



Retiree Notes

Thomas P. DiNapoli
State Comptroller



A Message from Comptroller Thomas P. DiNapoli

Over the past several months, we've all seen the media coverage regarding public employee pensions and retirement benefits. Debate is always a necessary and welcome part of any democracy, but amid all the sound and fury, it can often be difficult to separate fact from fiction.

The truth is, when it comes to the State pension fund, New York is not like other states. New York's pension fund is among the best-funded in the country. While some other states have neglected their payments, New York has always made its required contributions. The Fund's ability to meet its obligations has never been in jeopardy,

and the pensions of our retirees and beneficiaries are secure.

The impact of the Great Recession on our investments, combined with the costs of negotiated salary increases and employment levels, has caused required employer contributions to the Retirement System to rise. This has increased fiscal pressure on the State and local governments across New York.

But the New York State Common Retirement Fund is the best managed Fund in the nation. We've weathered these difficult economic times better than other states, and our strong investment strategy has helped control costs. From 1990-2010, 84 percent

of all pension benefits were paid for with investment returns.

And despite all the attacks, I still believe strongly in our defined benefit pension system. Dollar for dollar, defined benefit plans are twice as efficient as any other plan for retirement benefits. Please take the time to read over this newsletter and do not hesitate to reach out to my office with any questions or concerns regarding your pension.

Sincerely,

Thomas P. DiNapoli
State Comptroller

IRS Tax Changes May Affect Your Pension

Earlier this year, the Internal Revenue Service released new federal income tax withholding tables, which may have resulted in an increase in the amount of federal income tax withheld from your pension payment. We are required to use these IRS tax tables to calculate the amount to withhold from your monthly pension payment based on the filing status (single, married, etc.) and number of exemptions (0, 1, 2, etc.) indicated on your W-4P form.

The tax tables changed because the Making Work Pay Credit —

part of the President's economic stimulus package — expired last December. In 2009 and 2010, the tax tables included this credit; in 2011, they do not. Prior to 2011, less money was withheld from your pension payment for federal income tax, increasing the net amount of your monthly payment.

You can learn more about the implications of the 2011 federal tax changes on our website at www.osc.state.ny.us/retire/retirees/tax_implications.php.

If you wish to change your withholding amount, you can do

so at any time by filling out a W-4P form, available on our website at www.osc.state.ny.us/retire/retirees/tax_services_information.htm. You can also call our automated information line at 1-866-805-0990, or 518-474-7736 in the Albany, New York area, to have a W-4P form mailed to you. Once you are connected, press "4" for Tax-Related Services, then press "3" for a list of forms. We strongly suggest you consult a trusted tax advisor or accountant familiar with your personal situation to ensure your withholding is appropriate.

Why You Can't Change Your Retirement Option

Once you've been retired a certain number of days, you cannot change the option you chose at retirement. Depending on your option choice, however, you may be able to change your beneficiaries.

You are not allowed to change your option after the deadline because we calculate your benefit based on the choices you made when you retired. That calculation takes several factors into account, including your option and how long we expect to pay you and/or your beneficiaries a benefit.

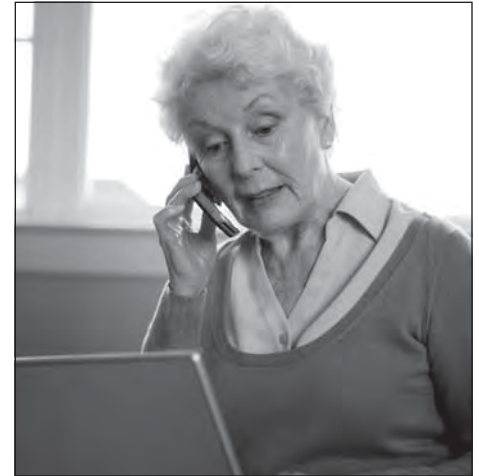
New York State Retirement and Social Security Law (RSSL) specifies that you must let us know your option choice before the first day of the month following the date you retired. You then had up to 30 days after your pension benefit became payable to change your selection. If you were a disability retiree, you could have changed your option selection up to 30 days after your disability application was approved, or up to 30 days after your retirement date, whichever was later.

If you chose one of the following retirement options, you may change your pension beneficiary designation at any time:

- Five or Ten Year Certain (all Tiers)
- Cash Refund — Contributions (Tier 1 and 2 members)
- Cash Refund — Initial Value (Tier 1 members only)

If you chose one of the joint allowances, you cannot change your beneficiary since the amount of your benefit was based, in part, on your beneficiary's age.

To change your beneficiary, you must complete a Pensioner's Designation of Beneficiaries form (RS4411) and send it to: New York State and Local Retirement System, Pensioner Services, 110 State Street, Albany, NY 12244-0001. The form is available anytime from our automated information line toll-free at 1-866-805-0990, or 518-474-7736 in the Albany, New York area, or from our website at www.osc.state.ny.us/retire/forms/rs4411-i.pdf.



Ten Reasons to Enroll in Direct Deposit

If you need a good reason to enroll in our Direct Deposit Program, we can give you one. In fact, we can give you ten.



1. It's the most **reliable** way to send money — no delays due to weather or natural disasters.
2. It's **fast** because your money is available immediately — no waiting for checks to clear.
3. It's **convenient**, saving you time and travel costs.
4. It's **confidential** and a good way to prevent identity theft (nearly 85 percent of identity theft begins with someone seeing personal information on paper).
5. It's **secure** because your money is transferred directly to your bank.
6. It's **sensible**, enabling you to get your money no matter where you are.
7. It's **straightforward** because if the amount deposited changes for any reason, you receive a detailed explanation.
8. It's **easy** to enroll. Simply complete a Direct Deposit Application (RS6370L-3) and return it to the Retirement System.
9. It's **cost-effective**, eliminating printing and mailing costs.
10. It's a "**green**" way to conduct business, which is good for the environment.

Once you're signed up, your retirement benefit will be electronically deposited into your checking or savings account on the last business day of each month and, in most instances, your money is available immediately. So, consider direct deposit. It's the easy, fast, secure way to go.

New Power of Attorney Form Available Online

We now have a new Public Retirement System Special Power of Attorney (POA) form you can download, fill out and return to us. You can find the form on our website at www.osc.state.ny.us/retire/forms/index.php#general.

This new form allows you to easily designate a person to act on your behalf for retirement benefit transactions only. It is a durable POA, which means it re-

mains in effect even if you become legally incapacitated.

The POA laws recently changed, and the new requirements are complicated. This new form simplifies the process while satisfying the laws' requirements; however, you are not required to use it. You should also be aware that valid

POAs created before the changes to the law remain valid unless they are revoked by you.

Designating a POA is an important responsibility so, prior to signing any POA form, you may want to talk with the person you are

considering designating to confirm that he or she is comfortable with the document's stipulations and requirements. You may also want to contact an attorney to ensure you fully understand the authority a POA grants and to see which type is cor-

rect for your circumstances.

You can find out more about services we offer, your obligations should you become incapacitated, and POAs by reading our booklet, *Life Changes: A Guide for Retirees*, available on our website at www.osc.state.ny.us/retire/publications/vo1705.htm.

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Post-Retirement Earnings Limit

The post-retirement earnings limit for calendar year 2011 is \$30,000. This limit is established by law and applies to retirees who are under age 65, receive a service retirement benefit and return to work for a public employer in New York State. If you are a disability retiree, your earnings are restricted in both public and private employment.

For more information about laws governing post-retirement employment and how they can affect your benefit, read *Life Changes: What If I Work After Retirement?* on our website at www.osc.state.ny.us/retire/publications/vo1648.htm.

Retirement Online — Easy and Safe

Retirement Online is our secure website where you can access your personal retirement information — including any deductions to your latest monthly payment, year-to-date payment totals, and other important data.

It's easy to enroll and use. Visit www.osc.state.ny.us/retire/portal.htm and click on “Login/Enroll.”

Login/Enroll

You can then create your own user ID and we will mail a starter password to the home address we have on file for you. When you login the first time, you will be prompted to change that starter password to one of your choice, which you will use along with your user ID, for all your future logins.

Retirement Online is fast, easy and safe, and the information you enter is encrypted. If you haven't already enrolled, be sure to check it out.



Divorce and a DRO — What You Should Know

What do your house, car and pension benefits have in common? Under New York law, they are all considered marital property if acquired or earned during a marriage.

If you divorce, your ex-spouse may be entitled to a share of your pension; however, we can only make payment if we have a valid Domestic Relations Order (DRO) on file. A DRO is a court order that specifies the portion of your retirement benefit that your ex-spouse must receive and is legally binding on us. It is not the same as a judgment of divorce or separation agreement. We must have a valid DRO on file even if these documents state that your ex-spouse will receive part of your benefit.

Learn more about submitting a DRO and how it can affect your pension by referring to our Divorce, Equitable Distribution and Your Benefits information at www.osc.state.ny.us/retire/members/dro_benefits.htm, or our DRO frequently asked questions at www.osc.state.ny.us/retire/members/dro_frequently_asked_questions.htm. You can also:

- Email us at from the Contact Us page of our website;
- Write to us at: Hearing Administration and Matrimonial Bureau, New York State and Local Retirement System, 110 State Street, Mail Drop 7-9a, Albany, NY 12244-0001;
- Fax us at 518-474-7794; or

- Call us toll-free at 1-866-805-0990, or 518-474-7736 if you live in the Albany, New York area.

Retiree Notes is a semiannual newsletter for retirees of the New York State and Local Retirement System.

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