



The Path to Retirement

*What Happens After You File
Your Retirement Application*





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

Your First Payment Arrives

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:

- Do a three-year final average salary calculation with data posted as of the date your retirement application was received 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 protecting a beneficiary (Guarantee, Survivor, Pop-up, etc.).
- 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.

Processing your application takes an average of nine to 12 months, but can take longer in more complicated cases. That's why we send interim monthly payments that, for most members, will be close to the final benefit.



"Why don't I receive my full benefit immediately?"

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.

Potential Sidetracks in the Process

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 include:

- An ineligible date of retirement.
- Missing or incomplete information.
- Notarization of a paper application 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.

Note that filing your application online helps you to avoid these errors.

Your first payment may also be delayed 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.

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 us a request to withdraw your application either by a secure message via your online MyNYSTRS account or a signed letter mailed to NYSTRS or faxed to us at 518-431-8789 within the 14-day window.

If you have second thoughts about the payment choice you made, you have 30 days from your retirement date to make a change on the Election of Retirement Benefit page in your MyNYSTRS account or by filing a notarized [Election of Retirement Benefit](#) (RET-54.6) paper form. After the 30-day deadline, your benefit payment selection is irrevocable.

Documents mailed to NYSTRS either to withdraw your retirement application or change your payment choice will be considered filed on the day they are mailed if they are mailed by registered or certified mail via the U.S. Postal Service, or by an equivalent delivery service that provides mail tracking and is approved for use by the System. Please see the [Contact Us/Get in Touch](#) page at nystrs.org for a list of delivery services currently approved by the System. Documents sent by regular mail are considered filed on the date of delivery to NYSTRS.

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 notifying them of your intent to retire. 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.

Gathering Data from 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.
- Regular salary earned for service performed under contract.
- Salary earned for additional duties (e.g., coaching, chaperoning, supervising clubs, etc.).

This information is used to verify your salary and service credit and finalize your retirement application. Meanwhile, we take steps to ensure you receive your first interim monthly payment. In most cases, this monthly payment will be within a few percentage points of your final payment amount and will remain unchanged until your retirement is finalized and your benefit is recalculated.

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 only 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 noted, we contacted your employer(s) 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).
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 6,000 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 of 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

Monitoring the progress of your application helps you 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 in the My Retirement tab 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.
- 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 directly to the Internal Revenue Service. You can change your withholding at any time by submitting a new [W-4P Withholding Certificate for Periodic Pension or Annuity Payments](#) (FIN-149.1) form to the System. 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, your benefit will be subject to that state's tax laws. MyNYSTRS account holders have the convenience of both updating their tax withholding and accessing their 1099 forms online.

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, other than for a NYSTRS-participating employer, 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 beyond:** 10% of the benefit in effect at retirement, or age 60 if higher.

It is critical for you to keep your death benefit beneficiary designation up-to-date throughout retirement.



CHANGE OF BANKS

If you switch banks or change the account to which your benefit is direct deposited, do one of the following:

1. Log in to MyNYSTRS (if you have an account) on nystrs.org and select Direct Deposit Authorization Agreement in the 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.
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 (aka, 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 Change My Address in the 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 800-348-7298 to speak with a System representative.

WRITE

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Providing members with a secure pension

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