



New York State Teachers' Retirement System

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NYSTRS.org

NYSTRS Benefits Pt. 1: An Introduction

Video Transcript

Hello, and welcome to “An Introduction to Your NYSTRS Benefits.” In this video, we’ll cover some Retirement System basics, discuss NYSTRS benefits and point out additional resources available to you.

We’ll start with the basics. NYSTRS is one of the largest pension plans in the world. We pay out more than \$6.7 billion in benefits every year and we have over 425,000 members.

Membership is mandatory for all full-time teachers, teaching assistants, guidance counselors and administrators employed in NYS public schools outside of NYC and other participating employers. Membership for teachers employed less than full time is optional but recommended as it will establish eligibility for possible future benefits.

We administer a defined benefit, or DB, plan. This means your pension is based on three primary factors: Age, years of service and salary. Tier of membership also comes into play. New York has six different tiers, with different calculations used for each. After they retire, DB plan participants receive a pension for as long as they live. In some cases, a member’s beneficiary can continue to receive payments after the member’s death.

Contrast this with a defined contribution, or DC plan, like a 401(k), where there’s no way to know how much money you will have at retirement. It depends how much you contribute to the plan and how the financial markets perform. In tough times, market losses can really take a bite out of retirement funds. With a DC plan, there is a real risk of outliving the funds.

A pension is only one component of retirement income. Personal savings and Social Security are the other two legs of the proverbial three-legged retirement stool. Your pension, however, is generally the leg that bears the most weight.

Now let's discuss the different types of benefits NYSTRS offers.

Most members will end their careers with a service retirement benefit. If you are a Tier 5 or 6 member, you'll need to accumulate at least 10 years of NYS public service to qualify. For all other tiers, you'll need at least 5 years. This is known as vesting.

Vested members could start collecting a pension as early as age 55, but in many cases work longer to increase their benefit.

If you are no longer able to work because of a serious illness or injury, you may qualify for a disability retirement benefit. This is generally one-third of your final average salary. However, it may be more or less depending on your age and service credit.

For additional information on disability retirements, see our publication *If You Are No Longer Able to Work*, available in the Nearing Retirement section of the Library at NYSTRS.org.

NYSTRS also offers death benefits. Generally, the in-service death benefit is equal to three years' salary. Partial coverage may continue after retirement or if you leave active service with at least 10 years of credit.

For more information, see our *Active Members Handbook*, available in the Library at NYSTRS.org.

Member benefits are partially funded by mandatory contributions from members. These contributions are pooled with those of other members. As a result, the contributions you make do not provide you with a separate annuity or benefit at retirement. However, if you die prior to retirement, your beneficiary will be paid an amount equal to your contributions, plus 5% interest.

The amount a member contributes is established by law and depends on tier of membership. Tier 3 and 4 members are required to contribute 3% of salary until they have 10 years of membership or service credit, whichever occurs first.

Tiers 5 and 6 members are required to contribute throughout their careers in public service. Tier 5 members contribute a fixed 3.5% of salary, whereas Tier 6 members contribute between 3% and 6% depending on their salary.

What if you leave teaching or other NYS public employment? In many cases you can withdraw your contributions and accrued interest. However, if contributions are withdrawn, membership is cancelled and you forfeit your right to a future NYSTRS benefit.

To withdraw, you generally must have fewer than 10 years of service credit.

As an active member you may be eligible to borrow up to 75% of your contribution balance. Loans are repaid through payroll deductions and include 6.5% interest.

Some loans are federally taxable and may be subject to an additional 10% penalty. Combined loans, in particular, can have severe tax consequences. Get estimates and review your loan taxability before applying.

For additional information, see our video Loan Truths and Consequences and our Loan Taxability Tutorial. Both are found on our website.

Let's look at a common mistake members make that you should avoid.

When you join NYSTRS, you are required to name one or more beneficiaries. Should you pass, the death benefit due will be paid to the beneficiaries on file. So, it is critically important to keep your beneficiaries up to date to ensure your wishes will be carried out. If you need to make a change, file a Designation of Beneficiary form found in the Forms section of our website.

If you're not sure if your designation is up-to-date, create an online MyNYSTRS account to view this information anytime. A wealth of other personal benefits information, as well as access to a wide range of self-service tools, is available through MyNYSTRS. Register today by selecting the MyNYSTRS icon on any page of our website.

Also found in MyNYSTRS is your Benefit Profile, which NYSTRS provides you each November. It is one of the many resources available to you as a NYSTRS member and may be your most essential retirement-planning tool. Among other facts, your Profile highlights your benefit eligibility and provides payment projections under various scenarios. While visiting NYSTRS.org to create your account, be sure to read the latest System news, print out a form or review our various publications. No matter where you are in your career, you'll find something helpful on our website.

Prefer the phone? Request forms and publications via our automated Hotline. Or speak with an information representative by calling (800) 348-7298.

The newsletter Your Source is published three times a year and provides important information about your NYSTRS benefits and retirement planning. You'll receive the newsletter in the mail unless you choose to receive an online version only. You'll need a MyNYSTRS account to select the e-version.

Email your general questions to communit@nystrs.org. If you need to send personal information, do so safely and securely through the Secure Messaging portal offered in MyNYSTRS.

Thank you for watching this Introduction to NYSTRS Benefits. Be sure to check out all of our educational videos in the Library at NYSTRS.org.