The Retirement Process

- Choosing a Retirement Date
- Death Benefit Reminder
- Options - How Does That Work?
- Life Insurance vs. Retirement Options
- Taxes
- NYSTRS Cost-Of-Living Adjustment
- Earnings After Retirement - Limits and Waivers
Date of Retirement:
- No earlier than the day after your last contracted day of work.

Application for Retirement (RET-54)
- Up to 90 days before your effective date of retirement
- Consider filing in early June to maximize your preliminary payments
Retirement Application in MyNYSTRS

Welcome to MyNYSTRS

Sign In

Username

Password

Login ➔

Don't Have a MyNYSTRS Account?

Register now to access your personal NYSTRS information. It's quick and easy!

Trouble Logging In?

- Forgot Username
- Forgot Password
Choosing a Retirement Date (page 45)

- Withdraw application up to 14 days after your elected date of retirement
- Change Benefit Payment Option up to 30 days after your elected date of retirement
Death Benefits and Options

- In Tier 1, your in-service death benefit ceases upon retirement; Tier 2 - 6 death benefits can continue after retirement on a much reduced basis.

<table>
<thead>
<tr>
<th></th>
<th>50% of the death benefit in effect at retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Year</td>
<td></td>
</tr>
<tr>
<td>Second Year</td>
<td>25% of the death benefit in effect at retirement</td>
</tr>
<tr>
<td>Third and Ensuing Years</td>
<td>10% of the death benefit in effect at age 60, or at retirement if earlier</td>
</tr>
</tbody>
</table>

- An option can provide your beneficiaries with either a lump sum payment, monthly payments for a certain period of time, or payments for the life of your beneficiary.
Options

- Maximum
- Lump Sum
- Guarantee Period
- Survivor/Pop-Up Survivor
**Your Pension Projections**

Pension Projections: These are sample estimates. Use MyNYSERS’ online Pension Estimator for other retirement dates. Please refer to the Profile insert for a description of the benefit payment options. Unless noted, these projections assume you earn the same credit as in 2018-19, have 2% annual salary increases, vest (see Service Milestones below), pay off any loan by retirement and, as applicable, name the primary beneficiary currently on file (see page 3).

These projections of your annual benefit are based on a MM/DD/YYYY retirement date, a XXXXXX FAS and XX year(s) and Y month(s) of service credit.

<table>
<thead>
<tr>
<th>PAYMENT OPTIONS</th>
<th>YOUR PAYMENT</th>
<th>BENEFICIARY PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum</td>
<td>XXXXXXX</td>
<td>NONE</td>
</tr>
<tr>
<td>Largest Non-Declining Lump Sum (Cost is XXX per $1,000)</td>
<td>XXXXXXX</td>
<td>XXXXXXX</td>
</tr>
<tr>
<td>Guarantee Period Options</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-Year Guarantee</td>
<td>XXXXXXX</td>
<td>XXXXXXX</td>
</tr>
<tr>
<td>10-Year Guarantee</td>
<td>XXXXXXX</td>
<td>XXXXXXX</td>
</tr>
<tr>
<td>Survivor Options</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>XXXXXXX</td>
<td>XXXXXXX</td>
</tr>
<tr>
<td>75%</td>
<td>XXXXXXX</td>
<td>XXXXXXX</td>
</tr>
<tr>
<td>50%</td>
<td>XXXXXXX</td>
<td>XXXXXXX</td>
</tr>
<tr>
<td>25%</td>
<td>XXXXXXX</td>
<td>XXXXXXX</td>
</tr>
<tr>
<td>Pop-up Survivor Options</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>XXXXXXX</td>
<td>XXXXXXX</td>
</tr>
<tr>
<td>75%</td>
<td>XXXXXXX</td>
<td>XXXXXXX</td>
</tr>
<tr>
<td>50%</td>
<td>XXXXXXX</td>
<td>XXXXXXX</td>
</tr>
<tr>
<td>25%</td>
<td>XXXXXXX</td>
<td>XXXXXXX</td>
</tr>
</tbody>
</table>

No Work Past 65% Rule: Your maximum annual pension based on a XXXXXX FAS and XX year(s) and Y month(s) of service credit is XXXXXX per year. You will be eligible to collect this benefit on 7/1/59.

No Age Factor: Your maximum annual pension projected for 7/1/20 based on a XXXXXX FAS and XX year(s) and Y month(s) of service credit is XXXXXX per year.

Retirement: You must receive an Application for Retirement on or up to 60 days before your date of retirement (DOR). If you retire near a calendar, file 3-3 weeks before retiring as the initial calculation can be much smaller as necessary. Your employment contract must end before your retirement date (e.g., if contract ends 6/30, 7/1 is earliest DOR).

Service Milestones:

- 1 Year of Credit
  - Death benefit coverage begins
  - You may borrow from your Required Contributions Fund

- 2 Years of Credit
  - You can purchase credit for eligible prior service

- 5 Years of Credit
  - You are vested to receive a pension as early as 55
  - You can purchase credit for prior military service

- 10 Years of Credit
  - Your 3% contributions stop
  - Disability and vested death benefit coverage begin

- 20 Years of Credit
  - Your Pension Factor increases from 1.65% to 2% for your first 10 years of service

- 30 Years of Credit
  - You can retire without an age factor as early as 55 (or 62 with less than 20 years of service)
Maximum benefit:

- The retiree receives the highest annual income
- All payments cease upon death of member
- Might be best if:
  - You have no beneficiaries
  - Your beneficiaries are financially independent
  - You have life insurance to protect beneficiaries
  - You need the highest possible income from your pension
Lump-Sum Options

- **Largest Non-Declining:**
  - Provides a fixed lump sum payment upon your death
  - Estimates show cost per $1,000
  - Can name multiple beneficiaries and change them at any time

- **Declining Reserve (Tier 1 only):**
  - Beneficiary receives balance of reserve upon your death
  - Can name multiple beneficiaries and change them at any time

- **Might be best if:**
  - Don’t have long life expectancy
  - Not eligible for life insurance
  - Have multiple beneficiaries to protect
  - Want a lump sum payment paid upon your death
The cost of the option is based on the member’s life expectancy at retirement.

The payment to the beneficiary is federally taxable:

- A spousal beneficiary may roll payment into a tax-deferred savings account.
- A non-spousal beneficiary may roll payment into an inherited IRA.

- Maximum: $42,350
- Member Benefit: $34,174
- Beneficiary Payment: $505,361
- Cost Per $1,000: $16.18
Alternative Option - Lump Sum

<table>
<thead>
<tr>
<th>Maximum</th>
<th>• $42,350</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost per $1,000</td>
<td>• $16.18</td>
</tr>
</tbody>
</table>

Example: $100,000 lump sum payment to beneficiary

\[
100 \times \$16.18 = \$1,618 \\
\text{(Cost of $100,000 lump sum payment to beneficiary)}
\]

\[
\text{Maximum} - \text{Cost of Lump Sum} = \text{Member Benefit}
\]

\[
\$42,350 - \$1,618 = \$40,732
\]

The cost per $1,000 is based on the age of the member at retirement.
Guarantee Options

- Pension will be paid for a 5- or 10-year period past retirement
- At end of this period, no further payments to beneficiary; your payment continues for remainder of your life
- You can name primary and contingent beneficiaries
- Beneficiaries can be changed after retirement
- Might be best choice if you need to cover one or more people for a designated period

- Maximum: • $42,350
- 5-Year: • $42,219
- 10-Year: • $41,829

Can specify periods other than those illustrated
Survivor and Pop-Up Options
(pages 48-49)

- Provides lifetime income to beneficiary
- Can name only one beneficiary.
- Cannot change the beneficiary beyond 30 days after retirement
- The cost is based on the life expectancy of the member and the beneficiary
- Commonly provide coverage at 100%, 75%, 50%, and 25%, but can choose your own amount
- Pop-up: Benefit goes to the Maximum if the beneficiary dies before the member
- Might be best choice if you need to provide lifetime income to just one beneficiary
- The option percent may be limited for non-spouse beneficiaries 10+ years younger than you
## Survivor and Pop-Up Options (pages 48-49)

<table>
<thead>
<tr>
<th>Maximum:</th>
<th>$42,350</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Survivor:</strong></td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>$38,716</td>
</tr>
<tr>
<td>75%</td>
<td>$39,565</td>
</tr>
<tr>
<td>50%</td>
<td>$40,452</td>
</tr>
<tr>
<td>25%</td>
<td>$41,379</td>
</tr>
<tr>
<td><strong>Pop-Up Survivor:</strong></td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>$38,344</td>
</tr>
<tr>
<td>75%</td>
<td>$39,273</td>
</tr>
<tr>
<td>50%</td>
<td>$40,247</td>
</tr>
<tr>
<td>25%</td>
<td>$41,272</td>
</tr>
</tbody>
</table>
Retirement Benefit Options and Percent of Election

2014-2018 Retirees

- Maximum: 65.06%
- Pop-Up: 21.85%
- Survivor: 7.34%
- Guarantee: 2.11%
- Alternative: 3.56%
- Annuity/Declining Reserve: 0.08%

Percentages may not sum to 100% due to rounding
Insurance vs. Options (page 51)

Survivor Option

- Guaranteed, lifetime monthly income for beneficiary
- Cost of coverage is fixed at retirement, and deducted from pension pre-tax
- Member & beneficiary age are factors in the cost
- Only one beneficiary; no cancellation
- Beneficiary payments are federally taxable
What Does an Option Cost? (page 52)

Maximum Benefit $42,350

Federal Tax (M-O) $3,301

Net Benefit Payment $39,049

100% Survivor Option $38,716

Federal Tax (M-O) $2,870

Net Benefit Payment $35,846

Net Cost of Option $3,203
Calculating How Much You Need (page 53)

- Determine how much income per month your beneficiaries will need to live on, then multiply by 12 to come up with an annual amount
- Calculate how many years the income will be needed
- Use factors on page 53 to estimate how much your policy must pay in a lump sum to last as long as it’s needed

<table>
<thead>
<tr>
<th>Years</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years</td>
<td>7.86</td>
</tr>
<tr>
<td>15 years</td>
<td>10.54</td>
</tr>
<tr>
<td>20 years</td>
<td>12.63</td>
</tr>
<tr>
<td>25 years</td>
<td>14.25</td>
</tr>
<tr>
<td>30 years</td>
<td>15.52</td>
</tr>
<tr>
<td>40 years</td>
<td>17.28</td>
</tr>
</tbody>
</table>

Assumes beneficiaries will earn a 5% annual inflation-adjusted return on insurance proceeds
Let’s assume you calculate that your beneficiary(ies) need $3,226 per month to live on, which = $38,716 per year (same as the 100% Survivor Option)

You further assume they will need this income for 30 years

Factor for 30 years is 15.52
15.52 times $38,716 = $600,875

$600,875 is then the approximate death benefit you would set up to meet this expected need
Life Insurance Resources

- Union or association-sponsored plans
- Local insurance agents
- Bookstores: Shelves of books about life insurance
- The Internet:
  - www.insure.com
  - www.selectquote.com
# Life Insurance Resources

![SelectQuote Logo](image)

**Policy Amount:** 1,000,000
For: Mr. Andrew Whitney
Reference Number: 6321745

## 10-Year Duration

<table>
<thead>
<tr>
<th>Company and Policy</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transamerica/Trendsetter Super 10 Preferred Plus</td>
<td>50.75</td>
<td>609.00</td>
</tr>
<tr>
<td>ReliaStar/VOYA Term Smart 10 Super Preferred No Tobacco</td>
<td>52.50</td>
<td>630.00</td>
</tr>
<tr>
<td>William Penn/OpTerm 10 Preferred Non-Tobacco</td>
<td>61.25</td>
<td>738.00</td>
</tr>
<tr>
<td>ReliaStar/VOYA Term Smart 10 Preferred No Tobacco</td>
<td>66.50</td>
<td>798.00</td>
</tr>
<tr>
<td>Transamerica/Trendsetter Super 10 Preferred Nonsmoker</td>
<td>70.88</td>
<td>810.00</td>
</tr>
</tbody>
</table>

## 20-Year Duration

<table>
<thead>
<tr>
<th>Company and Policy</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>ReliaStar/VOYA Term Smart 20 Super Preferred No Tobacco</td>
<td>89.25</td>
<td>1,020.00</td>
</tr>
<tr>
<td>Transamerica/Trendsetter Super 20 Preferred Plus</td>
<td>99.99</td>
<td>1,199.00</td>
</tr>
<tr>
<td>William Penn/OpTerm 20 Preferred Non-Tobacco</td>
<td>102.38</td>
<td>1,228.00</td>
</tr>
<tr>
<td>ReliaStar/VOYA Term Smart 20 Preferred No Tobacco</td>
<td>107.63</td>
<td>1,290.00</td>
</tr>
<tr>
<td>Transamerica/Trendsetter Super 20 Preferred Nonsmoker</td>
<td>119.98</td>
<td>1,439.00</td>
</tr>
</tbody>
</table>

## 30-Year Duration

<table>
<thead>
<tr>
<th>Company and Policy</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transamerica/Trendsetter Super 30 Preferred Plus</td>
<td>159.18</td>
<td>1,810.00</td>
</tr>
<tr>
<td>William Penn/OpTerm 30 Preferred Non-Tobacco</td>
<td>174.13</td>
<td>1,990.00</td>
</tr>
<tr>
<td>Transamerica/Trendsetter Super 30 Preferred Nonsmoker</td>
<td>200.38</td>
<td>2,300.00</td>
</tr>
<tr>
<td>William Penn/OpTerm 30 Standard Plus Non-Tobacco</td>
<td>230.13</td>
<td>2,630.00</td>
</tr>
<tr>
<td>Transamerica/Trendsetter Super 30 Standard Plus</td>
<td>265.13</td>
<td>3,030.00</td>
</tr>
</tbody>
</table>
Insurance Considerations

- Check the company’s rating:
  - A.M. Best
  - Fitch
  - Standard & Poor’s
  - Moody’s
  - Weiss Research

- Check with your state’s insurance department
  - New York: dfs.ny.gov

- Ask friends & colleagues for referrals
Collecting Your Pension

- Payments are monthly
  - Electronically deposited into your account on the last business day of each month
- Payments during processing
  - Initial payments may not include your last few months of salary or service
  - Once processed (generally 9-12 months), you are sent a detailed statement regarding your benefit calculation and retroactive adjustment
Collecting Your Pension

- Payments are made by direct deposit
- You will complete the direct deposit form when filing for your retirement benefits
- You may change your banking information as needed in retirement
- You may change your direct deposit information through your MyNYSTRS account
Taxes

- Taxes on your pension
  - Federally taxable
  - May update withholding with W-4P Tax Withholding Form
  - No NYS Taxes
  - No Social Security Taxes
These nine states currently do not tax income such as wages, pensions, and Social Security:

- Alaska
- Florida
- Nevada
- New Hampshire
- South Dakota
- Tennessee
- Texas
- Washington
- Wyoming

The following states may tax certain kinds of income, but currently exempt public pensions from tax:

- Alabama
- Hawaii
- Illinois
- Mississippi
- Pennsylvania
Three excellent websites with information on each state’s laws, as far as taxing income, are all listed in your workbooks:

- rpea.org
- retirementliving.com
- portal.kiplinger.com/tools/retiree_map
Cost-of-Living Adjustment (COLA)

- Must be BOTH:
  - Retired for 5+ Years
  - Age 62+

- Based on the change in the Consumer Price Index (CPI)

- Guaranteed 1%-3% increase applied to the first $18,000 of your annual pension

- If pension is $18k+, COLA is $15-$45 per month
# Pension Increases: COLA

<table>
<thead>
<tr>
<th>COLA Date</th>
<th>CPI Increase</th>
<th>COLA (on first $18K)</th>
<th>Max Monthly Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>September ‘02</td>
<td>1.48%</td>
<td>1.0%</td>
<td>$15.00</td>
</tr>
<tr>
<td>September ‘03</td>
<td>3.02%</td>
<td>1.6%</td>
<td>$24.00</td>
</tr>
<tr>
<td>September ‘04</td>
<td>1.74%</td>
<td>1.0%</td>
<td>$15.00</td>
</tr>
<tr>
<td>September ‘05</td>
<td>3.15%</td>
<td>1.6%</td>
<td>$24.00</td>
</tr>
<tr>
<td>September ‘06</td>
<td>3.36%</td>
<td>1.7%</td>
<td>$25.50</td>
</tr>
<tr>
<td>September ‘07</td>
<td>2.78%</td>
<td>1.4%</td>
<td>$21.00</td>
</tr>
<tr>
<td>September ‘08</td>
<td>3.98%</td>
<td>2.0%</td>
<td>$30.00</td>
</tr>
<tr>
<td>September ‘09</td>
<td>-0.38%</td>
<td>1.0%</td>
<td>$15.00</td>
</tr>
<tr>
<td>September ‘10</td>
<td>2.31%</td>
<td>1.2%</td>
<td>$18.00</td>
</tr>
<tr>
<td>September ‘11</td>
<td>2.68%</td>
<td>1.4%</td>
<td>$21.00</td>
</tr>
<tr>
<td>September ‘12</td>
<td>2.65%</td>
<td>1.4%</td>
<td>$21.00</td>
</tr>
<tr>
<td>September ‘13</td>
<td>1.47%</td>
<td>1.0%</td>
<td>$15.00</td>
</tr>
<tr>
<td>September ‘14</td>
<td>1.51%</td>
<td>1.0%</td>
<td>$15.00</td>
</tr>
<tr>
<td>September ‘15</td>
<td>-0.07%</td>
<td>1.0%</td>
<td>$15.00</td>
</tr>
<tr>
<td>September ‘16</td>
<td>0.85%</td>
<td>1.0%</td>
<td>$15.00</td>
</tr>
<tr>
<td>September ‘17</td>
<td>2.38%</td>
<td>1.2%</td>
<td>$18.00</td>
</tr>
<tr>
<td>September ‘18</td>
<td>2.36%</td>
<td>1.2%</td>
<td>$18.00</td>
</tr>
<tr>
<td>September ‘19</td>
<td>1.86%</td>
<td>1.0%</td>
<td>$15.00</td>
</tr>
</tbody>
</table>

**Total Monthly Increase: $363**
Earnings After Retirement (pages 55-56)

No Limit
- Private
- Federal
- Out-of-State
- Elected Official
- Any work when age 65+

Section 212
- Earn up to $35k per year in NYS Public employment
- If you exceed the $35,000 limitation for the calendar year without suspending your retirement benefit, NYSTRS will suspend your benefit for the remainder of the calendar year if you continue NYS public employment.

Section 211
- Employer applies for waiver
- Governing body (for school districts = Commissioner of Education)
- Exceed Section 212 limit and still collect pension
NYSTRS does not administer health insurance
- Coverage (and cost) depends on choices offered by former employer
- Consult with employer for specific questions
- May be eligible to continue coverage under the NYS Health Insurance Program (NYSHIP)
- Medicare becomes your primary insurance at age 65
Keeping Up-to-date

- **Retired Member Profile**
  - Once your retirement processing has been completed
  - Issued each October

- **Resource Newsletter**
  - Issued 3 times per year
  - Available by mail
  - May e-subscribe (through MyNYSTRS)
Retirement Checklist
(page 54)

- Register for MyNYSTRS
- Review your Benefit Profile
- Review prior service
- Attend an individual consultation
- Obtain an updated estimate
- Review health insurance coverage
- Submit an Application for Retirement (RET-54)