



A GUIDE FOR NEW RETIREES

The Path to Retirement

*Understanding the NYSTRS
Retirement Process*





CONGRATULATIONS ON YOUR RETIREMENT!

The time has come and you are ready to enjoy this new and exciting stage of your life.

You've taken the first step in collecting your NYSTRS benefit by filing your retirement application. If you haven't already, you will receive a letter from NYSTRS confirming receipt of your application. Now there are several additional steps NYSTRS needs to take before the retirement process is complete.

This publication will walk you through the steps of the process, so put on some comfortable shoes and let's begin the journey!



A TOUR OF THE PROCESS

First Stop: The Bank

In most cases, you will receive your first benefit payment by direct deposit either the month of your official retirement date or the next, depending on when we received your retirement application. In other words, ***we begin providing your benefit to you well before the processing of your retirement application is complete.***

To calculate your interim payments, we:

- Use a three-year final average salary calculation using data posted to date and excluding all termination pay, such as payments for unused sick days and/or local incentives;
- Calculate and factor in any reduction associated with an optional form of payment (Guarantee Period, Survivor, Pop-up, etc.); and,
- Subtract any federal income tax you requested or that is required to be withheld from your gross monthly benefit.

Until processing is complete, your gross monthly payment amount will remain unchanged pending verification of the salary and service you earned throughout your career.

For reasons we will outline later, processing your application may take 12 months or more to complete. That's why we send interim monthly payments that, for most members, will be within a fraction of the final benefit.



“Why don't I receive my full benefit immediately?” Simply, it's because we have a fiduciary responsibility to verify the service and salaries reported to us by your employer(s) before finalizing your retirement application. As you know, your benefit calculation takes into account factors such as your age, years of service and final average salary. It is important that we verify the accuracy of each to ensure you receive all the benefits for which you are eligible.



IF YOU TOOK A NYSTRS LOAN

If you have an outstanding NYSTRS loan at retirement and you choose not to repay it within 30 days of your retirement date, any outstanding balance will be actuarially reduced from your pension at the time of retirement, resulting in a lower monthly benefit for life. Most loans deducted under this condition will result in taxable income. However, paying back a loan at retirement should be weighed against having the funds available to invest privately or use for other purposes.

On to Auditing

When we receive your retirement application, we check it for errors or omissions. In some cases, if there are problems, you may be asked to resubmit your application and your first payment may be delayed.

Some common errors or omissions:

- An ineligible date of retirement.
- Missing or incomplete information.
- Notarization is missing or invalid.
- More than one payment choice is selected. (Note: If a payment option is not selected and you do not indicate your choice to us within 30 days, you will automatically receive the Maximum benefit.)
- Beneficiary information is incomplete or unclear when an option is selected.
- Direct deposit or withholding information is incomplete.

Another instance when your first payment may be delayed is if you retire before age 55 under a NYS early retirement incentive. In this case, your employer(s) must certify you are eligible for the incentive before payments can begin.

Keeping Pace with Employers

At this point, we contact your most-recent employer(s) and request your:

- Last date of employment;
- Contract salary for the most-recent year;
- Salary earned for service performed under contract;
- Salary earned for additional duties (e.g., coaching, chaperoning, supervising clubs, etc.);
- Payments for unused leave; and,
- Local retirement incentives.

At the same time we are requesting information from your employer(s), we are taking steps to ensure you receive your first interim monthly payment. In most cases, this monthly payment will be within percentage points of your final payment amount and will remain unchanged until your retirement is finalized and your benefit is recalculated.

CHANGING COURSE

WHAT IF YOU CHANGE YOUR MIND ABOUT RETIRING OR THE PAYMENT CHOICE YOU SELECTED?

If you decide to withdraw your retirement application, you have 14 days from your date of retirement to do so. You will need to send a signed request to NYSTRS informing us of your change of plans. As long as your letter is sent by certified or registered mail and postmarked within the 14-day window, we can halt the retirement process.

A word of caution: When you retire, in addition to filing your retirement application with NYSTRS, many employers require you to file a separate letter of resignation with them. Some employers consider these letters of intent to be irrevocable. It is important that you clarify this with your employer before making any retirement decisions.

If, after filing for retirement, you have second thoughts about the payment choice you made (the Maximum or an option), you have 30 days from your date of retirement to file an *Election of Retirement Benefit* (RET-54.6) form requesting a change. The mailing requirements discussed above apply.

Walking Through Your Payments

As previously noted, you begin receiving interim benefit payments soon after your date of retirement. Generally, if we receive your retirement application at least 30 days before your date of retirement, you should receive your first payment at the end of the month in which your retirement date falls. If we receive your application closer to your retirement date, your first two payments would likely be made together at the end of the following month.

All benefit payments are made through direct deposit and reach your account on the last business day of the month.

Please note: If your retirement date is something other than the first of the month, your first month's payment will reflect only the days you were retired.

Navigating the Records Trail

Now that you are on schedule to receive interim monthly payments, we begin the process of finalizing your retirement application. As previously noted, we have already contacted your employer(s) and asked for certain information about your most-recent employment. We then look back at your employment history and:

1. Verify our records match the reports we received from your employer(s);
2. Ensure salary was correctly reported and categorized by the employer(s); and,
3. Contact your former employer(s) if we require further clarification or justification about information that was reported to us.



While this may not seem like a particularly lengthy list of tasks, please keep in mind we review and process 5,000 or more retirement applications annually. In addition to examining our records, we work with employers to verify data and seek clarification when needed. How quickly we receive replies from employer(s) and how thorough their responses are impacts the schedule. While employers are typically diligent in responding, it sometimes takes them longer to retrieve historical files necessary to provide the required verification. If information we receive is incomplete, we need to find other means for filling in the blanks. For all these reasons, processing such a large volume of files — while a high priority — is a challenging and time-consuming task.

Tracking Progress

While you will receive monthly benefit payments from NYSTRS within weeks of your retirement date, we understand your desire for a speedy conclusion to the retirement process. For many, monitoring the progress of their application helps them stay connected to the process. We provide a tool for that on our website.

In MyNYSTRS, a secure members-only area of NYSTRS.org, select Track Progress of Retirement to see step-by-step how your application is proceeding. You can determine exactly where it is in the process and identify any potential hang-ups you may be able to rectify. If you do not already have a MyNYSTRS account, you will need to register for one in order to use this tool.

Once your benefit is finalized, you will be notified in writing (as well as within the online tracking tool) that the process is complete. The letter will include a Summary of Retirement Data, which outlines your benefit and how it was calculated. Within your MyNYSTRS account, you will also see your total service credit, final average salary and other related information.

At this time you may also receive, in the form of a retroactive payment, any money owed to you over and above the payments you had been receiving. The deposit following the finalization of your retirement will be comprised of your new monthly benefit amount plus a lump-sum adjustment representing the difference between the interim monthly payments and the recalculated, final monthly payment — times the number of months you received the interim amount.

The Tour Ends

Your journey is now complete! Here are some other key points:

TAXES AND YOUR RETIREMENT BENEFIT

Your NYSTRS retirement benefit is:

- Exempt from New York State income tax;
- Reportable and taxable for federal income tax purposes; and,
- Not subject to Social Security or Medicare taxes.

You may have federal taxes withheld from your monthly payments, or you may make quarterly estimated tax payments. You can change your withholding at any time by submitting a new *W-4P Withholding Election and Certificate* (FIN-149) form to the System. MyNYSTRS account holders have the convenience of updating this information online. Each January, we will send you a 1099 form showing the gross and taxable amounts of your retirement benefit, as well as withholding tax, if any, that must be reported to the IRS. If you move to another state in retirement, your benefit will be subject to that state's tax laws.

DEATH BENEFITS

In general, if you joined NYSTRS on or after July 1, 1973, your in-service death benefit may continue at a reduced rate after retirement provided you do not work between the date you stop teaching and your retirement date. In the event of your death, payments would be made to an eligible beneficiary as follows:

- **First year of retirement:** 50% of the death benefit in effect at retirement.
- **Second year:** 25% of the death benefit at retirement.
- **Third year and thereafter:** 10% of the death benefit at age 60 or at retirement if earlier.

Due to this benefit, it is critical for your death benefit beneficiary designation to be up-to-date throughout retirement.



CHANGE OF BANKS

If you switch banks or change the account to which your benefit is direct deposited, either:

1. Log in to MyNYSTRS (if you have an account) on NYSTRS.org and select Direct Deposit Authorization Agreement in the My Tools tab;
2. Complete and file with the System a new *Direct Deposit Authorization Agreement* (GRE-54) form, available on our website at NYSTRS.org or by calling the System's Hotline at (800) 782-0289. Return the form to NYSTRS by mail or fax to (518) 447-4749; or,
3. Mail or fax us a letter *with your signature and EmplID* requesting the change. Be sure to include a voided check from your new banking institution with the letter.

If you use a brokerage firm that clears payments through a bank, please provide the bank's name, account number and ABA (a.k.a., routing number).

Be sure to sign all correspondence sent to the System. Unless there is a Power of Attorney or court-appointed guardian on file with NYSTRS, no one else may sign for you.

Bank or account changes must be received at NYSTRS by the 10th of the month in order to take effect for that month's payment.

CHANGE OF ADDRESS

It is important that we always have your current address on file. If you have a MyNYSTRS account, select Address Change in the My Tools tab. Or use the *Member Name/Address Change* (GRE-50) form available on our website at NYSTRS.org or by calling the System's Hotline at (800) 782-0289. Return the form to NYSTRS by mail or fax to (518) 447-4749.



CONTACT US

EMAIL

Email general questions or comments to us at communit@nystrs.org. Emails are typically answered within three business days. If you have a MyNYSTRS account, use the Secure Messaging feature.

PHONE

Call our Hotline at (800) 782-0289 for the latest news. Call (800) 348-7298 to speak with a System representative.

WRITE

New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, NY 12211-2395



Providing members with a secure pension

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