



IMPORTANT INFORMATION

For Members Required by a DRO to Elect a Joint & Survivor Option In Favor of a Former Spouse

It is not uncommon for a Domestic Relations Order (DRO) to require a member to elect a joint and survivor option in favor of a former spouse (or alternate payee) at retirement. This requirement necessarily restricts the ability of the member to provide survivor protection to any other beneficiary, such as a current spouse or loved one.

This sheet discusses two features a member may elect in addition to the joint and survivor option in favor of the former spouse: the Lump Sum Survivor feature and the Pop-Up feature. As explained below, these two features can provide protection to another beneficiary or to the member. It is important to be aware, however, that election of either of these options would further reduce a member's retirement benefit. As with all retirement decisions, it is up to the member to determine which elections are the most prudent in light of his or her particular circumstances. If either of these features is of interest, **we strongly recommend that members request an estimate from NYSTRS prior to filing for retirement. All estimates should be requested well in advance of a member's date of retirement in consideration of statutory timeframes for making and changing elections.**

Lump Sum Survivor Feature

A member may wish to provide a death benefit to another beneficiary by also providing for the payment of a one-time fixed lump sum upon the member's death in retirement. The amount of the lump sum payment would be determined by the member, subject to certain limitations. Please note the cost of this additional survivor protection will further reduce the monthly retirement benefit payable during the joint lives of the member and the former spouse. The exact amount of the reduction depends upon the lump sum amount selected by the member; the greater the amount selected, the greater the amount of reduction. Unless otherwise provided in the DRO, the member is typically responsible for bearing the entire reduction in the retirement benefit resulting from electing the one-time lump sum.

Pop-Up Feature

The member may also wish to consider adding a pop-up feature to the joint and survivor option required by the DRO. The pop-up feature causes the benefit payable to the member during retirement to "pop up" to the maximum benefit if the alternate payee predeceases the member during retirement. The member would thereafter receive his or her maximum benefit for the remainder of his or her life and no longer be subject to any reduction as a result of providing survivor protection for his or her former spouse.* Please note the cost of the election of a pop-up feature will further reduce the benefit payable during the joint lives of the retired member and the former spouse.

**In any event, if the alternate payee predeceases the member, the alternate payee's share will revert to the member.*

We strongly urge any member who might wish to consider providing for a one-time lump sum payment or for a pop-up to contact the System for a benefit estimate by calling (800) 348-7298, Ext. 6250. All estimates should be requested well in advance of a member's date of retirement so that he or she can make an informed decision.

Members are also urged to consult the System when completing the Application for Retirement to ensure that the Benefit Election Section is properly completed to reflect the member's intention, as well as to comply with the DRO on file.