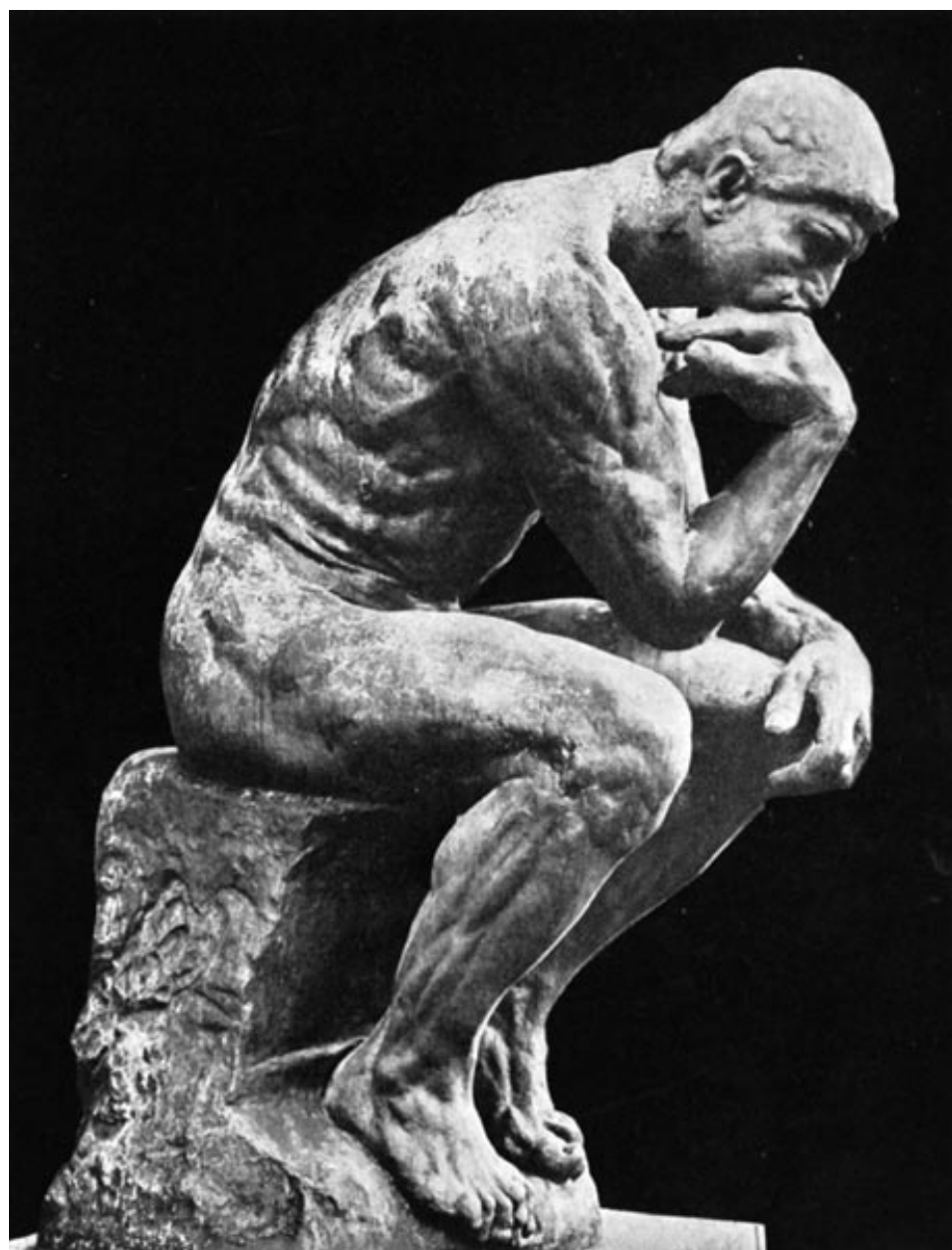
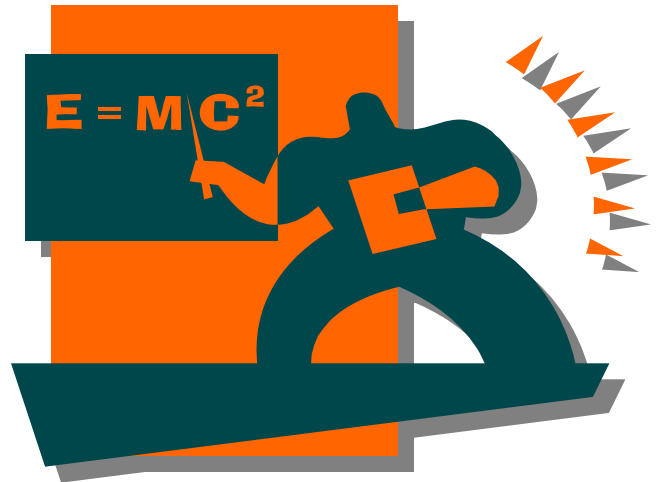




Choosing a Benefit Payment Option



Lesson Plan



- ◆ What Are Benefit Payment Options?
- ◆ The Wrong and Right Questions to Ask
- ◆ How Do Options Work?
- ◆ What Will Help You Choose an Option?
- ◆ Other Helpful Resources



“What is the best option?”

“What do most people do?”



“Do I need
an option?”

Available Benefit Payment Options

- ◆ Maximum
- ◆ Lump Sums
- ◆ Guarantee Periods
- ◆ Survivor and Pop-up

Maximum

Might be the best choice if you are in good health and do not need to provide for a beneficiary after your death.

Provides the highest annual benefit to a NYSTRS retiree, but payments cease upon retiree's death.

Lump-Sums

Might be the best choice if you don't have a long life expectancy, or you are unable to get life insurance.

- ◆ Declining Reserve (Tier 1 only):
Beneficiary receives the lump sum balance of a cash reserve when you die. If the reserve is exhausted by the time you die, no payment is made to the beneficiary.
- ◆ Largest Non-Declining: The *largest*, fixed, lump sum payable at your death.
- ◆ A smaller, less costly, fixed, lump sum can be constructed by you at a specific cost per \$1,000 based on your age.
- ◆ You can name multiple beneficiaries and change them at any time.

Guarantee Periods

Might be the best choice if you need to cover one or more people for a designated period.

- ◆ You provide coverage for a 5- or 10-year period past retirement.
- ◆ If you die within the guaranteed period, your beneficiary(ies) receives the same payment for the balance of the period.
- ◆ You can name primary and contingent beneficiaries, and change them after retirement.
- ◆ If you outlive the period, payments cease on your death.

Survivor and Pop-Up

Might be the best choice if you need to provide income for just one person after your death.

- ◆ You name one beneficiary. If (s)he outlives you, the beneficiary receives a lifetime income.
- ◆ Coverage choices: 100, 75, 50, or 25%.
- ◆ Pop-up: Benefit rises to Maximum if beneficiary dies before you do.
- ◆ Cost is based on the life expectancy of you and your beneficiary. The younger your beneficiary, the more costly the coverage.

Important Notes

- ◆ No matter which option you elect, you receive payments for life.
- ◆ You cannot change your option beyond 30 days after retirement.
- ◆ You cannot change the beneficiary of a Survivor or Pop-up option beyond 30 days after retirement.

What Will Help You Determine Your Option?



Evaluation of Assets in Your Estate:

- ◆ **Home & Other Real Estate**
- ◆ **Investments & Other Pensions**
- ◆ **Tax Shelters**
- ◆ **Social Security Benefits**
- ◆ **Life Insurance**

Evaluation of Health

Evaluation of Dependents

Insurance vs. Options

Outside Insurance: Main Advantage is Flexibility

- ◆ You can add, delete or change beneficiaries.
- ◆ Policies can be paid for or cancelled.
- ◆ Some benefit payments are federally tax-free to a beneficiary.
- ◆ Be careful to read the fine print; insurance can change.
- ◆ Rates can change.
- ◆ Companies can go bust.
- ◆ Your health and the economy can impact costs and eligibility.

Insurance vs. Options

NYSTRS Options: Main Advantage is Security

- ◆ NYSTRS is one of the most secure and stable retirement systems in the country.
- ◆ The NYS Constitutional Guarantee provides even more security.
- ◆ Options have no fine print, don't change, and are simple to understand.
- ◆ Your cost is not impacted by your health or the economy.
- ◆ You do not pay a federal tax on the cost of an option.
- ◆ Beneficiary payments are NYS tax-free but are federally taxed.

Resources

- ◆ Read more about the retirement benefit options in the pamphlet *Maximum or an Option*.
- ◆ Attend a NYSTRS Preretirement Planning Seminar (must be age 45 or older).
- ◆ Attend a personal benefits consultation with a NYSTRS Information Representative at the site closest to you.
- ◆ You can call (800) 348-7298, Ext. 6180 to make an appointment, or you can make a reservation yourself anytime on the secure area of our Web site at

www.nystrs.org