



New York State Teachers' Retirement System

10 Corporate Woods Drive
Albany, NY 12211-2395

(800) 348-7298 or (518) 447-2900
NYSTRS.org

Your NYSTRS Benefit Payment: Making the Choice That's Right for You

Video Transcript

Chapter 1

The decision to retire is one of life's biggest. But just as important is deciding which benefit payment is right for you. Circumstances differ, so it's important to consider several factors before selecting.

You've got choices: either the Maximum — the most you're entitled to, but with no beneficiary coverage — or an Option.

Options can serve a similar purpose as life insurance. When you choose one, you determine what payment would be made to a beneficiary in the event of your death. The additional cost of providing this coverage means a lower monthly payment for you. How much lower? The greater the coverage, the greater the expense.

Let's take a closer look at your four main payment choices:

- The Maximum;
- Survivor Options;
- Guarantee Period Options; and,
- Lump Sum Payments.

The Maximum provides the largest possible benefit to you for life — but provides no payment to a beneficiary. All payments end at your death. If you don't need to provide for a beneficiary, the Maximum may be your best choice.

If someone will be dependent on your pension during your lifetime and beyond, you may want to consider the Survivor Option. This provides you a lower payment for life, but upon your death, your beneficiary gets a predetermined monthly benefit for the rest of his or her life. Although the beneficiary can be anyone (a spouse, a family member, or even a friend), that person's age



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directly impacts the cost of the option: the younger the beneficiary, the longer that person will be paid benefits, so the more costly the coverage.

There is also a Pop-Up Survivor Option. With this option, if your beneficiary dies before you do, your pension automatically "pops up" to the Maximum. Though it's a bit more costly, the Pop-Up provides added protection for you.

A word of caution: Because the beneficiary's date of birth helps determine the cost of the Survivor Options, you cannot, by law, change your beneficiary after you have been retired for more than 30 days.

If you need beneficiary protection for a limited time only – such as until a child completes his or her education – consider selecting a Guarantee Period Option. These act like term life insurance: the coverage period is limited and when the period expires, so does the beneficiary's eligibility for a benefit. Your payments, of course, are guaranteed for as long as you live. However, if you die prior to term expiration, your beneficiary receives your full benefit for the remainder of the term. And, because beneficiary age is not a factor, you can choose multiple beneficiaries and change them at any time during the term.

The final option we'll discuss is the Largest Non-Declining Lump Sum Option. Here, a fixed lump-sum payment is set aside that is payable upon your death. Again, you will receive a monthly benefit for as long as you live and you can name multiple beneficiaries that you can change at any time. But you should be aware the cost of this option can be considerable, so you may choose a smaller, less-costly lump-sum amount. Estimates we provide will show you the annual cost to you per thousand dollars of coverage.

While this covers the most common payment options, other alternatives exist. For additional information, review our publication [*Maximum or an Option: Choosing a Benefit Payment Right for You*](#). Copies of all our publications are available on our Web site at nystrs.org or by calling our hotline at (800) 782-0289.

Chapter 2

You will indicate your benefit payment type on your retirement application. As you weigh your decision, you should evaluate three major factors: your potential beneficiary; your assets; and, your health.



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First, determine if you even need to consider beneficiary coverage. Is your significant other sufficiently covered by life insurance or his or her own pension? Are your children already grown and on their own? In cases like these, you may not need a beneficiary for your pension, and the Maximum might be the best choice for you.

If you are still unsure, consider your assets. If you take into account savings, investments, tax shelters, real estate and Social Security, you may be surprised to find you have a significant estate to pass on to a loved one. If that's the case, the Maximum might still be your best choice.

If you need to provide for a beneficiary, consider how long he or she will need coverage. If, say, it's only until the mortgage is paid off, look at a Guarantee Period Option. If long-term coverage is necessary, a Survivor Option may be a better choice.

Before selecting any option, you'll want to request benefit estimates from NYSTRS, and then compare those costs with private life insurance policies.

Besides cost, there are some other key differences to consider. For example, in many cases private insurance is more flexible. With private insurance, you can typically change policies, and add or end coverage. At NYSTRS, your option is locked in 30 days after your retirement date. And if you choose a Survivor or Pop-Up option that protects one beneficiary for life, you cannot change your beneficiary after those first 30 days.

Another consideration: Some private insurance policies will allow for rate increases. Other policies will simply run out. With NYSTRS, neither can happen. Your costs are fixed at retirement, and coverage is constitutionally guaranteed.

Also, your health is never a factor when selecting a NYSTRS option; unlike most insurance policies, no medical exams are required. In contrast, if you're in poor health, private insurance may be expensive or may disqualify you for coverage. That's why it's so important to do this comparison before you retire. Remember, you cannot change a NYSTRS option after 30 days.

Speaking of health: If we had a crystal ball to tell us how long a retirement we'd get to enjoy, it would be easy to make the right benefit choice. Because we can't predict the future, you need to consider your health, and the health of your beneficiaries, before making up your mind.

We understand that was a lot of information to digest in a short time. That's why we encourage you to refer to your *Benefit Profile*, a personalized document mailed to you annually, and also



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available on our Web site for MyNYSTRS account holders. The *Profile* provides you with a general idea of the cost for each option.

You should also schedule a benefits consultation with a NYSTRS representative. The rep will answer all your benefit questions and provide estimates based on retirement data and beneficiaries you choose. Make an appointment online through MyNYSTRS or call (800) 348-7289, Ext. 6100.

You've spent years earning your retirement benefits. Take the time to ensure the payment choice you make maximizes those benefits for you and your family. Thanks for watching.