



LIFE

Changes

How Do I...

Prepare
to Retire?



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



New York State and Local
Retirement System

Employees' Retirement System
Police and Fire Retirement System

A Message from Comptroller Thomas P. DiNapoli



As we live longer, many people will find themselves spending up to a third of their lives in retirement. That is why you should consider what you need to do to ensure a financially secure retirement.

The first step is becoming well informed. This booklet provides you with information you need as you begin planning for retirement. It describes some of the resources available to you; presents factors to consider as you plan; takes you step-by-step through the retirement process; and even addresses many post-retirement concerns.

While this booklet is useful, it may not address all of your unique circumstances. Please remember that our staff is available to answer any questions you have about your benefits.

Sincerely,

A handwritten signature in black ink that reads "Tom DiNapoli". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Thomas P. DiNapoli
State Comptroller

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UNDERSTANDING YOUR BENEFITS

Become Informed

Understanding what benefits you currently have and what you are eligible to receive is an essential part of preparing for retirement. There are several major sources for this information.

■ Our Website

When you joined the Retirement System, you were assigned to a tier and retirement plan. You can find specific information about your plan, the benefits you are entitled to receive and when you can receive them on our website at **www.osc.state.ny.us/retire**. Since our website is updated periodically to reflect changes in the law, visit often to ensure you have the most up-to-date information on your plan.

■ Your Member Annual Statement

Your Member Annual Statement (MAS) shows the latest information we have for you, including your service credit, salary and outstanding loan balances. For most members of the Employees' Retirement System, it also includes "Projected Benefits and Retirement Options" — a ballpark estimate of your pension that details each payment option available to you when you retire.

The information on this statement has been reported by your employer(s) and is examined to determine your pension. If there are any errors, have them corrected immediately. If you believe your salary is not accurate, please contact your employer. If corrections are needed, your employer will complete an adjustment report and submit it to us so we can change your salary records.

If you have questions about your statement, our online MAS Tutorial can help. This interactive tutorial includes a page-by-page explanation of your statement, instructions on how to correct or update your information and answers to Frequently Asked Questions.

■ Semiannual Newsletters

Laws affecting the Retirement System, and possibly your benefits, can change. We are always offering new pre-retirement planning information to our members. In addition to checking our website, you can get information by reading *The Update* for Employees' Retirement System (ERS) members and *The Sentinel* for Police and Fire Retirement System (PFRS) members. These newsletters are sent to your employer for distribution twice a year and are also available on our website.

■ E-News

E-News, our monthly email newsletter, lets you know about the latest retirement news and includes a special section dedicated to pre-retirement planning. To start receiving *E-News*, visit **www.osc.state.ny.us/retire** and click on “Sign up for *E-News* emails.”

■ Pre-Retirement Presentations

At your employer’s request, we offer pre-retirement presentations for members within five years of retirement eligibility. These presentations guide you through the retirement process, explain the benefits you can expect and discuss post-retirement issues. Try to attend one at least 18 months before you plan to retire to get more detailed information on the retirement process.

■ Individual Consultations

Our Information Representatives are available to meet with you at 16 locations throughout New York State. While all of our sites have access to your Retirement System records, we encourage you to bring your retirement estimate or your most recent MAS. For consultation site hours and locations, check the consultation site page on our website at **www.osc.state.ny.us/retire/consultation_site_offices**. To schedule an appointment, contact our Call Center at 1-866-805-0990 or 518-474-7736 in the Albany, New York area.

RETIREMENT PLANNING TIPS

Your Public Employment History — Make Sure Your Credit is Complete

The amount of your pension is directly related to your years of public service, unless you are in a plan allowing you to retire after 20 or 25 years of specific service. When you work for a participating public employer in New York State, you receive service credit. One year of full-time employment is the same as one year of service credit.

While we keep records for all of our members from the date they join the Retirement System, we have no way of knowing if and when our members previously worked for a public employer. If you worked for a public employer before you joined the Retirement System, you may be able to receive service credit for that time.

Please note that you must request credit for any previous service prior to retirement.

Purchasing Previous Service Credit

If you apply for previous service credit and we find that you are eligible, we will notify you. Most of the time there is a cost associated with receiving this credit. We will calculate the cost and give you several options for payment, such as through payroll deductions or in a lump sum. In most cases you are buying back the years of credit with interest, so it is to your advantage to purchase your credit as early

in your career as possible in order to pay less interest. To request previous service credit, complete and send us a Request for Previous Service form (RS5042).

The form is available on the Forms page (www.osc.state.ny.us/retire/forms) of our website under “Service Credit” or by contacting our Call Center.

Usually, purchasing this credit will be optional. However, in most cases, the credit will increase the amount of your benefit. For more information, read *Get Credit for All Your Public Service* on our website.

Paying Off Loans And How to Avoid a Problem

You cannot pay off your loan after you retire. If you have an outstanding balance when you retire, it will **permanently reduce** your retirement benefit, and at least some portion is almost always reportable as ordinary income (subject to federal income tax). If you don't want a permanent reduction, you can increase the amount of your loan repayments or make lump sum payments so your loans are paid before retirement.

Your Final Average Salary (FAS) — Be Aware of the Limits

In addition to service credit, your pension is also directly related to your final average salary (FAS), although there may be limitations.

Generally, your FAS is the average of your highest 36 consecutive months of wages you earned in public employment. For most, this is the last three years of employment (but it can be anytime in your career). Wages are your regular salary, but can also include the following payments:

- Payments for overtime — if earned within the period of time used in the calculation of your FAS;*
- Holiday pay;
- Longevity payments — if earned within the period of time used to determine your FAS;
- Vacation pay (up to 30 days) — if your FAS is based on the last 36 months of salary prior to your retirement (Not available to Tier 1 members who joined on or after April 1, 1972, Tier 2 members or PFRS Tier 5 members).

■ PFRS Members Only

Some employers provide a one-year FAS for their PFRS members. A one-year FAS is the regular compensation you earned during the 12 months of actual service immediately preceding your retirement date. (Check with your employer to

* For Tier 5 members, the amount of overtime that can be used in an FAS calculation is limited.

see if this option is available to you.) Salary, overtime, holiday pay and longevity pay are among the payments considered regular compensation. For more information on what can and cannot be included, consult your retirement plan information on our website. If your three-year FAS is greater than your one-year FAS, we will use the three-year FAS to calculate your pension.

■ Limitations to Your FAS

The earnings used to calculate your FAS may be subject to certain limitations based on your tier and the date you joined the Retirement System. For the latest information on FAS limits, visit the Final Average Salary page in the members section of our website (www.osc.state.ny.us/retire/members).

Working Longer — The Question of a Full vs. Reduced Pension

If you are a Tier 2, 3, 4 or 5 ERS member and you work until you are 62, you will retire with a full pension. Tier 2, 3 and 4 members who are 55 or older and have 30 or more years of service credit can also retire with a full pension. However, if you retire before meeting these requirements, your pension is permanently reduced. Since the full amount of your pension is tied to your age and service credit, the closer you are to age 62 when you retire, the less a reduction there will be in your pension.

If You're Not Working for a Public Employer — Filing at 55 vs. 62

If you are a vested member,* no longer work for a public employer, and do not anticipate returning to public employment, you may want to consider filing your retirement application when you are 55. While there may be a reduction in your pension if you retire prior to age 62, it would take approximately 19 years to recover the benefits you would have received between the ages of 55 and 62, if you wait until age 62 to retire.

On the other hand, if you anticipate returning to public employment, you should evaluate the potential impact on your pension of additional service credit and salary before deciding to retire prior to age 62.

These reductions do not apply to Tier 1 members.

The Sick Leave Benefit — Sections 41(j) / 341(j) (RSSL)

Section 41(j) (ERS members) and 341(j) (PFRS members) of the Retirement and Social Security Law (RSSL) provide an optional sick leave benefit. If your employer offers this benefit, you may receive additional service credit for your unused, unpaid sick leave at retirement. To be eligible for this benefit, you must retire directly from public service or within a year of separating from service. The additional credit is determined by dividing your total unused, unpaid

* Tier 2, 3 and 4 members are vested when they have at least five years of credited service. Tier 5 members must have ten years of credited service to be vested.

sick leave days, which cannot exceed 165 (200 days for some members), by 260. Check your MAS to see if this benefit is available to you.

Credit for your unused sick leave at retirement cannot be used to increase your pension beyond the maximum amount payable under your retirement plan. It also will not qualify you for vesting, a special retirement plan or a better retirement benefit calculation.

Accumulated sick leave may also reduce or eliminate post-retirement health insurance costs. We do not administer health insurance programs for retirees, but your employer's health benefits administrator can tell you if you and your family are eligible for post-retirement coverage. For New York State employees and others covered by the New York State Health Insurance Program, visit the Department of Civil Service's website at **www.cs.state.ny.us**.

The Retirement Benefit Calculator — A Great Website Tool to Estimate Your Pension

The Retirement Benefit Calculator is available on our website and allows most members to enter different retirement dates, final average salaries and service credit totals to estimate what their pension could be when they retire. By entering a variety of information, you can see the impact additional service credit or delaying retirement may have on your pension. Visit the Members Section of our website at **www.osc.state.ny.us/retire/members** and click on "*Project Your Pension.*"

RETIREMENT COUNTDOWN

Now that you are seriously considering retirement, there are important things you need to know and do in the months leading up to the big day. Here are just a few steps you can take to avoid hitting bumps in the final stretch of road.

Requesting an Estimate — Your Big-Time Tool for Success

If you are eligible to retire within 18 months, one of the most important things you can do is request an estimate. With your estimate, you can confirm that the information we have for you is accurate. (For example, if you requested credit for previous public employment, make sure it is reflected on your estimate.)

The estimate will show:

- Your approximate FAS (not including vacation pay, future increases in salary, etc.);
- Your total years of credited service;
- Your total member contributions, if applicable;
- Your outstanding loan balances and how much your pension will increase if you pay off the loans before retiring (if applicable);
- The retirement date used to determine your pension;
- The names and birth dates of your current beneficiaries;

- How much your pension will be under each of the retirement payment options; and
- The increase in your pension if you purchase non-member or withdrawn service (if applicable).

To get an estimate, send us a completed Request for Estimate form (RS6030), available on the Forms page of our website (www.osc.state.ny.us/retire/forms). You can also write to us. In your letter, include your estimated retirement date, the name and birth date of your intended beneficiary, your public employment history, any military service you may have and your retirement registration number.

The information we have in our records is used to provide you with an estimate of what your pension will be on your estimated date of retirement. Therefore, when you receive your estimate, report any inconsistencies to us as soon as possible. Remember, the figures in the estimate are not final and should be used only as a guide.

After getting your estimate, if you decide not to retire, you may request a new estimate 18 months after receiving the initial one.

Proof of Your Birth Date — A Must-Have Document

Before you can receive any pension benefits, we must have proof of your birth date on file. A photocopy of your birth certificate is acceptable. If we need to see the original document, we will contact you.

You can submit proof of your birth date anytime before you retire.

If you do not have a birth certificate, we will also accept one of the following:

- Baptismal Certificate;
- Certificate of Release or Discharge From Active Duty (DD-214);
- Enhanced Driver License
- Passport; or
- Naturalization Papers.

If you are unable to provide one of these documents, please contact us for information about other acceptable documents.

Your Domestic Relations Order — Send us a Copy

In New York State, pensions are marital property and subject to the “equitable distribution” provisions of the Domestic Relations Law. (Equitable distribution is the division of marital assets between spouses after a marriage has ended.)

A Domestic Relations Order (DRO) is a court order that provides a member’s former spouse with a share of the member’s benefit upon retirement. It is not the same as a judgment of divorce or separation agreement, but a separate court document which, once accepted by us, is legally binding on the Retirement System. We will not make payments to a former spouse based on a separation agreement or judgment of divorce alone. The DRO may also require you to elect a specific option or make a beneficiary designation on your former spouse’s behalf. If we do not receive a DRO prior to your retirement, you may still be obligated to make payments to your former spouse on your own, and may be

liable if you fail to make the beneficiary designations or option election required by the court.

If you were divorced in another state, we will honor the out-of-state order if you submit a notarized statement to us:

- Consenting to the laws of New York State;
- Authorizing us to make payments from your pension in accordance with the provisions of the order; and
- Releasing us from any liability whatsoever as a consequence of any payments based upon that order.

For more information, read our guide to domestic relations orders and Divorce FAQs, which are available on our website under members (www.osc.state.ny.us/retire/members).

Review Your Health Insurance Coverage

Before you retire, check with your employer's health benefits administrator to determine your eligibility for post-retirement coverage for yourself and your family. (We do not administer health insurance benefits.) The administrator will be able to provide you with information concerning the type of coverage available, the cost, and how much you must pay. If you are not eligible for coverage after retirement or you need supplemental coverage, you should investigate private health insurance well in advance of retiring.

For New York State employees and retirees, the New York State Department of Civil Service administers the New York State Health Insurance Program (NYSHIP). Your health benefits administrator should be able to answer your questions about your coverage as a retiree, or you can visit the Department of Civil Service's website at www.cs.ny.gov to learn more.

Early Retirement Incentives — Be Informed and Prepared

Occasionally, and sometimes with little forewarning, the Legislature enacts retirement incentive programs. These incentive programs, which are different from local incentives your employer may offer, could provide additional service credit or allow you to retire before you would normally be considered eligible (sometimes with benefit reductions). It is important to note that the New York State Legislature authorizes the enactment of these early retirement incentive programs. The Retirement System simply administers them. We will notify you and your employer if the Legislature makes an incentive program available.

RETIREMENT PROCESS — STEP-BY-STEP

If your records are in order and you meet the eligibility requirements, the retirement process can be very simple. The following is general information regarding the steps to take once you are ready to retire.

Filing Your Retirement Application — The Form That Makes it Official

You cannot receive your pension unless you file an Application for Service Retirement (RS6037), available on the Forms page of our website (www.osc.state.ny.us/retire/forms). It is also available from your employer, our consultation offices or our Call Center. Staff members at our consultation sites are notary publics and can help you with your application, if you need it.

The application can be filed up to 90 days before your retirement date. However, it must be filed with us at least 15 days before your retirement date. (Vested members no longer on a public employer's payroll can file between 90 days and one day before their retirement date.) **Do not give your retirement application to your employer. Please send it to us directly.**

The Confirmation Letter — You're on Your Way

Once we receive your application, we will send you a confirmation letter. We will also notify your employer that you have filed for retirement. If you received a formal estimate from us within the past 18 months, we will include three forms with the letter:

- Your W-4P form (Withholding Certificate for Pension or Annuity Payments), so you can choose the amount you want withheld from your benefit each month for federal taxes;
- A direct deposit enrollment form, so you can have your benefit payment automatically deposited into your checking or savings account as soon as we finalize your retirement; and
- An Option Election form, so you can choose how you want your pension paid based on the information supplied in that estimate.

If you have not previously received an estimate, we will send you the W-4P form and direct deposit enrollment form and begin to process your estimate. Once your estimate is completed, we will send it to you with the Option Election form.

■ The W-4P Form

If you do not submit a completed W-4P form to us, we will still process your retirement application, but the amount of federal tax withheld will be based on the status, “married with three dependents.” You can change your federal withholding tax status at anytime. W-4P forms are

available from our Call Center, consultation sites or website on our Forms page (www.osc.state.ny.us/retire/forms).

Your pension is not subject to the income tax of New York State or its municipalities. However, if you move to another state, it could be taxable in that state. Check with the state where you will be living to see if your pension will be taxable. You can also visit the Retired Public Employees Association's website at www.rpea.org for a complete list of states that do and do not tax New York State pensions.

■ The Option Election

The Option Election form tells us how you want your pension paid to you. It must be filed by the last day of the month in which you retire (unless otherwise notified, as in the case of disability retirement).

All of the options provide you with a monthly benefit for life. The Single Life Allowance option provides you with the highest pension. **However, no payments are made to beneficiaries after you die.** All of the other options reduce your benefit in order to possibly provide for your beneficiary (or beneficiaries) upon your death. Your accountant, financial advisor or estate planner can help you determine the tax implications of the various options.

You have up to 30 days after your retirement benefit is payable to change your Option Election (your benefit is payable on the first of the month following your date of retirement).

If you have not yet received an estimate of the amounts payable under each option available to you, we will notify you of your Option Election deadline.

Receiving Your Pension Checks — What to Expect

■ Advance Checks

Since most employers are on a lag payroll, we cannot get certain information (such as your employer's certification of your unused vacation and sick leave credits) until after you retire. During this time, you may be eligible to receive advance checks (partial payments based on your estimated benefit) until we are able to determine exactly what your pension will be. These checks will be mailed to your home each month, beginning approximately 30-60 days after your date of retirement. **Please note**, your date of birth must be verified before any payment can be made.

■ Your Retroactive Check

As soon as we determine exactly what your monthly pension will be, you will receive a retroactive payment to make up the difference between the advance payments and the amount actually due (minus federal withholding).

Once you receive your retroactive payment, you are automatically included in the regular pension payroll disbursement schedule. With our Direct Deposit Program, your monthly pension payments are directly deposited on the last business day of the month for that month. If you decline automatic enrollment in direct deposit, you will receive pension checks, which are mailed the second to the last business day of each month for that month.

The Direct Deposit Program — The Fastest Way to Get Your Money

You will be enrolled in our Direct Deposit Program at the same time you file for retirement. Just fill out a Direct Deposit Enrollment Application and return it to us. As soon as your retirement benefit is finalized, your payments will be directly deposited into the account you specified on your enrollment application. (If you are eligible for advance payments, these will still be made by paper check.) Direct deposit is quick, easy and safe. In most instances, your money is immediately available and you will not have to rely on the Postal Service to deliver your check or wait in long lines at the bank to cash it. Direct Deposit Enrollment Applications are available on the Forms page of our website (www.osc.state.ny.us/retire/forms).

Planning Your Post-Retirement Budget

Having a post-retirement budget enables you to decide how you can spend your money once you retire. One of the best ways to plan for the future is to keep track of what you spend now. To help you plan your post-retirement budget, we have included our Monthly Expenses Worksheet and Monthly Income Worksheet on the following pages. These forms can help you determine how you spend your money over the course of one or two months. Remember to include expenses that occur periodically, such as car insurance, property taxes and school taxes.

Worksheets to Help You Plan — Monthly Expenses

Item	Present	Anticipated
SHELTER		
Rent	\$ _____	\$ _____
Mortgage Payments	_____	_____
Real Estate Taxes	_____	_____
Insurance	_____	_____
HOUSEHOLD MAINTENANCE		
Repairs, House & Grounds	_____	_____
Water, Electricity, etc.	_____	_____
Fuel	_____	_____
Telephone	_____	_____
Waste Disposal	_____	_____
Hired Help	_____	_____
Other	_____	_____
HOME PURCHASES		
Furniture & Fixtures	_____	_____
Equipment, House & Yard	_____	_____
Other	_____	_____
AUTOMOBILE & TRANSPORTATION		
Monthly Car Payment	_____	_____
Repairs	_____	_____
Gas & Oil	_____	_____
License & Registration	_____	_____
Insurance	_____	_____
Other Transportation	_____	_____
MEDICAL & HEALTH		
Medicines & Drugs	_____	_____
Doctor, Dentist, etc.	_____	_____
Hospital	_____	_____
Insurance Premiums	_____	_____
Other	_____	_____
CLOTHING		
New Clothing	_____	_____
Dry Cleaning, Laundering	_____	_____
Other	_____	_____

ENTERTAINMENT**FOOD**

Food at Home

Food Away from Home

TAXES & INSURANCE

Federal

State & Local

Life Insurance Premiums

PERSONAL CARE

Gym Fees

Grooming

Other

TOTAL

\$ _____ \$ _____

Worksheets to Help You Plan — Monthly Income**Source****Present****Anticipated**

New York State

Retirement Income \$ _____ \$ _____

Social Security Income

Yield from Savings

Dividends from Stocks,
Mutual Funds

Life Insurance Income

Salary

Real Estate

Other Sources

TOTAL

\$ _____ \$ _____

Worksheets to Help You Plan — Where My Assets Are

One problem survivors often have is finding documents and valuable papers. You can do them a favor by filling out this form. Give copies to your loved ones, executor, lawyer and anyone else who will need this information. You should review and update this information periodically.

Name _____

Retirement System

Registration No. _____

Social Security Number _____

My valuable papers and assets are stored in these locations (address plus where to look)

A. Residence _____

B. Safe Deposit Box _____

C. Other _____

ITEM	LOCATION:	A	B	C
My will (original)		_____	_____	_____
Power of attorney		_____	_____	_____
Spouse's will (original)		_____	_____	_____
Safe combination		_____	_____	_____
Trust agreements		_____	_____	_____
Life insurance policy		_____	_____	_____
Health insurance policy		_____	_____	_____

ITEM	LOCATION:	A	B	C
Homeowners policy		_____	_____	_____
Car insurance policy		_____	_____	_____
Employment contracts		_____	_____	_____
Partnership agreements		_____	_____	_____
List of checking/ savings accounts		_____	_____	_____
List of credit cards		_____	_____	_____
Brokerage account records		_____	_____	_____
Retirement plans		_____	_____	_____
Deferred compensation/IRA		_____	_____	_____
Titles and deeds		_____	_____	_____
Notes (mortgages)		_____	_____	_____
List of stored & loaned items		_____	_____	_____
Auto ownership records		_____	_____	_____
Birth certificate		_____	_____	_____
Military discharge papers		_____	_____	_____
Marriage certificate		_____	_____	_____
Children's birth certificates		_____	_____	_____
Divorce/separation records		_____	_____	_____
Health care proxy		_____	_____	_____
Other: _____		_____	_____	_____
_____		_____	_____	_____

IMPORTANT NAMES, ADDRESSES AND PHONE NUMBERS

New York State and Local Retirement System
 110 State Street, Albany, NY 12244-0001.
 1-866-805-0990 or 518-474-7736

Attorney _____

Accountant _____

Insurance Agent _____

Copies Given to _____

Date Prepared _____

NOTE: Beneficiaries should contact the Retirement System to determine what benefits may be due.

HOW TO CONTACT US

If you have questions, do not hesitate to contact us. There are several ways to do this:

- Email us via our website at **www.osc.state.ny.us/retire**;
- Phone our Call Center at 1-866-805-0990 or 518-474-7736 in the Albany, New York area;
- Make an appointment to meet with an Information Representative at any of our 16 consultation sites throughout the State;
- Fax us at 518-402-4433; or
- Write to us at:
New York State and Local
Retirement System
110 State Street
Albany, New York 12244-0001.

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