



New York State Teachers' Retirement System

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NYSTRS.org

NYSTRS Benefits Pt. 4:

The Retirement Process

Video Transcript

Hello and welcome to Part 4 of our NYSTRS' Benefits series. In this video we'll discuss key dates and decisions in the retirement process.

Here's an important tip: Your date of retirement must be at least one day after the last date you were paid under your contract. For example, if your contract ends on June 30, the earliest date of retirement you could select is July 1. For the purposes of this video, we'll assume you're planning a July 1st retirement.

You'll need to file a *Service Retirement Application* (RET-54) with NYSTRS. You can file as late as your retirement date, but no more than 90 days before, so the filing period for a July 1st retirement begins April 2nd and ends July 1st.

To receive your first pension payment as quickly as possible, we recommend you file at least 30 days in advance. However, if you're retiring close to a key service milestone, like achieving 30 years of service credit for Tier 2-4 members so you can retire before age 62, it may be best to file closer to your date of retirement as it will increase the likelihood that your initial pension payments will reflect the milestone.

We recommend you file your application online through your MyNYSTRS account. It's easy, secure and we consider your application filed the moment you click "submit." The online application is designed so you don't inadvertently miss a step or make a mistake that would cause the paper application to be rejected.

If you mail your retirement application instead of filing online, we recommend you send it by certified or registered U.S. mail. This way, we consider it filed on the postmark date. Otherwise, it's deemed filed on the date we receive it.

You may withdraw your application or change your retirement date up to 14 days after the retirement date you selected, or July 15th if you retire on July 1st. To do so, send us a secure message through your online MyNYSTRS account, or mail us a signed letter.

When you retire, you can choose the Maximum pension or a reduced amount in order to set aside money for a beneficiary should you die. No matter which payment option you select, payments will be made to you for life.

You'll indicate your choice on your retirement application. You can change your election up to 30 days after your retirement date – so by July 31st if you're a July 1st retiree – by filing an *Election of Retirement Benefit* form with NYSTRS. This form must be mailed.

Review the payment option choices carefully before choosing. Take into account the health, age, and financial needs of you and your beneficiaries, as well as your life insurance coverage or other income sources. Here's a summary of the main option choices.

The **Maximum Benefit** provides the largest monthly payment to you, but provides no pension payment to a beneficiary. The Maximum might be a good choice if you don't need to provide for a beneficiary or you need the highest possible income from your pension.

If you choose a **Survivor or Pop-Up Survivor Option** and your beneficiary survives you, he or she receives a designated percentage of your benefit for life. You can only name one beneficiary and you can't change your beneficiary beyond 30 days after retirement. The cost of a survivor or pop-up survivor option is based on your life expectancy and the life expectancy of your beneficiary. If you choose a pop-up survivor option and your beneficiary passes away before you, your future payments will increase to the Maximum after NYSTRS receives your beneficiary's death certificate. A survivor or pop-up survivor option might be the best choice if you have one beneficiary who needs a guaranteed lifetime income if you pass away.

If you choose a **Guarantee Period Option** and pass away within the 5 or 10-year period you selected, your beneficiary will receive your benefit for the remainder of the period. When the period expires, so does the beneficiary coverage. If you need beneficiary protection for a limited time only – such as when you have a child in college, or a spouse who needs income until the mortgage is paid off – a guarantee period option might be the best choice.

With the **Largest Non-Declining Lump Sum Option**, you set aside a fixed lump sum that your beneficiaries receive when you die. This option might be the best choice if you don't have a long life expectancy. Please note that the cost of this option can be considerable

More information is provided in the *Maximum or an Option* brochure and the *Your NYSTRS Benefit Payment* videos, available in the Library at NYSTRS.org. Remember: You have 30 days from your date of retirement to change your option. After that, you **cannot** change your election, even if your circumstances change.

Benefit payments are made by direct deposit on the last business day of the month. Generally, you should receive your first payment at the end of the month you retire. If your retirement date is July 1, you will generally receive your first payment on the last business day of July. Your initial payments are based on verified data on file when we receive your application. As we receive and post employer reports of your service and salary, we begin finalizing benefits—a process that typically takes 9-12 months. You can use the Track Progress of Retirement feature in your MyNYSTRS account to monitor the process.

Once retirement processing is complete, you will begin receiving your full monthly benefit. We'll send you a letter with the details of how your benefit was calculated. If your final benefit is higher than the projected amount, you will receive a lump-sum payment of the difference retroactive to your date of retirement.

Taxes

With the exception of previously taxed contributions, your NYSTRS benefit is subject to federal income tax.

The pension is exempt from Social Security and Medicare tax. In addition, the benefit is exempt from New York State tax. However, if you move out of New York, your benefit will be subject to the tax laws of your new state.

Mistakes to avoid – Not filing

Retirement does not begin automatically when you stop working – you **MUST** file a retirement application with NYSTRS in order to retire.

Resources

NYSTRS offers a variety of tools and services to help you as your retirement date approaches.

Before finalizing your retirement plans, we encourage you to schedule a benefits consultation with a NYSTRS representative. They are available to all members and allow you to meet individually with a representative either in-person or through a video conference. During your consultation, you can ask questions about your unique circumstances, explore the advantages of various benefit payment options, and receive printed pension estimates.

We have 35 consultation sites across the state. You can make a reservation by calling (800) 348-7298, Ext. 6100 or, if you have a MyNYSTRS account, by visiting our website at NYSTRS.org.

Be sure to visit the Nearing Retirement section of our website's Library to review publications designed to help you prepare for retirement.

Use your MyNYSTRS account to run estimates of your pension, file your retirement application, and track the processing of your retirement.

And remember, our NYSTRS representatives are here to help. If you have any questions along the way, give us a call at (800) 348-7298.

Thanks for watching!