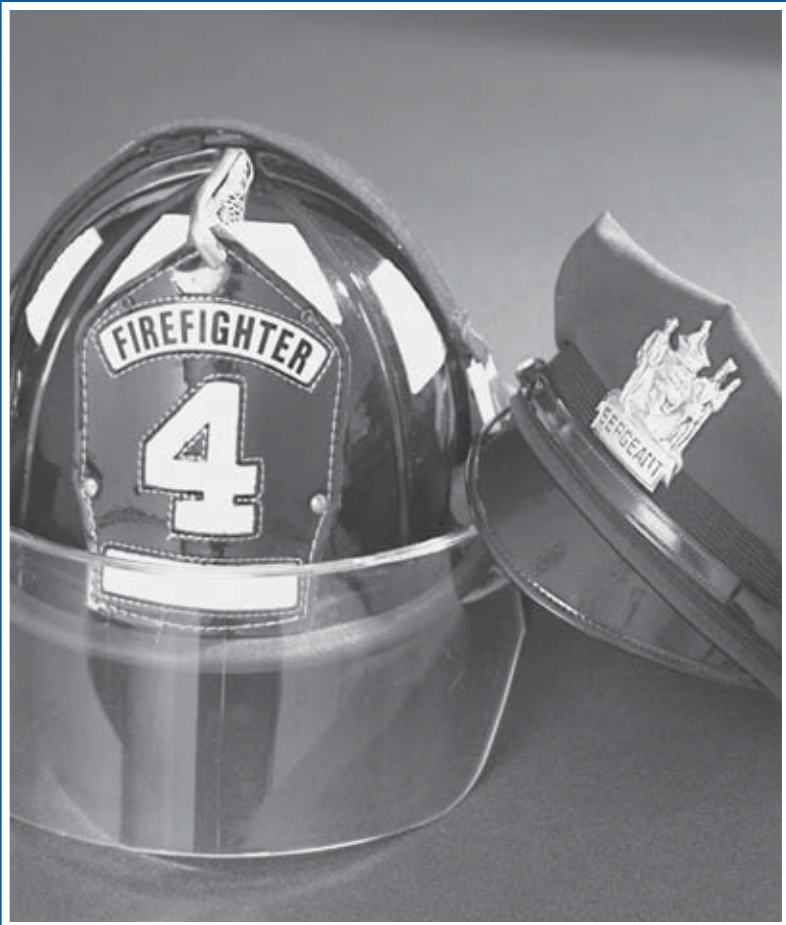


PARTIAL LUMP SUM PAYMENT AT RETIREMENT

For Eligible Police and Fire Retirement System Members



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



New York State and Local
Police and Fire Retirement System

WHAT IS A PARTIAL LUMP SUM PAYMENT (PLS)?

Chapter 735 (Laws of 2006), effective April 1, 2008, allows certain Police and Fire Retirement System members, who are covered by 20- or 25-year retirement plans and have been eligible to retire for at least one year, to receive a partial lump sum payment at retirement. If you choose PLS, you will also receive a reduced lifetime monthly benefit based on the standard retirement option you choose. The reduction in your monthly benefit depends on the amount of your lump sum payment.

A PLS distribution is made as a single payment when we finalize your retirement benefit. If you decide to take advantage of the PLS, you cannot change your mind once 30 days after the end of your retirement month have elapsed. You cannot repay the lump sum amount in the future to increase your monthly service retirement benefit.

Future cost-of-living adjustments (COLAs) will be based on the amount of your reduced lifetime benefit. The lump sum payment is excluded from the COLA calculation.

Eligibility

To be eligible to choose PLS, you must be a member of the Police and Fire Retirement System and:

- Be covered by a plan that allows for retirement after 20 or 25 years of creditable service, regardless of age;
- Have been eligible to retire with a service retirement benefit for at least one year prior to your date of retirement;
- Retire on or after April 1, 2008, and before April 1, 2013;
- Retire with a service retirement (not a disability retirement). If you file for both service and disability retirement benefits, we will pay your full service retirement benefit until a disability determination is made. If you are approved for a disability but choose a service retirement, we will then make the PLS distribution. If you receive a PLS distribution under a service retirement benefit and later convert to a disability retirement, you must repay the PLS distribution.

Please Note: If your retirement benefit must be distributed according to the provisions of a Domestic Relations Order, we must review the court order and make a determination regarding payment of this benefit.

PLS Payment Amounts

PLS payments are a percentage of the actuarial value of your retirement benefit at the time you retire. The amount of the percentage you can choose depends on when you retire.

- If you file for retirement after being eligible to retire for **one year**, you can choose to receive a PLS payment equal to **5 percent** of the value of your benefit. Your continuing lifetime benefit will be reduced by 5 percent.
- If you file for retirement after being eligible to retire for **two years**, you can choose to receive a PLS payment of either **5 or 10 percent** of the value of your benefit. Your continuing lifetime benefit will be reduced by either 5 or 10 percent, depending on the percentage you choose.
- If you file for retirement after being eligible to retire for **three or more years**, you can choose to receive a PLS payment of **5, 10 or 15 percent** of the value of your benefit. Your continuing lifetime benefit will be reduced by the percentage you choose.

Receiving Your PLS Payment

You can have the PLS payment made to you or you can have all or any portion paid in a direct rollover to an IRA (traditional or Roth) or other eligible plan that accepts rollovers.

If you choose to have your PLS payment made directly to you:

- The payment will be subject to federal income tax in the year the payment is made and a tax form 1099-R will be issued the following January.
- We will withhold 20 percent of the taxable amount for federal income taxes.
- If you are less than 50 years old at the end of the calendar year in which payment is made, the payment may be subject to an additional tax of 10 percent for early distribution from a qualified retirement plan.
- A rollover to a traditional or Roth IRA is still possible if completed within 60 days of receiving payment.

If you choose a direct rollover to a traditional IRA or other eligible retirement plan:

- The payment will not be subject to federal income tax in the year the payment is made. A tax form 1099-R will be issued the following January showing that this distribution is not taxable.
- Taxes will be deferred until you withdraw the funds from the IRA or other eligible plan.
- No federal income tax will be withheld from the payment.

If you choose a direct rollover to a Roth IRA:

- The payment will be subject to federal income tax in the year the payment is made and a tax form 1099-R will be issued the following January.
- You may elect to have federal income tax of 20 percent withheld from the payment.

You may wish to contact a tax advisor to determine if PLS is right for you.

Choosing a PLS Payment

When you file for retirement, if you are eligible for PLS, we will send you a special Option Election Form so you can choose PLS as well as the standard option for your monthly benefit. This form must be filed with us by the end of the month in which you retire.

How Much Will I Receive?

You can estimate your lump sum payment amount by following these steps:

1. Determine your Single Life Allowance Option (Option 0). If you are covered under Section 384 or 384-d, your Option 0 benefit is generally 50 percent of your final average salary (FAS). The Benefit Projection Calculator on our website at www.osc.state.ny.us/retire can help you determine your Option 0 benefit.
2. Find your age at retirement on the chart on page 6 (round to the nearest age) and determine your Lump Sum Factor. If your age is not on the chart, you can use the benefit projection calculator on our website.

3. Multiply: Option 0 Benefit (Step 1) ×
Lump Sum Factor (Step 2) ×
5, 10 or 15% = PLS Amount.
4. Calculate your reduced continuing lifetime Single Life Allowance (Option 0) benefit.
 - If you chose a 5% Lump Sum Payment, multiply your original Option 0 amount by 95%.
 - If you chose a 10% Lump Sum Payment, multiply your original Option 0 amount by 90%.
 - If you chose a 15% Lump Sum Payment, multiply your original Option 0 amount by 85%.

Example

Age at Retirement: 49 years, 7 months

Retirement Plan: 384-d (benefit equal to 50 percent of FAS after 20 years of creditable service)

FAS: \$60,000

Date of Retirement: 7/1/2008

Date First Eligible to Retire: 7/1/2005

1. Determine the Option 0 Benefit
 $\$60,000 \text{ (FAS)} \times 50\% = \$30,000$
2. Find the Lump Sum Factor on the chart
Rounded Age at Retirement = 50
Lump Sum Factor = 11.43
3. Multiply to Determine PLS Amount
 $\$30,000 \times 11.43 \times 5\% = \$17,145$
 $\$30,000 \times 11.43 \times 10\% = \$34,290$
 $\$30,000 \times 11.43 \times 15\% = \$51,435$
4. Reduced Annual Single Life Allowance
5% PLS = \$28,500 ($\$30,000 \times 95\%$)
10% PLS = \$27,000 ($\$30,000 \times 90\%$)
15% PLS = \$25,500 ($\$30,000 \times 85\%$)

You do not need to choose the reduced Option 0 as your option. You will be able to choose from any of the standard options. The amount of each standard option will be based on the reduced Option 0 amount.

Lump Sum Factor Chart

Age at Retirement	Lump Sum Factor
40	12.16
41	12.10
42	12.04
43	11.98
44	11.91
45	11.84
46	11.77
47	11.69
48	11.61
49	11.52
50	11.43
51	11.33
52	11.23
53	11.12
54	11.01
55	10.89
56	10.77
57	10.64
58	10.51
59	10.37
60	10.22
61	10.07
62	9.91

Lump Sum Factors are subject to change.

FOR MORE INFORMATION

- Visit our website at **www.osc.state.ny.us/retire**. You can use our PLS Calculator to help you decide if the Partial Lump Sum Payment Option is right for you. You may also find our Frequently Asked Questions helpful.
- Email us through our website at **www.osc.state.ny.us/retire**. (Click on the “Contact Us” button.)
- Contact our Call Center toll-free at 1-866-805-0990 or 518-474-7736 in the Albany, New York area.
- Fax us at 518-402-4433.
- Make an appointment to meet with an Information Representative at any of our 16 locations throughout the State. A list of our locations is available from your employer, our website or our Call Center.
- Write to us at:
New York State and Local
Retirement System
110 State Street
Albany, NY 12244-0001.

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