

THE UPDATE

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

Thomas P. DiNapoli, State Comptroller



A Message from Comptroller Thomas P. DiNapoli



As administrator of the New York State and Local Retirement System (NYSLRS) and trustee of the New York State Common Retirement Fund (Fund), I am proud to report that our pension fund remains strong. In the spring, Pew Charitable Trusts once again ranked NYSLRS as one of the nation's best-funded state systems.

In fact, a new State fiscal year 2018 report from our actuary ranks NYSLRS at 98 percent funded, which puts us well above the national average of 66 percent funded. We've been able to maintain such a strong position because of our diversified investment strategy and disciplined funding methods.

My team and I take a careful approach to managing the Fund's investments, which yields long-term, sustainable returns and protects the Fund in times of uncertainty. Many public pension systems have funding shortfalls in part because states have not consistently paid the contributions required for adequate funding. This is not the case in New York State. Each year, NYSLRS ensures that contributions required to adequately fund the system are received when due.

I am personally committed to protecting the Fund and ensuring that New York State's public servants receive the retirement benefits they've earned. It is worth noting that most of the benefits paid — 75 percent — come from investment returns, not tax dollars.

I am also happy to report that *Retirement Online* continues to gain in popularity. To date, nearly 150,000 members, retirees and beneficiaries have registered for this service. With *Retirement Online*, you can view your retirement account, update your address and beneficiaries, see your recent correspondence with NYSLRS, or apply for a loan — and even more features are planned for the coming year. If you haven't already registered, I encourage you to do so today at www.osc.state.ny.us/retire/retirement_online/customers.php.

Sincerely,

Thomas P. DiNapoli
State Comptroller

Sign Up for Retirement Online

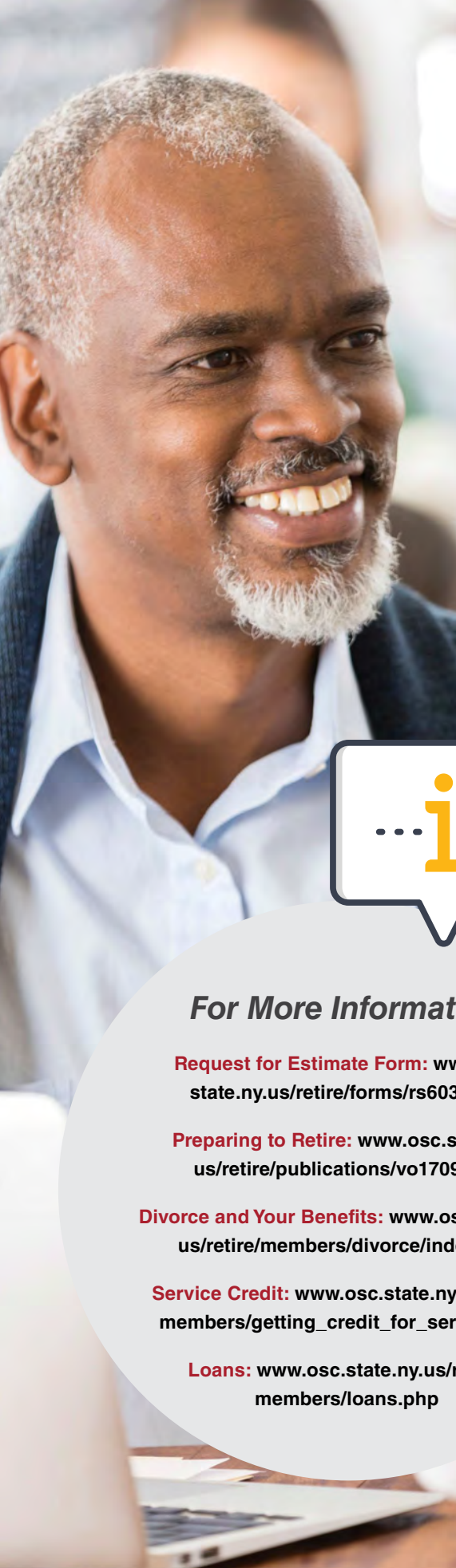
Retirement Online is a convenient way to review your account details and conduct business with NYSLRS. In many cases, you can use *Retirement Online* instead of sending forms through the mail or calling NYSLRS.

Here are some of the things you can do now with *Retirement Online*:

- View and update your beneficiary designations.
- Review information about your retirement account.
- Update your address, phone number and email address.
- Apply for a loan and check loan balances.
- Review correspondence you send to or receive from NYSLRS.

And, over time, we'll be introducing additional features.

Learn more at www.osc.state.ny.us/retire/retirement_online/customers.php, where you'll find step-by-step guides for registering, signing in for the first time, adding trusted devices and more. If you need help, Call Center agents are ready to assist at 1-866-805-0990.



Retirement on the Horizon?

Here Are a Few Things to Consider

Before you apply for your NYSLRS pension, there are a few questions you should ask yourself. Whether your retirement is just around the corner or a few years off, knowing the answer to these questions could help you avoid costly mistakes.

Do I have previous service credit I can purchase?

You may be able to buy credit for previous public employment or military service, which in most cases would increase your pension. But you can't purchase service credit after you retire. In fact, the earlier you apply for past service credit, the less it will cost. To apply for credit for past service, submit a Request to Purchase Service form, which you can find on our website at www.osc.state.ny.us/retire/forms/rs5042.pdf.

Do I have an unpaid balance on a NYSLRS loan?

If you retire with an outstanding NYSLRS loan balance, your pension will be reduced. You can check your balance with *Retirement Online* or by calling our toll-free number (1-866-805-0990).

Do I have a domestic relations order?

If you have a domestic relations order (DRO) providing part of your pension to an ex-spouse, you must notify NYSLRS and file the DRO with us. NYSLRS must honor the terms of the DRO.

How much will my pension be?

If you will be eligible to retire within five years, you can request a benefit projection. A benefit projection will show what you can expect as a monthly benefit after you retire. To receive a projection, submit a Request for Estimate form or talk with an information representative by calling the number above.

Am I ready to retire?

Only you can answer that, but there are good resources out there to help you, including our publication "How Do I Prepare to Retire?" The booklet covers topics such as planning a post-retirement budget and reviewing health care coverage, and contains step-by-step information about the retirement process.

What will I do after I retire?

That's up to you. Studies show that people who stay active and engaged during retirement find greater satisfaction and live longer. Perhaps you want to travel, spend more time on a hobby or take on a part-time job. But a fulfilling retirement won't happen on its own. Plan how you'll spend your days to take full advantage of your retirement years.



For More Information

Request for Estimate Form: www.osc.state.ny.us/retire/forms/rs6030.pdf

Preparing to Retire: www.osc.state.ny.us/retire/publications/vo1709.php

Divorce and Your Benefits: www.osc.state.ny.us/retire/members/divorce/index.php

Service Credit: www.osc.state.ny.us/retire/members/getting_credit_for_service.php

Loans: www.osc.state.ny.us/retire/members/loans.php

Your Pension Fund Remains Strong

The New York State Common Retirement Fund (the Fund) remains strong, thanks to Comptroller Thomas P. DiNapoli's strategy of investing for the long haul.

The Fund, the third largest public pension fund in the United States, holds and invests assets of the New York State and Local Retirement System (NYSLRS). In April, a report by the Pew Charitable Trusts ranked the Fund as one of the best-funded public pension funds in the nation.

The strength of the Fund is largely the result of a diversified investment strategy designed to capitalize on long-term market opportunities, while weathering market volatility in the short-term.

"Our foremost goal will always be to find stable, long-term returns that will continue to help provide retirement security for the pension fund's more than 1 million members, retirees and beneficiaries," DiNapoli said.

The strategy has paid off. The Fund earned an 11.35 percent one-year return on investments in the State fiscal year that ended on March 31, 2018. This surpasses the Fund's assumed annual rate of return of 7 percent, the long-term return rate needed to pay for current and future retirement benefits.

The Fund had an audited value of \$207.4 billion as of March 31, 2018.

**\$207.4
BILLION**
audited fund value

11.35%
one-year return on
investment

The State Pension Fund continued its strong growth in the fiscal year that ended on March 31, 2018.

Your Final Average Salary

As a NYSLRS member, you have a defined-benefit retirement plan that provides a lifetime pension when you retire. When we calculate your pension, we find the time period when your earnings were highest. The average of these earnings is your final average salary (FAS).



Your tier and plan determine how your FAS is calculated:

- **Three-year FAS:** Members in Tiers 1, 2, 3, 4 and 5.
- **Five-year FAS:** Members in Tier 6.

Generally, your FAS will include regular earnings, along with holiday pay, overtime and longevity payments. The specific payments that can be included in your FAS can vary by tier and retirement plan, and may be limited. For example, the amount of overtime that can be included in your FAS is limited for Tier 5 and 6 members. The amount that your pensionable earnings can increase between each year used in your FAS may be limited as well. For more information, read your retirement plan booklet on our Publications page (www.osc.state.ny.us/retire/publications/index.php).

Did You Know? Your age at retirement can affect your benefit.

Some special plans allow members to retire after a certain number of years, regardless of age, but most plans have an age requirement to retire with full benefits. While most members can choose to retire as early as age 55, they may receive a permanently reduced pension benefit.

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Sign up for *E-News* today: www.osc.state.ny.us/retire/e-news/sign-up/index.php.

Email Sign Up

Thomas P. DiNapoli
State Comptroller

Executive Deputy Comptroller: Colleen Gardner

Deputy Comptroller: Andrea Goldberger

Editor: Tracy Teschka

Writers: Nick Marchetti and Paul Ertelt

Graphic Artist: Kalyn Talbot

The Update is a semiannual newsletter published by the New York State and Local Retirement System (NYSLRS) for active members of the New York State and Local Employees' Retirement System. This newsletter is a summary of benefits, rights and responsibilities. It is not a substitute for New York State or federal law.

Send your comments by email to:

nysretnews@osc.state.ny.us

Or write to:

NYSLRS
Retirement Communications
110 State Street
Albany, NY 12244-0001.



Taxes and Your NYSLRS Loan

You may be eligible to borrow against your retirement contributions, but a loan may have tax implications. Your NYSLRS loan is exempt from New York State and local income taxes, but it would be subject to federal taxes if the loan amount exceeds certain limits. That means you may need to include it on your federal income tax return for the year the loan is issued. If you're younger than 59½ years old, the Internal Revenue Service may charge a 10 percent penalty.

Federal tax limit rules can be complicated. And, if you already have a loan from a deferred compensation (457) or tax-sheltered annuity (403-b) plan from your current employer, that loan balance will be used in calculating your tax threshold. Fortunately, NYSLRS has a tool to help you understand the tax implications of a loan.

Retirement Online, our self-service tool that gives you secure access to your account information, is the most convenient way to apply for a loan. It will also let you know how much you can borrow, your repayment options and whether your loan is taxable. If you don't already have an account, visit our website at www.osc.state.ny.us/retire/retirement_online/customers.php to learn more.

We recommend that you speak to a tax advisor or a NYSLRS customer service representative before taking a taxable loan. For more information, visit our website at www.osc.state.ny.us/retire/members/loans.php.

Update Your Beneficiaries

When was the last time you reviewed your NYSLRS beneficiaries? A year ago, or maybe five? Did you get married since then? Get divorced? Have a child?



When you die, NYSLRS has to pay your benefits to the last beneficiaries you designated. That's the law, and that's why it's so important that you check your beneficiary designations periodically. It's also a good idea to make sure NYSLRS has the latest contact information for your beneficiaries.

Luckily, it's easier than ever to manage your beneficiaries. Instead of sending a form through the mail, you can sign in to *Retirement Online* to view your current designations and submit changes. Register and sign in today at www.osc.state.ny.us/retire/retirement_online/customers.php.

For more information, check out our booklet, *Why Should I Designate a Beneficiary?*, at www.osc.state.ny.us/retire/publications/vo1706.php.