



LIFE

Changes

What If...



I Leave
Public
Employment?

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



At one time or another, almost every one of us has changed jobs. The move usually brings great expectations and hope for the future, but can also be stressful.

In fact, your life may even become a bit chaotic, causing you to overlook important issues that could affect you and your loved ones in the future. That's the reason for this brochure. It outlines what you need to know as a Retirement System member if you leave public employment or go on an extended leave of absence.

I strongly suggest that you take the time to read it carefully so that you thoroughly understand all of your rights and obligations. If you still have any questions or concerns after you read this brochure, please be sure to contact us. We are here to help.

Sincerely,

A handwritten signature in black ink that reads "Tom DiNapoli". The signature is written in a cursive, flowing style.

Thomas P. DiNapoli
State Comptroller

In today's world, it is likely that you will hold more than one job during your professional career. When you stop working for a public employer in New York State, you need to know your rights as a member of this System. Specific rights depend on your tier and the number of years of service you have. Here are answers to some of the questions we often receive.

What constitutes public employment in New York State?

Public employment in New York State means working for:

- The State of New York;
- One of its political subdivisions (county, city, town, village);
- School districts and Boards of Cooperative Educational Services (BOCES);
- Public authorities or public benefit corporations; and
- Other entities that participate in the Retirement System.

What happens to my membership if I leave public employment?

For members with ten or more years of service credit (vested)

Members cannot withdraw from the Retirement System once they have ten years of service credit. When you reach age 55, you should file a retirement application with us.

For members who are not vested

(Tier 1, 2, 3 and 4 members with less than five years of service credit or Tier 5 members with less than ten years of service credit.)

If you are not vested, you may end your membership and request a refund of your contributions by filing a withdrawal application (RS5014). You can download one from our website (www.osc.state.ny.us/retire) or request one from our Call Center. You must be off the payroll at least 15 days before submitting the application.

If you do not withdraw your contributions, they will continue to earn 5 percent interest for seven years. If you are still off the public payroll after seven years, your membership will automatically end and your contributions will be transferred to a non-interest-bearing, non-member account (at which point you should withdraw your contributions, since they will no longer be earning interest). **Note:** The IRS requires you to take your contributions by age 70½.

For Tier 1, 2, 3 and 4 members with between five and ten years of service credit (vested)*

If you have at least five years of service credit when you leave the public payroll, you are vested and can choose one of two options:

- At age 55, you can file an application for retirement and receive a benefit based on your service and salary earned in public employment.
- If you are a Tier 3 or 4 vested member, or a Tier 1 or 2 member with contributions on deposit, you can withdraw your contributions and accumulated interest. You can receive the refund directly or roll your contributions over to an IRA or other qualified retirement plan.

To withdraw your contributions plus the accrued interest, you must file a withdrawal application with us once you have been off the payroll for 15 days. However, withdrawing your contributions will end your Retirement System membership and you will no longer be eligible to receive retirement benefits.

* Tier 5 members must have ten years of service credit to be vested.

Is there an advantage to leaving my contributions on deposit?

Possibly. If you return to public service and your new employer participates in the New York State and Local Retirement System (NYSLRS), your service and salary with your new employer will be added to your current membership, as long as your membership is still active, i.e., has not been withdrawn or automatically terminated. If your new employer participates in another New York State public retirement system, you can transfer your active NYSLRS membership to your new retirement system. Even if you are going to work in the private sector, you might return to public service in the future.

Please note: If you have previous public service for which you do not have credit and you wish to request credit to become vested, you should submit your request while you are still on the payroll of a participating employer. If there is a cost for this credit and you receive a statement of the cost after you leave the payroll, you must make payment within 30 days to receive the credit and become vested. However, if you request credit for this service after you are off the payroll, you must not only pay the cost (if any), but you must also return to the payroll of a participating employer for the service to be credited.

Are there any tax implications of withdrawing my contributions?

If you withdraw your membership and receive a refund of your contributions, the payment is reportable for federal income tax purposes and we are required to withhold 20 percent of the taxable amount. You can preserve the tax-advantage status of these funds, and continue to defer federal income tax, if you transfer the taxable portion of the refund directly into an IRA or another qualified plan. You may wish to consult a tax advisor before withdrawing your contributions.

Do I continue to receive service credit?

Once you leave public employment, you will no longer receive service credit.

What happens to my Retirement System loan?

If you have an outstanding loan or loans when you leave the public payroll, you will be responsible for making payments directly to us, since we will no longer be able to take payroll deductions.

You must make a loan payment at least every three months and your loan must be repaid within five years of the date it was issued. If you do not make payments, your loan will default. The law requires us to report any outstanding loan balances at the time of the default to the IRS as an early distribution from a qualified pension plan. The amount reported could be considered taxable income and you may incur a 10 percent tax penalty in addition to any regular income tax due on the distribution. At the time of the default, you will be advised of the amount of the taxable portion.

You will not be eligible for a loan once you are off the public payroll.

What services are available to me if I'm not on a public payroll?

If you remain a member after leaving the public payroll, you will still:

- Receive a Member Annual Statement each year;
- Be able to request an estimate of your pension;
- Be able to meet with one of our Information Representatives at any of our 16 consultation sites.

What do I have to do as a member who is not on a public payroll?

As a member, it is your responsibility to:

- Keep your beneficiary information current;
- Notify us of all name and address changes;
- File an application when you are eligible to retire at age 55 (you must claim your benefit — it will not start automatically).

Where can I get more information?

For retirement-related information, you can:

- Visit our website at **www.osc.state.ny.us/retire** where you will find the most up-to-date information on your retirement benefits, as well as forms, newsletters and other publications.
- Email us using the Contact Us link on our website.
- Contact our Call Center toll-free at 1-866-805-0990, or 518-474-7736 in the Albany, New York area.
- Make an appointment to speak with an Information Representative at any of our 16 locations throughout the State (a list is available on our website).
- Write to us at:
New York State and
Local Retirement System
110 State Street
Albany, NY 12244-0001.

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