

# THE UPDATE

A semiannual newsletter for members of the Employees' Retirement System (ERS)

Thomas P. DiNapoli, State Comptroller



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## A Message from Comptroller Thomas P. DiNapoli

The challenges created by the COVID-19 health crisis tested the strength and resilience of all New Yorkers, but our public employees met these challenges head on. During the past year, you carried out your responsibilities, often under trying circumstances, and worked hard to ensure essential services remained available. Thank you for your dedication and service to the people of New York.



This year, NYSLRS celebrates 100 years of service to New York's public employees. More than a century ago, NYSLRS' founders established the framework for a sustainable retirement system capable of providing long-term pension security for its members and retirees. Today, we are considered one of the strongest and best-funded public retirement systems in the country, providing secure pensions to more than 1.1 million members, retirees and beneficiaries.

The New York State Common Retirement Fund (Fund) continues its record of strong and steady growth, earning an estimated 33.55 percent return for the State fiscal year that ended March 31, 2021, reflecting the financial markets' dramatic rebound from lows reached during the COVID-19 pandemic. The return on investments increased the Fund's value to an estimated \$254.8 billion, an all-time high for the Fund. Our diversified investment strategy and long-term focus will help to keep the Fund well-positioned for continued growth.

We continue to expand the capabilities of *Retirement Online*. I think you will find its timesaving features and retirement planning tools very helpful at any stage of your career. If you don't already have an account, I encourage you to sign up today. Be sure to read the article on page 3 to see how *Retirement Online* can benefit you.

Sincerely,

Thomas P. DiNapoli  
State Comptroller

## Know Your Retirement Plan Benefits

It's never too early to start preparing for your retirement. Even if you don't plan to retire for many years, there are steps you can take now so you will be prepared when the time comes. One important step is to learn which NYSLRS retirement plan you are in.

Your retirement plan not only provides a pension benefit, it also provides disability retirement benefits and benefits payable if you die. Details about these benefits, such as when you will become eligible to retire and how your pension amount is determined, are outlined in your retirement plan booklet.

NYSLRS publishes more than 50 different retirement plan booklets, categorized by retirement system (Employees' Retirement System or Police and Fire Retirement System) and membership tier, on our [Publications page](#). So, how do you find the right booklet? Read our blog post, [Knowing Your Retirement Plan is the Key to Retirement Planning](#), for help.

## How a Domestic Relations Order Can Affect Your Benefits

If you are divorced, or going through a divorce, your NYSLRS benefits could be affected.

NYSLRS benefits are considered marital property. Your ex-spouse may be entitled to a portion of your pension and any Cost-of-Living Adjustment (COLA) you may receive. You may also be required to name your ex-spouse as beneficiary for any death benefit you may have, or choose a specific pension payment option when you retire.

Any division of your benefits must be stated in a Domestic Relations Order (DRO) — a legal document that gives us specific instructions on how your benefits should be divided.

We must review your DRO to make sure it complies with New York State law and does not contain vague, inconsistent or contradictory instructions. You may wish to use our easy-to-complete [online DRO template](#) to draft your DRO. Using this template will result in a faster review of your DRO and help ensure it meets all guidelines.

We will need a copy of your DRO and also your judgment of divorce in order to finalize your pension. However, you do not need to wait until you retire to submit your DRO. We suggest submitting your DRO as soon as possible so there is sufficient time for us to review it.

For additional information, be sure to read [Divorce and Your Benefits](#) on our website.

## Celebrating a Century of Pension Security for New York’s Public Employees

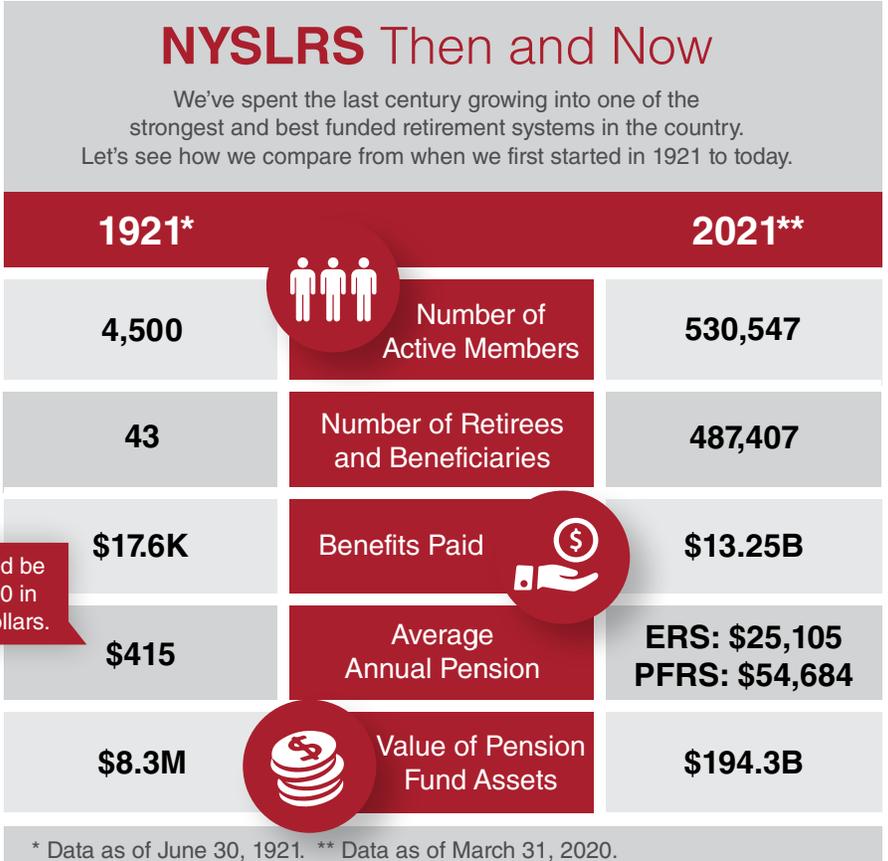
On January 1, 1921, the Retirement System opened its doors and set to work providing New York’s public employees with secure retirement benefits. But retirement systems don’t appear overnight – the foundation on which NYSLRS was built had started three years earlier.



In 1918, a Pension Commission was formed to develop sound retirement plans for State employees who were not already covered. At the time, less than half of the State’s public workforce were in pension plans, and the Commission wanted a system that would always have enough money on hand to pay benefits to its members. After reviewing their findings, Governor Al Smith signed legislation on May 11, 1920, establishing the New York State Employees’ Retirement System (ERS).

Soon after, new laws in the 1920s and 30s permitted employees of local governments to join ERS. Membership would also grow to the point where, in 1967, ERS was split into two systems: ERS and the Policemen’s and Firemen’s Retirement System (PFRS). In 1987, the two systems were renamed the New York State and Local Employees’ Retirement System and the New York State and Local Police and Fire Retirement System, known together as NYSLRS.

Our names have changed and our numbers have grown considerably, but one thing that has stayed the same is our commitment to you. New York’s public employees have depended on us for pension security in retirement, and we will continue to keep this promise for years to come.



## Retiring this Year? What You Need to Know

If your retirement is right around the corner, you may be wondering what you should do to make the process go smoothly. These tips will help.

**Sign up for Retirement Online.** This should be the first item on your to-do list. With *Retirement Online*, you can review your NYSLRS account information and benefits, update your beneficiaries and file for retirement. Take a few minutes to [sign up for Retirement Online](#) today.

**Get an estimate of your pension amount.** The *Retirement Online* benefit calculator is the easiest way to estimate your pension. You can use the calculator whether your retirement is a few months from now or still years away. It's a great planning tool because you can enter different retirement dates, beneficiaries, earnings, and service credit amounts to see how they affect your potential benefit. The calculator uses your current account information to produce estimates. [Sign in to your account](#), go to the 'My Account Summary' area of your Account Homepage and click "Estimate my Pension Benefit."

**Locate proof of your date of birth.** You will need to provide proof of your date of birth and possibly your beneficiary's, depending on which pension payment option you choose at retirement. Copies of these original documents are acceptable. You can find a list of documents we accept on our [Preparing for Retirement page](#). If you do not have proof readily available, arrange for it about six months before your retirement date.

**Use Retirement Online to file for retirement.** When you use *Retirement Online* to file for retirement, you can also choose your payment option, upload proof of your date of birth, sign up for direct deposit and file a W-4P for federal income tax withholding. [Sign in to your account](#), go to the 'My Account Summary' area of your Account Homepage and click "Apply for Retirement."

Our blog, [New York Retirement News](#), is also a valuable retirement planning resource. Be sure to read [Retirement Online Makes Applying for Retirement Fast, Easy](#) for filing tips. Read [Retirement Planning: Know Your Membership Milestones](#) to see how age and service credit milestones affect your pension and [The 3-Legged Stool: An Approach to Retirement Confidence](#) to learn how to plan for a financially secure retirement.

### Don't Miss Out

Did you read our recent blog post about filing your retirement application online? Or the one about NYSLRS loans? Don't miss out on important NYSLRS information and updates. [Subscribe to our blog](#) today and follow us on [Facebook](#) and [Twitter](#).



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## What You Can Do in Retirement Online



Since we launched [Retirement Online](#) four years ago, we've added a number of features that make it easier than ever to do business with NYSLRS safely and securely. Here are just some of the things you can do online:

- Update your contact information;
- Estimate your pension benefit;
- Apply for a loan and manage loan payments;
- Request credit for previous public employment or military service;
- Update beneficiary information; and
- File a service retirement application.

*Retirement Online* is generally available Monday, Wednesday, Thursday and Friday from 7:00 am to 9:30 pm; Tuesday from 7:00 am to 6:00 pm; and Saturday and Sunday from 6:00 am to 11:00 pm.

*Retirement Online's* hours of availability will be expanded in the future.

## Sign Up for E-News

In uncertain times, it's more important than ever to stay informed about your NYSLRS benefits. Sign up for E-News to get NYSLRS updates, retirement planning tips and more right in your inbox every month.

Email Sign Up

**Thomas P. DiNapoli**  
**State Comptroller**

*Executive Deputy Comptroller: Colleen Gardner*

*Deputy Comptroller: Andrea Goldberger*

*Assistant Comptroller: Joseph Ruggiero*

*Editor: Tracy Teschka*

*Writers: Paul Ertelt and June Hughes*

*Graphic Artist: Kalyn Gribben*

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Send your comments by email to:  
**nysretnews@osc.ny.gov**

Or write to:  
NYSLRS  
Retirement Communications  
110 State Street  
Albany, NY 12244-0001.



## What Are Final Average Earnings (FAE)?

Your NYSLRS pension will be based primarily on your years of service and your final average earnings (FAE). You are probably familiar with service credit — you get a year of service credit for every year of full-time employment with a public employer.

But what is FAE? It's an average of your income during a period when your earnings are the highest.

The period used to determine your FAE is either three or five years, depending on your tier and retirement plan.

Usually your FAE is based on the years right before retirement, but they can come anytime in your career. The years used in determining your FAE do not necessarily correspond to a calendar year and can even start in the middle of the month.

Here's an example of how it works:

A member with a three-year FAE earns \$44,000 in the last year of their FAE period. They earned \$42,000 the previous year and \$40,000 the year before that. That would give them an FAE of \$42,000. If they worked for 15 years, earning 1.66 percent of FAE per year toward their pension, the calculation at full retirement age would look like this:

$$15 \text{ years} \times 1.66\% \text{ per year} = 24.9\%$$

$$\$42,000 \text{ average earnings} \times 24.9\% = \$10,458 \text{ per year (or } \$871.50 \text{ per month)}$$

In an actual FAE calculation, one of the big variables is knowing what counts as earnings. FAE can include overtime and pay for unused vacation, though some restrictions may apply. On the other hand, there are earnings limitations based on your retirement plan and tier. If you get a big raise during the FAE period, some of those earnings may not count toward your pension.

To get a better handle on how your FAE will be calculated, check your retirement plan booklet, which you can find on our [Publications page](#).

## COVID-19 Help Center

Unfortunately, the pandemic is still with us. But you can stay informed about your NYSLRS benefits and find information to help protect you and your family. Visit our [COVID-19 Help Center](#) to find information as it relates to your NYSLRS benefits.

