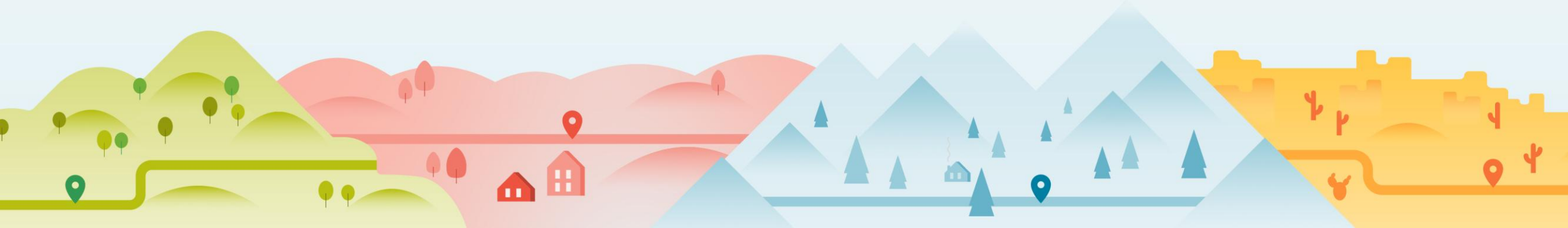
2026 Annual Delegates Meeting

Navigating the Road to Retirement



EARNINGS

What You Need to Know Before and After Retirement

Alec Schmitt
Information Representative
New York State Teachers' Retirement System

Agenda

- Final Average Salary – What is included?
- Bona Fide Terminations – What is it?
- Working in Retirement – How does it work?



Final Average Salary



Final Average Salary



The **Final Average Salary** (FAS) is the component of the pension calculation based on a member's earnings.

The FAS is the average of a member's **three** highest, consecutive school years of regular salary earned.

What Can Be Included?

The 3-year FAS only includes regular compensation, which covers the instruction or supervision of students (teaching, coaching, chaperoning, etc.)



What Cannot Be Included?



- The 3-year FAS cannot include any form of non-regular compensation or termination pay.
- Salary increases exceeding 10% of the average of the previous two years' salaries.

Earnings Limitations Example

Tiers 3-6
(Cannot exceed 10% increase over average of previous two years)

School Year Ending	Salary Earned	Salary Limitation
June 30, 2027	$74,000	
June 30, 2026	$72,000	$ 62,000 +$ 60,000 $122,000 Average $ 61,000 x 1.10 $ 67,100
June 30, 2025	$70,000	
June 30, 2024	$62,000	
June 30, 2023	$60,000	

Earnings Limitations Example

Tiers 3-6

(Cannot exceed 10% increase over average of previous two years)

School Year Ending	Salary Earned	Salary Limitation
June 30, 2027	$74,000	**$78,100**
June 30, 2026	$72,000	**$72,600**
June 30, 2025	$70,000	**$67,100**
June 30, 2024	$62,000	
June 30, 2023	$60,000	

Final Average Salary: $ 71,033

Bona Fide Termination

Latin for “with good faith.”

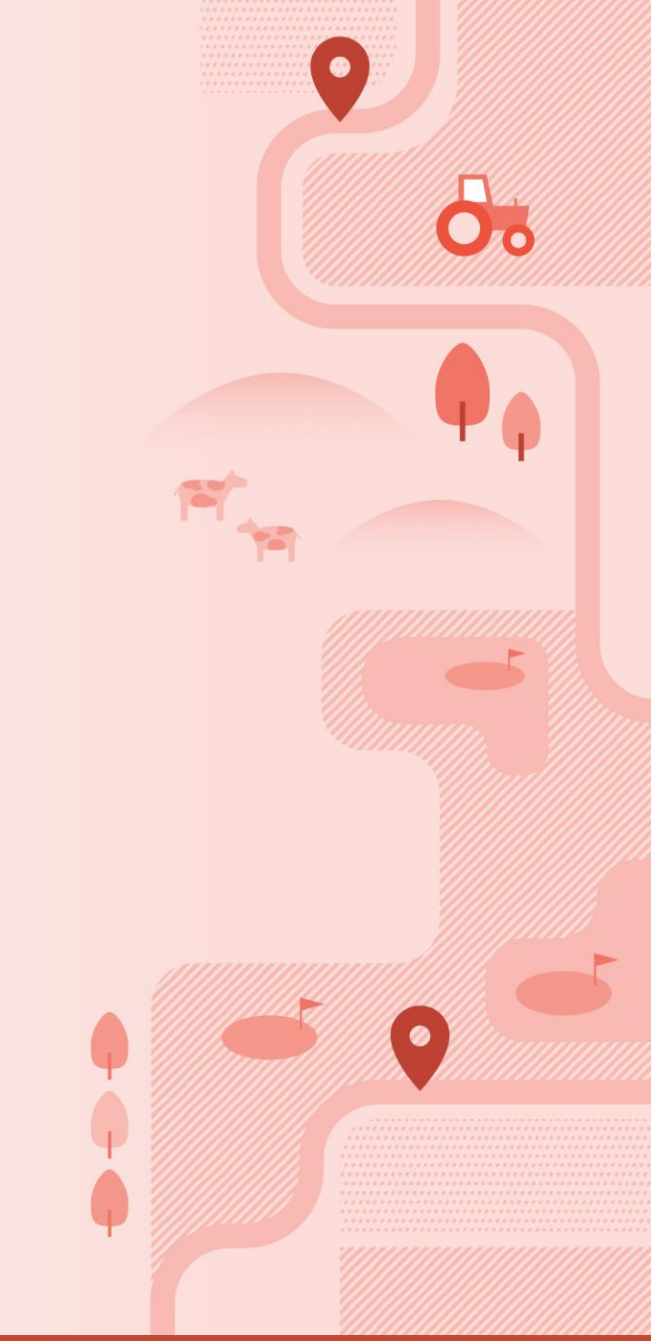


What is a Bona Fide Termination?

Internal Revenue Service (IRS) and NYS Retirement and Social Security Law (RSSL) require a member to have a Bona Fide Termination (BFT) from all public service to be eligible for retirement benefits.

BFT is a long-standing requirement. Compliance is now receiving increased legal and administrative scrutiny due to recent court cases.

This is an IRS regulation, not specific to NYSTRS.



What is a Bona Fide Termination?

Defined as a member stopping all service* with their employer(s) prior to their date of retirement with no prearrangement or understanding that they will return to NYS Public Employment following retirement.

- Full-time, part-time, contractual, per diem.
- Change in status or title is not a bona fide termination.

*only exception is elected officials

What Factors Does NYSTRS Consider?

- Whether a pre-arranged agreement or understanding existed with the employer prior to the requested date of retirement to resume employment following the date of retirement.



What Factors Does NYSTRS Consider?

- Whether a member officially resigned from all NYS public employment prior to the requested date of retirement (except elected officials).
    - Supporting documentation such as a letter of resignation and/or board meeting minutes may be requested.
- If there was a separation of service from employment.



When a Bona Fide Termination Does Not Exist

If there was no Bona Fide Termination, the service retirement application is deemed invalid.

- Date of retirement will have to be changed to a date where there has been a BFT.

Any pension payments made in error due to an invalid application must be recovered by NYSTRS.



Example 1– Was There a BFT?

- Member retiring 7/1/2027, earning pension of $2,000 per month.
- Resigns full-time teaching position with District A, but continues in longtime football coaching position with District B.



Example 2– Was There a BFT?

- Member retiring 7/1/2027, earning pension of $2,000 per month.
- Appointed on June 25, 2027, to a long-term sub position for September 2027-October 2027.



Example 3– Was There a BFT?

- Member retiring 7/1/2027, earning pension of $2,000 per month.
- Works summers as a Camp Counselor at local county park, applied for summer 2027 position 3 months before applying for retirement.



Example 4– Was There a BFT?

- Member retiring 7/1/2027, earning pension of $2,000 per month.
- On July 2nd, 2027, the member goes on vacation to the Outer Banks and stays there through the summer.
- September 1st, 2027, the member calls their former district to see if there are any sub positions open and starts subbing.



Next Steps if There is No BFT

- NYSTRS must invalidate the retirement application.
- Member must resign from their new position.
- In most cases, the member will need to reapply for a new Date of Retirement.
- NYSTRS must recover any erroneous pension payments.



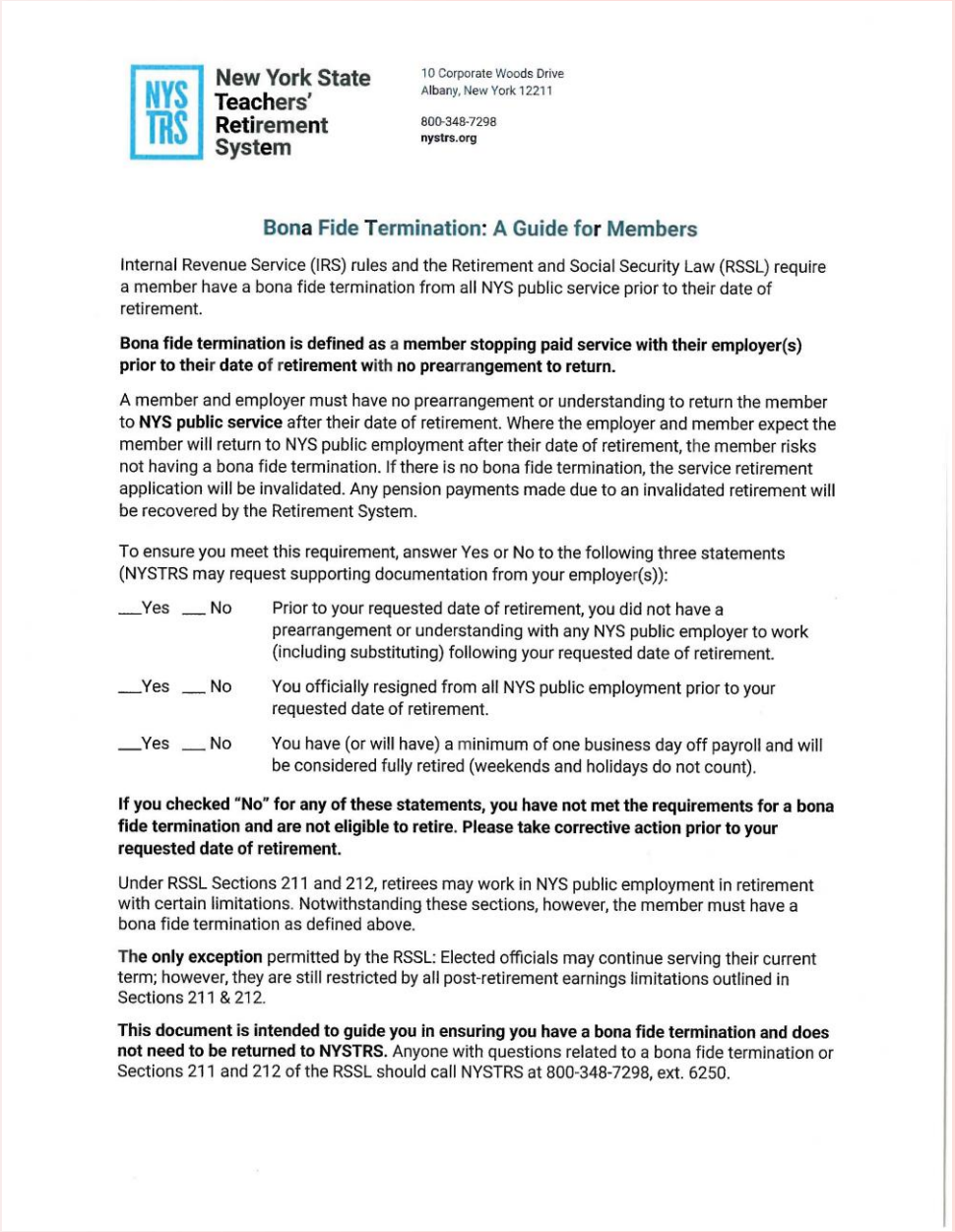
Where to Find More Information?

- In March 2026, NYSTRS issued a new administrative bulletin (Issue No. 2026-2) to employers titled “Members must have a Bona Fide Termination from NYS Public Service to Retire from NYSTRS.”
- Available on our website, nystrs.org.



Bona Fide Termination Resources

- Insert is included with estimates sent to members, as well as with the acknowledgement letter after a retirement application is received.



New York State Teachers' Retirement System

10 Corporate Woods Drive
Albany, New York 12211

800-348-7298
nystrs.org

Bona Fide Termination: A Guide for Members

Internal Revenue Service (IRS) rules and the Retirement and Social Security Law (RSSL) require a member have a bona fide termination from all NYS public service prior to their date of retirement.

Bona fide termination is defined as a member stopping paid service with their employer(s) prior to their date of retirement with no prearrangement to return.

A member and employer must have no prearrangement or understanding to return the member to **NYS public service** after their date of retirement. Where the employer and member expect the member will return to NYS public employment after their date of retirement, the member risks not having a bona fide termination. If there is no bona fide termination, the service retirement application will be invalidated. Any pension payments made due to an invalidated retirement will be recovered by the Retirement System.

To ensure you meet this requirement, answer Yes or No to the following three statements (NYSTRS may request supporting documentation from your employer(s)):

___Yes ___ No	Prior to your requested date of retirement, you did not have a prearrangement or understanding with any NYS public employer to work (including substituting) following your requested date of retirement.
___Yes ___ No	You officially resigned from all NYS public employment prior to your requested date of retirement.
___Yes ___ No	You have (or will have) a minimum of one business day off payroll and will be considered fully retired (weekends and holidays do not count).

If you checked "No" for any of these statements, you have not met the requirements for a bona fide termination and are not eligible to retire. Please take corrective action prior to your requested date of retirement.

Under RSSL Sections 211 and 212, retirees may work in NYS public employment in retirement with certain limitations. Notwithstanding these sections, however, the member must have a bona fide termination as defined above.

The only exception permitted by the RSSL: Elected officials may continue serving their current term; however, they are still restricted by all post-retirement earnings limitations outlined in Sections 211 & 212.

This document is intended to guide you in ensuring you have a bona fide termination and does not need to be returned to NYSTRS. Anyone with questions related to a bona fide termination or Sections 211 and 212 of the RSSL should call NYSTRS at 800-348-7298, ext. 6250.

Working in Retirement



Working in Retirement: Without Limitation

Under Section 212 of RSSL, you have no earnings limit on:

- Private or federal employment.
- Public employment outside of NYS.
- Work as an elected official, inspector of elections, poll or ballot clerk, commissioner of deeds, juror, or notary public – provided you were elected or appointed to an elected position you did not hold prior to retirement.
- Any type of employment starting the calendar year you turn 65.



Returning to NYS Public Employment



Under Section 212 of RSSL, you may earn up to $35,000 per calendar year in NYS public employment prior to the year you turn 65 without an impact to your pension.

- This limit applies to public employers that contract with private, third-party entities to hire retirees.
- Earnings must be reported to NYSTRS.
- You can track your earnings in MyNYSTRS.

Returning to NYS Public Employment



Under Section 212 of RSSL, you may earn up to $35,000 per calendar year in NYS public employment prior to the year you turn 65 without an impact to your pension.

- You want to notify NYSTRS before you exceed the limit.
- If you do exceed the limit, you will be required to repay a portion of your retirement benefit.
- If you exceed the limit without suspending your pension benefit, and continue working in that role, NYSTRS will suspend your benefit for the remainder of the calendar year.

Returning to NYS Public Employment



Under Section 212 of RSSL, you may earn up to $35,000 per calendar year in NYS public employment prior to the year you turn 65 without an impact to your pension.

Chapter 55 of the Laws of 2025, extends the retirement earnings cap suspension through June 30, 2027.

The law applies only to retirees who return to work at a **public school district or BOCES**.

Employment at a charter school, community college, SUNY, or any other public employment **is not covered** by this law.

Working in Retirement: Waivers

If you opt for public employment that will exceed the Section 212 earnings limit, you can potentially work under a Section 211 waiver if the employer gains approval from whichever entity has jurisdiction over your employment.

Waivers are granted by the:

- New York State Department of Education.
- Chancellor of the New York City Department of Education.
- Trustees of the City University of New York.
- SUNY or community college president.
- New York State or New York City Civil Service Commission.



More Information

- Call 1-800-348-7298.
- Send a Secure Message through MyNYSTRS.

nystrs.org > Retirees > Working in Retirement



Up Next
9:45 a.m. – 10:15 a.m.
From Insight to Foresight

