

your retirement plan

Basic Plan with Increased-Take-Home-Pay (ITHP)

For PFRS Tier 1, 2, 5 and 6 Members, and Tier 3 Members Covered by Article 11
(Sections 370-a, 371-a & 375)

New York State Office of the State Comptroller
Thomas P. DiNapoli



A Message From Comptroller Thomas P. DiNapoli

As a member of the Retirement System, you are covered by a plan that provides important benefits. This publication explains some of those benefits and the services available to you as a member of our system, including:

- Benefits you will receive at retirement if you meet the service and age requirements (service retirement benefits);
- Benefits you may receive if you become permanently disabled (disability retirement benefits);
- Benefits your beneficiary may receive if you die while working for a public employer or, if eligible, after you leave public employment (death benefits); and
- Benefits you may receive at a later date, even if you leave public service before you become eligible to retire (vested benefits).



I am joined by a staff of dedicated professionals in my commitment to helping you make informed decisions about your future. I encourage you to contact us with any questions or suggestions you might have.

Sincerely,

A handwritten signature in black ink that reads "Tom DiNapoli". The signature is fluid and cursive, with a prominent flourish at the end.

Thomas P. DiNapoli
State Comptroller

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About Your Membership

RETIREMENT SYSTEM MEMBERSHIP

Police officers and paid firefighters working for employers that participate in the New York State and Local Police and Fire Retirement System (PFRS) must become members of the Retirement System.

When you become a member, you must complete and file a membership application with the Office of the State Comptroller.

TIER STATUS

When you join the Retirement System, you are assigned to a tier depending on your date of membership.

You are in:	If you joined:
Tier 1	Before July 31, 1973
Tier 2	July 31, 1973 through June 30, 2009
Tier 3	July 1, 2009 through January 8, 2010*
Tier 5	January 9, 2010 through March 31, 2012
Tier 6	April 1, 2012 or after

*PFRS members who joined July 1, 2009 through January 8, 2010 and did not elect to be covered by Article 22 (i.e., did not opt into Tier 5) can be covered by Article 11 or Article 14 benefits, depending on their retirement plan election.

There is no Tier 4 in the New York State and Local Police and Fire Retirement System.

CONTRIBUTING TOWARD YOUR RETIREMENT

You are required to contribute toward your retirement.

Tier 1, 2 and 3 Members

If your employer has adopted Section 370-a, your contribution rate is reduced by 5 percent or 8 percent (depending on which rate your employer provides). Since you are contributing less of your own money to the Retirement System, the annuity portion of your retirement benefit will be smaller. However, when you retire, an increased pension makes your total retirement benefit equal to the amount you would have received if you had continued to contribute at the full rate.

Tier 5 Members

As a Tier 5 member, you are required to contribute 3 percent of your reportable earnings toward your retirement benefits, even if your employer has adopted Section 370-a. If your employer has not adopted Section 370-a, any required contributions over 3 percent will be deposited into your annuity savings account to provide the annuity portion of your retirement benefit.

Tier 6 Members

As a Tier 6 member, you are required to contribute 3 percent of your reportable earnings toward your retirement benefits during fiscal year 2012-13. Beginning April 1, 2013, the contribution rate will be based on your annual wage. Future salary changes may affect your contribution rate. If your employer has not adopted Section 370-a, any required contributions over the rate, as determined by your wages, will be deposited into your annuity savings account to provide the annuity portion of your retirement benefit.

Annual Wage	Contribution Rate
\$45,000 or less	3%
\$45,000.01 to \$55,000	3.5%
\$55,000.01 to \$75,000	4.5%
\$75,000.01 to \$100,000	5.75%
More than \$100,000	6%

BECOMING ELIGIBLE FOR A BENEFIT

Once you have met the minimum service credit requirement, you will be vested. This means you have earned the right to receive a retirement benefit, even if you leave public employment.

- Tier 1, 2 and 3 members must have five years of credited service.
- Tier 5 and 6 members must have ten years of credited service.

Tiers 1, 2, 3 and 5

If you are covered by the Age 60 Retirement Plan, you can begin receiving your vested retirement benefit when you reach age 60. If you are covered by the Age 55 Retirement Plan, you can begin receiving your vested retirement benefit when you reach age 55. The amount of your vested benefit is based on your service, age at retirement and the salary you earned when you were an active member.

Tier 6

You can begin receiving your vested retirement benefit when you reach age 63.

Vesting is automatic — you do not have to fill out any paperwork or file an application to become vested. However, you will need to file an application to begin receiving your vested benefit.

ENDING YOUR MEMBERSHIP

Once you join, there are five ways your membership can end:

- If you do not have at least five years of credited service (ten for Tier 5 and 6 members) and seven years have elapsed since you last worked for a participating public employer;
- If you are not vested, leave public employment and voluntarily withdraw your membership;
- If you transfer your membership to another New York State public Retirement System;
- If you retire; or
- If you die.

“Public employment” means paid service as an officer or employee with an employer that participates in the New York State and Local Retirement System.

Service Credit

FULL- AND PART-TIME SERVICE CREDIT

Full-Time Employment

If you join the Retirement System on the day you begin employment with a participating employer and you work on a full-time, continuous basis, we calculate your retirement service credit by subtracting your beginning date of employment from the date you actually leave paid employment.

Part-Time Employment

Service credit may be prorated for Tier 1 members employed on a less than full-time basis. For Tier 2, 3, 5 and 6 members, part-time employment is credited as the lesser of:

$$\begin{array}{c} \text{number of days worked} \div 260 \text{ days} \\ \text{or} \\ \text{annual salary reported} \div (\text{State's hourly minimum wage} \times 2,000) \end{array}$$

Employers report days worked and salary to us.

LEAVES OF ABSENCE

Tier 1 members receive full credit for sick leave at half pay; Tier 2, 3, 5 and 6 members receive half credit for sick leave at half pay. Since service is usually not credited for any period of time you do not receive a salary, credit is not given for:

- Leaves of absence without pay;
- Authorized, unpaid medical leaves of absence; or
- Unpaid leave under the federal Family and Medical Leave Act.

Workers' Compensation

Tier 1 members will usually receive up to one year of service credit per accident for time spent on Workers' Compensation leave.

Tier 2, 3, 5 and 6 members may be able to receive service credit for some or all of your Workers' Compensation leave. To determine your eligibility and the cost, if any, please send a request to the Retirement System for review.

CREDIT FOR PREVIOUS OR MILITARY SERVICE

You may be able to obtain credit for your previous public employment or military service. It is very important that you claim all the service you are entitled to receive as early as possible, because records documenting your previous service may be lost or destroyed with the passage of time.

Prior Service

Prior service is any period of time you received salary from a participating employer before that employer elected to participate in the Retirement System.

Service Before Your Date of Membership

You may receive credit for working for a participating employer before you joined the Retirement System.

Military Service

You may be able to receive credit for some or all of your military service. To determine your eligibility and the cost, if any, please send us a copy of your Certificate of Release or Discharge from Active Duty (DD-214).

Service From a Previous Membership

If you previously were a member of this System, or another public retirement system in New York State, your service may be recredited and your date of membership and tier restored. However, an earlier tier of membership does not always result in a better benefit. Please review your options carefully before making your decision, and contact us with any questions you have. For reinstatement to Tier 1 or Tier 2, or to an earlier membership date within Tier 2, send us a completed Application to Reinstatement a Former Tier 1 or 2 Membership (RS5506). If your previous membership was with another retirement system, please write to our Member & Employer Services Bureau.

APPLYING FOR PREVIOUS OR MILITARY SERVICE CREDIT ¹

To receive credit for any type of previous or military service, send a written request (which must be received before your effective date of retirement) to our Member & Employer Services Bureau. Please include as much information as you can about the period of employment for which you are seeking credit. We will determine your eligibility to receive the credit and any cost involved.

Requesting credit for your previous public employment as early in your career as possible ensures that:

- If there is a cost, it will be less expensive than if you wait to purchase it at a later date.
- Your retirement benefit will be processed more quickly if your service credit is in order.
- Records we need to verify your service will be more readily available.

If you are requesting previous service credit to establish eligibility for a vested retirement benefit, you must request this credit while you are on the payroll of a participating employer. If you receive a statement of the cost after you leave the payroll, you must make payment within 30 days of notification.

ADDITIONAL SERVICE CREDIT FOR SICK LEAVE (SECTION 341[j])

Section 341(j) of the Retirement and Social Security Law (RSSL) provides an optional sick leave benefit. If your employer has chosen to offer this optional benefit, you may receive service credit for your unused, unpaid sick leave days at retirement. To be eligible for this benefit, you must retire directly from public employment or within a year after separating from service. The additional credit is determined by dividing the total unused, unpaid sick leave days, which cannot exceed 165 (200 days for some members), by 260. Contact your employer or refer to your Member Annual Statement to determine if this benefit is available to you.

Credit for your unused sick leave at retirement cannot be used to:

- Qualify for vesting. For example, if you have four years and ten months of service credit and you need five years to be vested, your sick leave credit cannot be used to reach the five years.
- Qualify for a better retirement benefit calculation. For example, if you have 19½ years of service credit but your pension will improve substantially if you have 20 years, your sick leave credit cannot be used to reach the 20 years.
- Increase your pension beyond the maximum amount payable under your retirement plan.
- Meet the service credit requirement to retire under a special 20- or 25-year plan.

¹ Updated as of 3/13

Final Average Salary

Your pension is based on your years of credited service and your final average salary (FAS). For Tier 1, 2, 3 and 5 members, FAS is the average of the wages you earned during any 36 consecutive months of service when your earnings were highest. For Tier 6 members, it is the average of your highest 60 consecutive months of earnings. This is usually your years of employment immediately before retirement.

The calculation of your FAS can include, but is not limited to, the following types of payments. In some cases, certain restrictions may apply.

- Regular salary;
- Overtime earned in the period used in the FAS;*
- Holiday pay;
- Noncompensatory overtime earned for each year in the FAS period;* and
- Longevity payment (maximum of one per FAS year), if earned in the years used in the FAS calculation

The following types of payments are **not** considered regular compensation and, in most cases, will not be included in your FAS calculation:

- Unused sick leave;
- Payments made as a result of working your vacation;
- Any form of termination pay;
- Payments made in anticipation of retirement;
- Lump sum payments for deferred compensation; and
- Any payments made for time not worked.

* For Tier 5 and 6 members, the total amount of overtime and noncompensatory overtime is limited to 15 percent of your salary.

LIMITATIONS

Tier 1

If your date of membership is June 17, 1971, or later, the wages in any 12-month period used in the FAS calculation cannot exceed the earnings in the preceding 12-month period by more than 20 percent. The amount in excess of 20 percent is excluded from the computation of your FAS.

Also, payment for up to 30 days of accumulated unused vacation will be included in your FAS calculation if:

- Your date of membership is before April 1, 1972, and
- Your FAS is based on the 36 months of earnings immediately preceding your date of retirement.

Tiers 2 and 3

If the earnings in any year included in the FAS period exceed the average of the previous two years by more than 20 percent, the amount in excess of 20 percent is excluded from the computation of your FAS. Payment for accumulated vacation is not included in the calculation of your FAS.

Tier 5

If the earnings in any year included in the FAS period exceed the average of the previous two years by more than 20 percent, the amount in excess of 20 percent is excluded from the computation of your FAS.

Payment for accumulated vacation is not included in the calculation of your FAS, and the amount of overtime that can be included in your FAS calculation is limited to 15 percent of your salary in any given year.

Tier 6

If the earnings in any year included in the FAS period exceed the average of the previous four years by more than 10 percent, the amount in excess of 10 percent is excluded from the computation of your FAS.

Payment for accumulated vacation is not included in the calculation of your FAS. Earned compensation which exceeds the Governor's annual salary, currently \$179,000, is excluded, as well as salary paid by more than two participating employers. The amount of overtime that can be included in your FAS calculation is limited to 15 percent of your salary in any given year.

ONE-YEAR FAS

If your employer has adopted this benefit, your retirement will be calculated based on a one-year FAS unless the three-year calculation provides a higher FAS. (Note: This benefit is generally not available to Tier 6 members.)

The one-year FAS includes only the regular compensation earned during the last 12 months preceding retirement. The calculation of a one-year FAS can include, but is not limited to, the following types of payments:

- Regular salary;
- Overtime;*
- Holiday pay;
- Noncompensatory overtime;* and
- Longevity payment.

All payments must be earned in the 12 months immediately preceding retirement.

The following types of payments are **not** considered regular compensation and, in most cases, will not be included in your FAS calculation:

- Unused sick leave;
- Unused vacation;
- Payments made as a result of working your vacation;
- Any form of termination pay;
- Payments made in anticipation of retirement;
- Lump sum payments for deferred compensation; and
- Any payments made for time not worked.

The earnings used in the calculation of the one-year FAS cannot exceed the wages in the previous 12-month period by more than 20 percent. Any amount over the 20 percent will be excluded from the calculation.

* For Tier 5 members, the total amount of overtime and noncompensatory overtime is limited to 15 percent of your salary.

Service Retirement Benefits

THE AGE 60 PLAN

Eligibility

As a Tier 1 member, you will be eligible for a service retirement benefit when you reach age 60 and have five or more years of credited service. If you are a Tier 2 or 3 member with five or more years of credited service, or a Tier 5 or 6 member with ten or more years of credited service, you may choose to retire with a full benefit at age 62 or between the ages of 60 and 62 with a reduced benefit.

Regardless of tier, if you work for an employer that offers a special retirement plan, you must retire by the first day of the month following your 70th birthday, even if you have not elected the special plan.

The Benefit

If you are eligible to receive a full benefit, your pension will equal:

- 1/140th (.71 percent) of your FAS for each year of credited service; plus
- 1/70th (1.42 percent) of your FAS for each year of prior service credit; and
- An annuity based on your annuity savings contributions, plus interest.

Tier 2, 3, 5 and 6 members who retire before age 62 will have their benefit reduced by the percentage shown below:

Age at Retirement	Percentage of Reduction
60	12
61	6
62	0

Filing

Your Application for Service Retirement (RS6037) must be on file with the Office of the State Comptroller at least 15 days, but not more than 90 days, before the date on which your retirement will occur. The 15-day filing requirement is waived if you are over age 70 at retirement.

THE AGE 55 PLAN

Eligibility

As a Tier 1 member, you will be eligible for a service retirement benefit when you reach age 55, and have five or more years of service credit under this plan earned after July 1, 1973. If you are a Tier 2 or 3 member with five or more years of credited service, or a Tier 5 or 6 member with ten or more years of credited service, you may choose to retire with a full benefit at age 62, or between the ages of 55 and 62 with a reduced benefit.

Regardless of tier, if you work for an employer that offers a special retirement plan, you must retire by the first day of the month following your 70th birthday, even if you have not elected the special plan.

The Benefit

If you are eligible to receive a full benefit, your pension will equal:

- 1/120th (.83 percent) of your FAS for each year of credited service; plus
- 1/60th (1.66 percent) of your FAS for each year of prior service credit; and
- An annuity based on your annuity savings contributions, plus interest.

Tier 2, 3, 5 and 6 members who retire before age 62 will have their benefit reduced by the percentage shown below:

Age at Retirement	Percentage of Reduction
55	27
56	24
57	21
58	18
59	15
60	12
61	6
62	0

Filing

Your Application for Service Retirement (RS6037) must be on file with the Office of the State Comptroller at least 15 days, but not more than 90 days, before the date on which your retirement will occur. The 15-day filing requirement is waived if you are over age 70 at retirement.

Choosing a Payment Option

RECEIVING YOUR BENEFIT

At retirement, you must decide how you want your retirement benefit paid. You can choose from several options, all of which will provide you with a monthly benefit for life. For example, you may elect the Single Life Allowance, which provides the maximum amount payable during your lifetime, with nothing payable to a beneficiary upon your death. Or, you may elect to receive a smaller monthly benefit to provide for a possible payment to a designated beneficiary after your death.

FILING YOUR OPTION ELECTION

You must file your Option Election form (unless notified otherwise, as in the case of disability retirement) before the first day of the month following your retirement date. You have up to 30 days after your pension benefit becomes payable to change your selection. If you are a disability retiree, you may change your option selection up to 30 days after your disability application is approved, or up to 30 days after your retirement date, whichever is later.

If your election is not timely, by law, we must process your retirement as if you had selected Cash Refund — Contributions (Option ½), with your estate named as beneficiary.

AVAILABLE OPTIONS

Single Life Allowance (Option 0)

This is the basic retirement benefit. It provides for the maximum benefit payment to you each month for the rest of your life. Under this selection, all payments cease upon your death. When you die (even if it is only one year, or sooner, after retiring), nothing will be paid to any beneficiary.

Cash Refund — Contributions (Option ½)

(Available only to members with annuity savings contributions on deposit)

This option will provide you with a reduced monthly benefit for your lifetime. At your death, the unpaid balance of your accumulated annuity savings contributions will be paid to your beneficiary or your estate. If all of your accumulated annuity savings contributions have been expended, all payments will cease upon your death. The mandatory contributions made by Tier 5 and 6 members are not annuity savings contributions.

Cash Refund — Initial Value (Option 1)

(Available to Tier 1 members only)

This option will provide you with a reduced monthly benefit for your lifetime. It guarantees that if you die before receiving retirement benefit payments that equal the initial value of your benefit, the balance of the initial value will be paid to your beneficiary or estate in a lump sum. “Initial value” is an actuarial term for the value of your retirement benefit at the time of retirement.

If you live long enough, you will receive your initial value amount and more in your monthly retirement benefit. However, if you die after the full initial value amount has been paid out to you, no benefit is payable to your beneficiary.

Joint Allowance — Full*

This option will provide you with a reduced monthly benefit for your lifetime, and is based on your birth date and that of your beneficiary. After your death, your beneficiary will receive the same monthly amount you were receiving (without COLA) for life. If your beneficiary dies before you, all benefit payments will cease upon your death.

Joint Allowance — Half*

This option will provide you with a reduced monthly benefit for your lifetime, and is based on your birth date and that of your beneficiary. After your death, your beneficiary will receive monthly payments equal to one-half of the amount you were receiving (without COLA) for life. If your beneficiary dies before you, all benefit payments will cease upon your death.

Pop-Up/Joint Allowance — Full or Half*

These options will provide you with a reduced monthly benefit for your lifetime. If you die before your beneficiary, we will continue paying the same monthly amount or one-half that amount (without COLA), depending on which option you elect, to your beneficiary for life. If your beneficiary dies first, your benefit will be increased to the amount you would have received if you had selected the Single Life Allowance at retirement, and all payments will cease upon your death.

Five Year Certain and Ten Year Certain

These options will provide you with a reduced monthly benefit for your lifetime, with the additional guarantee that if you live for less than five years or ten years after retirement, depending upon which option you elect, payments in the same amount you were receiving (without COLA) will be made to your beneficiary for the balance of the five- or ten-year period. You may change your beneficiary within the five- or ten-year period.

Alternative Options

If the options described here do not meet your needs, we will consider written requests for other payment methods. These requests must be outlined in detail by you and then approved by us for legal and actuarial soundness.

* If you elect this option, you must submit proof of your beneficiary's birth date. You can designate only one beneficiary and you cannot change your designation after your retirement. If your beneficiary is your spouse at the time of your death, he or she will be eligible for 50 percent of your COLA.

Items That May Affect Your Pension

IRS PENSION LIMITATION

Internal Revenue Code Section 401(a)(17) limits the amount of salary that qualified pension plans, including the New York State and Local Retirement System, may use in calculating benefits. It affects members who first join on or after April 1, 1996, and currently excludes earnings over \$250,000 (effective April 1, 2012) in the State's fiscal year (April 1st – March 31st). The amount is set by federal law and is periodically adjusted for inflation.

BORROWING AGAINST YOUR CONTRIBUTIONS ¹

If you meet eligibility requirements, you may take a loan from NYSLRS.

Tier 1 and 2 Members

The following rules apply when borrowing against your contributions:

- You must be in active service and have one year of member service credit.
- You repay each outstanding loan through payroll deductions in an amount sufficient to repay the loan and interest within five years.
- You may borrow only once in any 90-day period.
- Prior to retirement, and 30 days after issuance, loans are fully insured in case you die before repaying them.

Note: If you retire with an outstanding loan, the **annuity portion** of your retirement benefit will be **permanently reduced**. You cannot pay off your loan once you retire. The amount of your annuity reduction will be based on your age, the loan balance at retirement and type of retirement (service or disability). The loan application provides examples of how much your reduction would be.

How Much You Can Borrow

The minimum loan is \$25.

The maximum loan is 75 percent of your annuity savings contribution balance, minus any outstanding loan balance, so you must have an annuity savings balance of at least \$33.35. Annuity savings contributions are those you make voluntarily.

Tier 5 and 6 Members

The following rules apply when borrowing against your contributions:

- You must be in active service and have one year of member service credit.
- You repay each outstanding loan through payroll deductions in an amount sufficient to repay the loan, interest and insurance premium within five years. The minimum deduction to repay your outstanding loan balances must be at least 2 percent of your earnings.
- You may borrow only once in any 12-month period.
- Prior to retirement, and 30 days after issuance, loans are fully insured in case you die before repaying them.

Note: If you retire with an outstanding loan, your retirement benefit will be **permanently reduced**. You cannot pay off your loan once you retire. The amount of your pension reduction will be based on your age, the loan balance at retirement, and type of retirement (service or disability).

How Much You Can Borrow

The minimum loan is \$1,000.

If you joined NYSLRS before January 1, 2018, the maximum loan is 75 percent of your contribution balance, minus any outstanding loan balance, so you must have an account balance of at least \$1,334.

If you joined on or after January 1, 2018, the total maximum loan (including all of your outstanding loan balances) is either 50 percent of your contribution balance or \$50,000 (whichever is less), so you must have an account balance of at least \$2,000.

Benefit Reduction Examples

Here are examples of how your service retirement benefit will be permanently reduced by an outstanding loan balance at retirement. The approximate reductions are for calendar year 2017. The amount of the reduction changes annually.

At Age	Outstanding Loan Balance	Annual Pension Reduction
45	\$5,000	\$219
	\$10,000	\$439
55	\$5,000	\$255
	\$10,000	\$510
60	\$5,000	\$282
	\$10,000	\$564

All Tiers — Your Loan May Be Federally Taxable

Before you apply, you should be aware of the federal tax laws pertaining to NYSLRS loans. **Your loan will be taxable if:**

- The loan amount exceeds federal limits (federal tax information is available on the loan application).
- You have a loan with a deferred compensation (457) or tax-sheltered annuity (403-b) plan through your current employer that causes your loan to exceed the federal limits for nontaxable loans. Exceeding these limits could result in significant tax consequences for you.
- You do not make the required payments on your loan at least once every three months or do not complete payment within five years from the date the loan was issued.
- You retire or withdraw from NYSLRS and have one or more outstanding loan balances.

If your loan is taxable, or becomes taxable as described above, you must include it on your federal income tax return for the year the loan is granted or becomes taxable. If you are under age 59½ at the time, you may be required to pay a 10 percent penalty tax in addition to any ordinary federal income tax you owe. Please consider consulting a tax advisor before applying for a taxable loan from NYSLRS.

To Apply

Online: Sign in to *Retirement Online*, our self-service tool that gives you secure access to your retirement account information. It is the fastest, most convenient way to apply for a loan. You can also see how much you are eligible to borrow, what the repayment amount would be and if your loan will be taxable. Visit our NYSLRS home page to sign in or register for *Retirement Online*.

By Mail: Print a loan application from our Forms page and mail your completed application to NYSLRS. Applying by mail adds processing time to your loan.

If you already have an outstanding loan with NYSLRS and want to take another loan: Sign in to your *Retirement Online* account to see if your loan will be taxable and to help you determine if refinancing your current loan or carrying multiple loans would be better for you.

With **multiple loans**, each loan has a separate five-year due date and minimum payment. These minimum payments are added together for a total minimum payment. This combined repayment amount for multiple loans is higher than the single amount for a refinanced loan, but with multiple loans, as each loan is paid off, the total minimum payment goes down.

With a **refinanced loan**, you add the new loan amount to your existing balance and refinance the entire amount as one new loan. The minimum repayment amount for a refinanced loan is lower because repayment of the total amount is spread out over another five years. The taxable amount of a refinanced loan is always higher (unless the entire loan is nontaxable), **so federal withholding can significantly reduce the loan amount payable to you.**

You can also contact our Call Center at 1-866-805-0990 (518-474-7736 in the Albany, NY area) and connect with our automated information line. Once you access the loan menu, you can receive specific information relating to your account for multiple and refinanced loans, or you can speak directly to a customer service representative.

¹Updated 1/18

COST-OF-LIVING ADJUSTMENT

Once you meet the eligibility requirements, including age and number of years retired, your retirement benefit will permanently increase each year. This adjustment, subject to pension caps and limitations, is 50 percent of the previous year's annual rate of inflation, but never less than 1 percent or more than 3 percent of your benefit. The adjustment percentage is applied only to the first \$18,000 of your Single Life Allowance, even if you selected a different option at retirement.

You will begin receiving cost-of-living adjustments (COLAs) when you are:

- Age 62 or older and retired for five or more years;
- Age 55 or older and retired for ten or more years (generally applies to members in special plans that allow for retirement, regardless of age, after a specific number of years); or
- Receiving a disability pension for five or more years.

When you die, if you selected an option that pays a lifetime benefit to your beneficiary, and the beneficiary is your spouse, he or she will be eligible to receive half of the COLA amount you would have been entitled to receive.

DIVORCE

The New York State Court of Appeals has determined that retirement benefits are marital property and subject to equitable distribution. “Equitable distribution” is the division of marital assets between spouses after the marriage has ended. This division must be stated in the form of a Domestic Relations Order (DRO) if we are to pay a portion of your pension to your ex-spouse.

A DRO gives us specific direction on how your retirement benefits should be divided. However, it does not allow for a distribution of your pension until you actually retire, die or terminate membership.

If you are divorced, it is especially important to review your beneficiary designations to ensure your benefits will be distributed according to your wishes. Effective July 7, 2008, beneficiary designations for certain benefits are revoked when a divorce, annulment or judicial separation becomes final. An exception applies if the terms of a DRO specify otherwise. Beneficiary designations may be revoked for the Ordinary Death Benefit, Cash Refund Initial Value option (Tier 1), Cash Refund Contributions option (Tiers 1, 2 and 3) and Five and Ten Year Certain options. The Survivor Benefit beneficiary designations made by retirees who chose the Single Life Allowance option or certain alternative options may also be revoked.

For more information on how your pension benefits may be affected by divorce, consult your attorney, contact our Matrimonial Bureau, read our guide to Domestic Relations Orders and review our Divorce FAQs.

Vested Retirement Benefit

ELIGIBILITY

You are eligible for a vested retirement benefit if you leave public employment before retirement age and you have met the minimum service requirement. Tier 1, 2 and 3 members must have five years of credited member service. Tier 5 and 6 members must have ten years of service credit. When you reach retirement age, you will be entitled to a retirement benefit based on your service and salary earned when you were an active member.

Tier 1 members under the alternative age 55 plan may receive their full vested benefits at age 55. Tier 2, 3 and 5 members under this plan may receive their full vested benefits at age 62, or may choose early retirement, between ages 55 and 62, with reduced benefits.

Tier 1 members under the age 60 plan may receive their full vested benefits at age 60. Tier 2, 3 and 5 members under this plan may receive their full vested benefits at age 62, or may choose early retirement, between ages 60 and 62, with reduced benefits.

Tier 6 members are eligible to receive their full vested benefits at age 63. They cannot choose to receive their vested retirement benefit before age 63.

YOUR VESTED BENEFIT

The provisions of the retirement plan that you were covered by in your last public employment determine the vested benefit. For an explanation of your benefit, please refer to the Service Retirement Benefits section.

The vested retirement benefit is payable for your lifetime. You may elect one of several payment options to provide for a continuing payment to a designated beneficiary of your choosing after your death.

FILING

To receive your vested retirement benefit at the earliest possible date, file a retirement application within 90 days before you become eligible. If we receive your retirement application after you become eligible, your vested retirement will be effective on the date the application is received.

Remember, it is up to you to file a retirement application when you become eligible and wish to receive your benefit.

Disability Retirement Benefits

ORDINARY DISABILITY (SECTION 362)

Eligibility

If you are unable to perform your duties because of permanent physical or mental incapacity, and have ten or more years of service credit, you may be eligible for an ordinary disability retirement benefit.

The Benefit

If approved, this is a benefit equal to the greater of:

- 1/60th (1.66 percent) of your FAS for each year of credited service; or
- 1/60th (1.66 percent) of your FAS for each year of credited service, plus 1/60th of your FAS for each year of service you might have earned before attaining age 60, but not more than one-third of your FAS.

The benefit would also include an annuity based on any annuity savings contributions you have made. The mandatory contributions made by Tier 5 and 6 members are not annuity savings contributions, and Tier 5 and 6 members would not receive an annuity based on those contributions.

If you are 60 or older at the effective date of your disability retirement, your ordinary disability benefit would be equal to the benefit that would be payable to you as a service retirement without any reduction for early retirement.

You must select an option for the payment of your disability benefits.

Filing

You, your employer or someone authorized with your power of attorney may file your application for ordinary disability retirement benefits. However, employers may not file applications for members receiving Section 207-a or 207-c (General Municipal Law) benefits.

If you are eligible, applications for ordinary disability, accidental disability, performance of duty disability and regular service retirement benefits may be submitted simultaneously. However, your application for ordinary disability retirement must be submitted while you are in service or within 90 days from the date you:

- Are last paid on the payroll;
- Are last on an authorized medical leave of absence for up to two years (which may be extended for an additional two years); or
- Last receive Workers' Compensation or other similar employer-funded benefits as long as you have not resigned or been terminated from employment while receiving those benefits.

PERFORMANCE OF DUTY DISABILITY

Eligibility

You may be entitled to this disability benefit if you are found permanently disabled as a result of the performance of your duties, regardless of the amount of service you may have.

Notice of Occurrence

To be eligible for this benefit, you must file an application for a performance of duty disability retirement benefit within one year following the alleged incident or occurrence. Otherwise, you must have filed a written notice of the incident or occurrence with:

- The Retirement System within 90 days of the incident or occurrence; or
- Your employer within 30 days of the date of the incident or occurrence, if your employer is covered by the Workers' Compensation Law or if the incident or occurrence took place on or after September 1, 1980.

The written notice must detail the time and place of the incident or occurrence, the particulars thereof, the nature and extent of your injuries, and the alleged incapacity.

The Benefit

If approved, the benefit would be equal to one-half (50 percent) of your FAS, plus an annuity based on any annuity savings contributions you have made. The mandatory contributions made by Tier 5 and 6 members are not annuity savings contributions, and Tier 5 and 6 members would not receive an annuity based on those contributions. The performance of duty disability benefit is not reduced by any Workers' Compensation benefit you may be eligible to receive.

You must also select an option for the payment of your disability benefits.

Filing

You, your employer or someone authorized with your power of attorney may file your application for performance of duty disability retirement. The application must be filed while you are still in service or within two years of your discontinuance from service. When filing for this benefit, "in service" is defined as while you are:

- Being paid on the payroll;
- On an authorized medical leave of absence for up to two years (which may be extended for an additional two years); or
- Receiving Workers' Compensation or other similar employer-funded benefits for up to two years since last being paid on the payroll, as long as you have not resigned or been terminated from employment while receiving those benefits.

If you are eligible, applications for ordinary disability, performance of duty disability, accidental disability and regular service retirement benefits may be filed simultaneously.

ACCIDENTAL DISABILITY

Eligibility

Regardless of the amount of service credit you may have, if you become permanently incapacitated (physically or mentally) and unable to perform your job as the natural and proximate result of an on-the-job accident not due to your own willful negligence, you may be eligible for this benefit.

You may also be eligible if you are permanently disabled because you contracted HIV (where there may have been exposure to bodily fluids that may have involved the transmission of this disease), tuberculosis or hepatitis after contact with members of the public.

Notice of Accident

To be eligible for this benefit, you must have filed a written notice of the accident with:

- The Retirement System within 90 days of the accident; or
- Your employer within 30 days of the date of the accident, if your employer is covered by the Workers' Compensation Law or if the accident occurred on or after September 1, 1980.

The written notice must detail the time and place of the accident, the particulars thereof, the nature and extent of your injuries, and the alleged incapacity.

If no written notice of the accident is filed as noted above, you may still be eligible for this benefit if you file an application for an accidental disability retirement benefit within one year following the alleged accident.

The Benefit

If approved, the accidental disability retirement benefit is a lifetime pension equal to three-quarters (75 percent) of your FAS, plus an annuity provided by any annuity savings contributions you may have made while in service. The mandatory contributions made by Tier 5 and 6 members are not annuity savings contributions, and Tier 5 and 6 members would not receive an annuity based on those contributions.

You must also apply for Workers' Compensation benefits if you are eligible. Regardless of tier, the accidental disability benefit will be reduced by the total amount of Workers' Compensation benefits that you are eligible to receive.

You must also select an option for the payment of your disability benefits.

Filing

You, your employer or someone authorized with your power of attorney may file your application for accidental disability retirement. The application must be filed while you are still in service or within two years of your discontinuance from service. When filing for this benefit, “in service” is defined as while you are:

- Being paid on the payroll;
- On an authorized medical leave of absence for up to two years (which may be extended for an additional two years); or
- Receiving Workers’ Compensation or other similar employer-funded benefits for up to two years since last being paid on the payroll, as long as you have not resigned or been terminated from employment while receiving those benefits.

If you are eligible, applications for ordinary disability, performance of duty disability, accidental disability and regular service retirement benefits may be filed simultaneously.

SPECIAL DISABILITY BENEFITS

Firefighters and police officers may be eligible for an accidental disability retirement benefit if you are permanently disabled because you contracted HIV (where there may have been exposure to bodily fluids that may have involved the transmission of this disease), tuberculosis or hepatitis after contact with members of the public.

Firefighters who are permanently disabled by heart disease, certain types of cancer or lung disease, but passed a physical examination upon entry to firefighting service that did not reveal evidence of the disabling condition, may be eligible for an accidental or performance of duty disability retirement benefit.

Police officers who are permanently disabled by heart disease but passed a physical examination upon entry to police service that did not reveal any evidence of disease or other impairment of the heart may be eligible for a performance of duty retirement benefit.

Death Benefits

ORDINARY DEATH BENEFIT

Your beneficiary may be entitled to an ordinary death benefit, in lieu of a monthly pension, if your death is not attributable to an on-the-job accident. The beneficiaries of active (not retired) members generally are not entitled to a monthly pension benefit. The first \$50,000 of this benefit is paid in the form of group term life insurance, which is currently exempt from federal income tax. Your accumulated contributions (if any) are also payable to your beneficiary.

Eligibility

An ordinary death benefit may be payable to your designated beneficiary if you have completed at least one year of service since last joining the Retirement System **and** your death occurs:

- While you are on the payroll;
- While you are on an authorized medical leave of absence (with or without pay);
- While you are receiving Workers' Compensation or other employer-funded benefits, for up to two years (which may be extended for an additional two years) following the last date you were paid on the payroll, provided your employment has not been terminated by resignation, employer action, retirement or any other means while receiving those benefits; **or**
- Within 12 months of the last date you were receiving salary, on an authorized medical leave of absence or receiving Workers' Compensation or other employer-funded benefits, provided you were not otherwise gainfully employed or retired during that period.

Filing

Your family or employer should notify us of your death as soon as possible so we can send the appropriate forms to your beneficiary.

TIER 1 DEATH BENEFITS

Ordinary Death Benefit

This benefit is equal to 1/12th (8.33 percent) of your last year's earnings, multiplied by your years of service credit up to 36 years.

Alternative Death Benefit

If you die while in service, but after having become eligible to retire, an alternative death benefit may be payable. This benefit would be the amount necessary to pay your pension if you had retired on the date of your death. This benefit frequently is larger than the ordinary death benefit.

TIER 2, 3, 5 AND 6 DEATH BENEFITS

Members who joined before January 1, 2001 were given a choice between two death benefits. If you chose death benefit one and you die while in active service, your beneficiary will be paid the greater of the two death benefits; if you die after retirement, and meet the eligibility criteria, your beneficiary will receive the post-retirement death benefit.

Members who join on or after January 1, 2001 will automatically be covered by death benefit two, the greater benefit in almost all cases. Death benefit two is equal to your salary multiplied by your years of service, not to exceed three years of salary. For example, if you die after one year of service, your beneficiary would receive a benefit equal to one year of your salary; if you die after two years, your beneficiary would receive a benefit equal to two years of your salary; and if you die after three or more years of service, your beneficiary would receive a benefit equal to three years of your salary. The salary is limited by Section 130 of the Civil Service Law.

If you are in service at age 61, your death benefit will be reduced by 3 percent and will be further reduced by 3 percent each year you continue to be in service. It will not be reduced below 70 percent of the original benefit payable.

Death benefit two provides a post-retirement death benefit if you:

- Retire directly from service; or
- Are a vested member and your date of retirement is within one year of leaving covered employment.

The post-retirement death benefit is calculated at retirement. During your first year of retirement, the benefit is 50 percent of the ordinary death benefit payable at retirement; during your second year of retirement, the benefit is 25 percent. During your third year and thereafter, the benefit will be 10 percent of the ordinary death benefit that would have been payable at age 60, if any, or at retirement, whichever was earlier.

Example:

Retirement at age 62 with a salary of \$60,000	
\$60,000 × 3 =	\$180,000
Reduction for working after age 60:	<u>- 10,800</u>
Ordinary Death Benefit at Retirement:	\$169,200
1st year of retirement	
(50 percent of ordinary death benefit):	\$ 84,600
2nd year of retirement	
(25 percent of ordinary death benefit):	\$ 42,300
After 2nd year of retirement	
(10 percent of benefit at age 60):	\$ 18,000

OUT-OF-SERVICE DEATH BENEFIT

If you are a vested member with at least ten years of credited service, have not retired, and you die more than one year after leaving public employment, 50 percent of the death benefit may still be payable. This vested benefit may also be payable if you die within one year of leaving covered service, but were gainfully employed during that time.

ACCIDENTAL DEATH BENEFIT

Eligibility

Regardless of your years of service credit, if you die as the natural and proximate result of an on-the-job accident not due to your own willful negligence, an accidental death benefit may be payable on your behalf.

The Benefit

The accidental death benefit is a lifetime pension if paid to a surviving spouse or dependent parent. The annual benefit is equal to one-half (50 percent) of your FAS (less any Workers' Compensation benefit paid or payable because of your death). Any accumulated contributions will be refunded to your designated beneficiary or to your estate.

The benefit can only be paid to the following family beneficiaries, in this order:

- First, to your surviving spouse, for life;
- Second, where there is no surviving spouse or in the event of his or her death, to minor children until the last child reaches age 18, or if students, until age 23;
- Finally, where there is no surviving spouse or minor children, to a dependent parent for life.

If all the beneficiaries listed above become ineligible for benefit payments, and the payments made to that time do not equal or exceed the amount of the ordinary death benefit that would have been payable at the time of death, we will pay the difference to your designated beneficiary or to your estate. If you have no beneficiaries as listed above, we will not pay the accidental death benefit but will pay the applicable ordinary death benefit to your last designated beneficiary or your estate.

Filing

Your family or employer should notify us of your death as soon as possible so we can forward the appropriate forms to your beneficiary. The application for the accidental death benefit must be filed within two years of your date of death.

SPECIAL ACCIDENTAL DEATH BENEFIT

Eligibility

If you die under circumstances that permit payment of the accidental death benefit, a special accidental death benefit will be paid to your surviving spouse. If the surviving spouse receiving the special accidental death benefit dies, this benefit will be paid to your children who are under the age of 18 or, if they are students, until the age of 23.

The Benefit

The special accidental death benefit is a pension equal to your salary reduced by:

- The accidental death benefit without reductions; and
- The Social Security benefit payable.

The salary used to compute the special accidental death benefit will not be less than:

- The full salary you would have earned in the highest grade-step; or
- If you were in the highest grade-step of a supervisory position, the salary that would have been payable to a police superior officer or a fire officer.

World Trade Center Presumption

If you participated in the World Trade Center rescue, recovery or clean up efforts, and you were a member of the Retirement System at that time, you should be aware of the benefits provided by the World Trade Center Presumption law.

- You may be eligible for an accidental disability retirement benefit if you become permanently disabled and unable to perform your job due to a qualifying condition.
- You may be eligible to reclassify your service or disability retirement benefit to an accidental disability retirement benefit if you develop a qualifying condition after you retire.
- Certain family beneficiaries may be eligible to receive an accidental death benefit if you die from a qualifying condition.

There are specific eligibility requirements and filing deadlines that must be met for these benefits. For more information, visit our World Trade Center Presumption webpage.

Receiving Your Benefits

APPLYING FOR BENEFITS

To apply for all Retirement System benefits, you must file the appropriate application form with the Office of the State Comptroller in a timely manner. Forms are available from our website, our Call Center or your employer. Specific filing instructions are detailed in each benefit description. If you need help, you can call or write us, or make an appointment to speak with an Information Representative at one of our consultation sites throughout New York State.

Filing With the Office of the State Comptroller

Many retirement benefit applications and other documents are required by law to be filed with the Office of the State Comptroller within specific time limits. For a form to be considered as “filed with the Comptroller,” it must be received by our Albany office, one of our consultation sites, or another office of the State Comptroller. **Giving your employer the form does not mean that you have “filed with the Comptroller.”**

As an alternative to visiting our offices to file these time-sensitive documents personally, you can fulfill the filing requirements by mailing the document to us. We will consider it filed when it is delivered to us by the Post Office. If you are concerned about meeting a filing deadline, you can mail the document via “Certified Mail — Return Receipt Requested.” When we receive the document, it will be considered as having been filed on the same date it was mailed.

To meet a filing deadline (such as an application for retirement benefits or an option election form), you can also send the document to us via fax. Although we will consider the form as filed on the date the transmission is received, you must still mail us the original document to continue the process and properly complete the filing requirement.

Filing Multiple Applications

Should you become ill or disabled and unable to perform your duties, depending on the circumstances, you may be eligible to file applications “without prejudice” for disability and regular service retirement benefits simultaneously. “Filed without prejudice” means we will process all filed applications and, if more than one benefit is approved, you will be given the opportunity to choose your pension from the approved benefits.

CHALLENGING A DETERMINATION

We can pay only those benefits authorized by law, and cannot pay you any benefits if you do not meet all the eligibility requirements established by law. If you believe that your benefit has been incorrectly denied or improperly calculated, you may request a hearing and redetermination to be held before an independent hearing officer.

Your request must be in writing and directed to the Hearing Administration Bureau within four months of the determination. We will send you an acknowledgment letter with an explanation of the hearing process when we receive your written request. If you have questions regarding the hearing process, please review our Administrative Hearing FAQs, email our Hearing Administration Bureau at Hearings@osc.state.ny.us or call us at 1-866-805-0990 or 518-474-7736 in the Albany, New York area.

How to Stay Informed ¹

Your retirement benefits are an important part of a solid financial plan. They can help you and your beneficiaries achieve financial security in retirement or in the event of disability or death. Use these tips to help you understand your benefits and stay informed.

- Register for *Retirement Online*, a convenient and secure way to review your benefits and conduct transactions in real time. In many cases, you'll be able to use *Retirement Online* instead of mailing forms or calling NYSLRS. Members can view benefit information, update contact information, view and update beneficiaries and apply for a loan. Learn more about *Retirement Online*.
- Review your Member Annual Statement carefully and notify us of any errors promptly.
- Visit our website frequently to learn about your benefits, download forms, read informative booklets and brochures, and get tips on preparing for retirement.
- Attend a pre-retirement presentation to learn about the retirement process and discuss post-retirement issues. At your employer's request, we offer these presentations designed for members within five years of retirement eligibility.
- Make an appointment to visit any of our consultation sites where you can meet with an information representative to discuss special concerns or request specific information.
- Notify us if your mailing address changes. This is especially important if you leave public employment before you are eligible to retire.
- Subscribe to our blog, *New York Retirement News*, where you'll find tools to help you understand your benefits, as well as important retirement news.
- Like us on Facebook and follow us on Twitter for quick tips and updates on a variety of retirement topics.
- Sign up for *E-News*, our email newsletter, for the latest NYSLRS news and information dedicated to pre-retirement planning.
- Read your member newsletter, *The Sentinel*, for current retirement information and updates on your benefits.
- Contact us with any questions you have about your benefits.

¹Updated 11/17

About This Publication

This retirement plan summary describes the benefits available to Tier 1, 2, 3, 5 and 6 Police and Fire Retirement System members covered by the Basic Retirement Plan. (There is no Tier 4 in the Police and Fire Retirement System.) These benefits are provided by Sections 370-a, 371-a and 375 of the New York State Retirement and Social Security Law (RSSL) as enacted by the New York State Legislature.

Throughout this publication, you will find references to “Sections” and “Articles” that refer to the RSSL. The New York State and Local Retirement System, headed by the Comptroller of the State of New York, administers this plan. Our main office is in Albany, New York.

This publication is a general summary of membership benefits, rights and responsibilities, and is not a substitute for any New York State or federal law. For specific information about your benefits, please contact us.

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