



LIFE

Changes

Retirement System

Membership in a Nutshell



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

What do you think your retirement will be like? To many people, retirement is all about the freedom to make choices. But before you make those choices, you need to know how membership in the Retirement System can directly affect your financial future and the future of your loved ones.

Whether you are just joining or have been a member for a number of years, this booklet will serve as a valuable resource to you. It will help you understand the benefits you are entitled to receive as a Retirement System member. Understanding these benefits is the first and most important step in planning your future.

Your Retirement System is here to provide expert help and advice and to answer any questions you may have. Please feel free to call on us.

Sincerely,

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

Thomas P. DiNapoli
State Comptroller

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A Little About the Retirement System

The New York State and Local Retirement System (NYSLRS) comprises two different systems, though they are administered by the same staff. They are the Employees' Retirement System (ERS) and the Police and Fire Retirement System (PFRS).

The New York State Comptroller is the administrative head and sole trustee of the Retirement System. As fiduciary, the Comptroller has the duty to act solely in the interest of the System's members and pensioners. The Comptroller guides the investments of the Common Retirement Fund (valued at approximately \$111 billion as of March 31, 2009), and ensures that the 150 different benefit programs offered by NYSLRS are managed properly and effectively.

Your Rights

Tier Status

When you join the Retirement System, you are assigned to a tier based on your date of membership. There are five tiers in ERS and four in PFRS. Your tier determines:

- Your eligibility for service or disability retirement benefits;
- The formula used in the calculation of your benefits;
- Death benefit coverage;
- Service crediting;
- Whether you must contribute toward your benefits; and
- Eligibility for loans.

If You Are an ERS Member:

You Are In:	If You Joined:
Tier 1	Before July 1, 1973
Tier 2	July 1, 1973 through July 26, 1976
Tier 3	July 27, 1976 through August 31, 1983
Tier 4	September 1, 1983 through December 31, 2009
Tier 5	January 1, 2010 or after

For all New York State correction officers and security hospital treatment assistants, there are only four tiers — those joining July 27, 1976 through December 31, 2009 are Tier 3 members; those joining on or after January 1, 2010 are in Tier 5.

If You Are a PFRS Member:

You Are In:	If You Joined:
Tier 1	Before July 31, 1973
Tier 2	July 31, 1973 to June 30, 2009*
Tier 5	January 9, 2010 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., opt into Tier 5), can be covered by Article 11 or Article 14 benefits, depending on their plan election.

Vesting Your Membership

Vesting is automatic; you do not have to fill out any paperwork to obtain this status. Tier 5 members are vested when they have ten or more years of member service. Members in other tiers are vested after earning five years. As a vested member, you may leave public employment and, at a later date (age 55 for most members), apply for and receive your service retirement benefit.

Tier 3 and 4 vested members with five, but less than ten, years of service credit can voluntarily withdraw their membership and receive a refund, or roll over their contributions to an IRA or another qualified retirement plan.

If you have at least five years of service, we encourage you to weigh the advantages of keeping your contributions intact and filing for a retirement benefit when you are eligible.

Ending Your Membership

Once you join the Retirement System, your membership cannot end unless you:

- Are not vested and have not worked in public service for at least seven years;
- Have less than ten years of service credit, leave public employment for at least 15 days and voluntarily withdraw your membership and contributions;

- Transfer to another retirement system;
- Retire; or
- Die.

Non-vested members who leave public service, have not withdrawn their membership, and return to public service within seven years, will continue in their current membership and tier.

Contributions

One of the most important missions of the Retirement System is to ensure that there are sufficient assets to support the benefits earned by past, present and future retirees. It is the responsibility of the Comptroller to invest both employer and member contributions prudently, enabling us to meet this goal. All member contributions currently earn 5 percent annual interest.

Here are the types of contributions made by members:

Required

Tier 1 and 2 members must contribute only if they are covered by a contributory retirement plan, or have service before April 1, 1960 in a non-contributory plan. Certain military service also requires contributions. Effective October 1, 2000, Tier 3 and 4 members must contribute 3 percent of gross salary, until they have ten years of membership or ten years of credited service, whichever comes first. Most Tier 5 ERS members must contribute 3 percent for their entire careers, though members in some titles must contribute 4 percent. Many Tier 5 PFRS members will contribute 3 percent for their entire careers, as well.

Voluntary

Tier 1 and 2 members covered by a non-contributory retirement plan may voluntarily contribute from 1 to 10 percent of gross salary to their member account. You receive 5 percent interest and may become eligible to borrow against your contributions. You can start or stop voluntary contributions by filing the appropriate form with your payroll office. If you stop voluntary contributions, you must wait 12 months to resume making them.

Tier 3, 4 and 5 members are not eligible to make voluntary contributions.

Withdrawing Your Contributions

Tier 1 and 2 members may withdraw voluntary (also known as excess) contributions, plus interest, any time before retirement, regardless of whether they are working. Withdrawing voluntary contributions does not terminate Retirement System membership for Tier 1 and 2 members.

Tier 3, 4 and 5 members with less than ten years of service may withdraw their contributions, plus interest, 15 or more days after leaving public service. However, this action terminates membership and individuals become ineligible for any Retirement System benefits.

If you withdraw your contributions, we will let you know the amount reportable for federal income tax purposes. (This payment is not subject to the income tax of New York State or its municipalities.) The Internal Revenue Service requires that we withhold 20 percent of the taxable amount. To defer paying federal income tax and avoid the 20 percent withholding, you can request that we make a direct trustee-to-trustee transfer to an IRA or other qualified retirement plan. You may want to consult a tax advisor for additional information.

If you are younger than 55 and receive a taxable payment, you may be subject to an additional 10 percent federal income tax on the taxable portion of the payment. This penalty is not deducted from your refund payment, but must be paid when you file your federal income tax return.

Reinstating Your Former Date of Membership

You may be eligible for a change in your date of membership, and perhaps a change in your tier status, if you were ever a member of one of the following public retirement systems prior to your current membership:

- New York State and Local Employees' Retirement System
- New York State and Local Police and Fire Retirement System
- New York State Teachers' Retirement System
- New York City Employees' Retirement System
- New York City Teachers' Retirement System
- New York City Police Pension Fund
- New York City Fire Department Pension Fund or
- New York City Board of Education Retirement System.

Your Benefits

Your membership in the Employees' Retirement System or the Police and Fire Retirement System provides many benefits, including:

- Transferring membership to and from other public retirement systems in New York State;
- Crediting of withdrawn service from another public retirement system in New York State;
- Vesting of benefits;
- Loans for contributing members;
- Service retirement benefits;
- Disability retirement benefits for both on-the-job and non-job-related disabilities; and
- Death benefits.

Your service retirement, ordinary and accidental disability and death benefits vary depending on your tier and/or plan coverage. You will find specific information about plan coverage in your plan booklet, available from your employer's personnel office or by contacting our Call Center. You can also find the booklet, other informational brochures and newsletters on our website at www.osc.state.ny.us/retire.

Transferring Your Membership

Some members who join the Retirement System are still active members of another public retirement system in New York State. If this applies to you, you may be eligible to transfer that membership to NYSLRS. To request the transfer to NYSLRS, contact the other system while you are still an active member of that system. When we process your transfer, we will compare your date of membership in NYSLRS with your date of membership in the other system. When the transfer is completed, your date of membership will be the earlier of the two dates. If applicable, your tier will also change.

If you are still employed in a position covered by the other retirement system, you are not eligible to transfer.

You may transfer membership within the following New York State public retirement systems:

- New York State and Local Employees' Retirement System
- New York State and Local Police and Fire Retirement System
- New York State Teachers' Retirement System
- New York City Employees' Retirement System
- New York City Teachers' Retirement System
- New York City Police Pension Fund
- New York City Fire Department Pension Fund and
- New York City Board of Education Retirement System.

PFRS members can also transfer their membership to the Metropolitan Transportation Authority Police Pension Fund (MTAPPF). However, service credit earned with the MTAPPF cannot be transferred to PFRS.

Loans

You are eligible to borrow from the Retirement System if you are currently working in public service, have at least one year of service credit and have sufficient contributions on deposit. Tier 3, 4 and 5 members (with Article 14, 15 and 22 benefits) must have at least \$1,334 in contributions on deposit; Tier 1 and 2 members and PFRS Tier 3 members with Article 11 benefits must have \$33.35 on deposit. Members in non-contributory plans (generally Tier 1 and 2 members) are only eligible to take a loan if they have made voluntary contributions.

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

- The loan amount exceeds federal limits. If you have a loan with a deferred compensation (457) or tax-sheltered annuity (403-b) plan through your current employer, we must take that loan balance into consideration when we calculate the taxability of your Retirement System loan. This could cause your loan to exceed the federal limits and result in significant tax consequences for you.
- You do not make 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 the Retirement System and have one or more outstanding loan balance(s) when you retire or withdraw.

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 younger than 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. You may wish to consult a tax advisor before applying for a taxable loan from the Retirement System.

If you are considering taking a loan or want an update on your current loan, contact our Call Center and connect to our automated information line where you will be able to:

- Determine if you are eligible for a loan;
- Request a loan application;
- Learn the status of your loan application;
- Get your current account balance; and
- Get general information about the loan process.

A word of caution — as you near retirement, it is advisable to pay off your loan balance. An outstanding loan at retirement will **permanently reduce** your benefit.

Services We Offer Members

Plan Information

When you join the Retirement System, you are sent a membership packet. Included in this packet is an overview of your service retirement benefits, disability retirement benefits and death benefits. For a detailed description of these benefits, visit the Publications section of our website. Be sure to keep this booklet with your important papers so you can refer to it when necessary.

Periodically, plan information is revised to reflect changes in the Retirement and Social Security Law (RSSL). It is a good idea to check our website frequently to make sure you have the most current information available on your retirement plan.

Publications

We have a large variety of publications that you may find useful. If you have a specific question or problem, we usually have a publication that can help, such as: *Getting Credit for Your Service*; *What If I Leave Public Employment?*; *How Do I Prepare To Retire?*; *What If I Work After Retirement?*; and *Military Service Credit*. These publications are available on our website.

We also publish semiannual newsletters for active members — *The Update* (for ERS members) and *The Sentinel* (for PFRS members) — that are sent to your employer for distribution. The newsletters explain different benefits and discuss services available to you, new legislation and new or revised publications. For a faster and more convenient way of getting the information you want, when you need it, subscribe to our electronic newsletter, *E-News*. *E-News* gives you all the retirement information you need in a quick and timely manner. To sign up, visit our website and look for “Sign-up for *E-News* email.”

In addition, we offer an Internet service called *Retirement Online*, which gives you access to your personal retirement information any time you want. This secure, self-service option lets you view your address of record, beneficiary designations, your current contribution and service balances and other membership information. To enroll, visit our website at www.osc.state.ny.us/retire and click on “Sign-up for *Retirement Online*.”

Member Annual Statements

In addition to confirming your membership in the Retirement System, your Member Annual Statement contains a wealth of individual information about your tier and plan coverage, salary reported by your employer(s), your current beneficiary, death benefit and, in many cases, service credit earned and a benefit projection based on information provided by our automated records. The information in your Member Annual Statement can help you more fully understand your benefits as a member of the Retirement System.

Benefit Estimates

An estimate of your retirement benefits is an important tool to help you make financial decisions about retirement. Your estimate will provide detailed information about the amounts payable to you and your beneficiary under various payment options along with a description of each option. You must be within 18 months of retirement eligibility to request an estimate and may request a new estimate every 18 months thereafter. However, if you are a vested member off the payroll, you can receive a general estimate, regardless of your age.

If you are an ERS member and covered by the New Career Plan (Section 75-h or 75-i of the RSSL), a State correction officer, a PFRS member covered by a special 20-year plan or most Tier 3 or 4 members, you can get a quick projection of your service retirement benefit from our website at www.osc.state.ny.us/retire/members.

Estimates for Divorce Proceedings

If you are in the process of a divorce, the court may ask you to provide a present or accrued value on the benefits due you at retirement. For more detailed information on this matter, you can read *Divorce, Equitable Distribution and the Retirement System* and review our Divorce FAQs on our website.

Individual Consultations

We provide individual consultations at offices throughout New York State. In our main office in Albany, representatives are available business days from 8:30 am to 4:30 pm. Representatives are available from 9:00 am to noon and 1:00 pm to 4:00 pm at 15 other sites across the State on scheduled days. The current schedule appears on our website. Appointments are needed for consultations at all of our sites. However, with the exception of our New York City and Horseheads sites, you do not need an appointment to drop off forms and/or have them notarized. To schedule an appointment, please contact our Call Center.

This service is of particular value when you need an explanation of benefits as they pertain to your own circumstances and membership.

Your Obligations

Naming or Changing Your Beneficiary

You become eligible for a death benefit after one year of credited service; some special plans require only 90 days of service. So when you first join the Retirement System, you must name one or more beneficiaries to receive your death benefit.

Life's circumstances sometimes change and the beneficiary you designate today may not be the one you would designate later. By keeping your beneficiary designation up-to-date, you will ensure that the right person receives the benefits due if you die prior to retirement. You may change your beneficiary at any time before retiring. Designation of Beneficiary forms (RS5127) are available on our website, from your employer's personnel office or our Call Center.

Address Changes

It is important for you to keep us informed of your current address, especially if you leave public employment. You can change your address by writing to our Member & Employer Services Bureau. Be sure to include your Retirement registration number in your correspondence. In most cases, you can also update your address by contacting our Call Center.

Date of Birth Changes

To correct your date of birth on our records, please send your original birth certificate, baptismal certificate or passport to our Member & Employer Services Bureau at 110 State Street, in Albany (see address on page 20). Once the adjustment is made, we will return your document via certified mail.

Name Changes

Notify us of any name change by completing a Name Change Notice (RS5483) available on our website, from your employer or our Call Center.

Reporting Errors

If you discover an error in any information we send you, contact us so we can investigate and make any necessary corrections. However, if there is an error in the reported salary on your Member Annual Statement, please contact your employer for an explanation. Your employer must send us an adjustment report before we can change your salary records.

Social Security Number Changes

Send us a copy of your Social Security card to correct any error made in your Social Security number. Be sure to also include your registration number in your correspondence.

Filing for Retirement Benefits

You must file for retirement benefits — they do not start automatically. Please refer to your plan booklet for vesting and eligibility information.

How to Contact Us

If you have any questions or you need more information, you can:

- Email us via our website at www.osc.state.ny.us/retire;
- Contact our Call Center toll-free at 1-866-805-0990, or 518-474-7736 if you live in the Albany, New York area;
- Make an appointment to visit any of our 16 consultation sites throughout the State where you can meet with an Information Representative to discuss your own retirement benefits;
- Fax us at 518-402-4433; or
- Write to us at:
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This publication provides 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.