



# Looking to the Future



## Stage 1: Early in Your Career

**You** are dedicated to educating children and helping them prepare for a bright, successful future. At the New York State Teachers' Retirement System (NYSTRS), we are committed to helping you make sound financial decisions throughout your career in preparation for a rewarding retirement.

In *Looking to the Future*, presented as a three-part series, we share typical perspectives teachers have at various stages of their careers about planning for retirement.

- **Stage 1: Early in Your Career:** A look at what's called the "accumulation years" and why it's important retirement savings be among the items you accumulate.
- **Stage 2: Midway to Retirement:** An examination of key financial decisions you should make in your 30s and 40s to set yourself up for the future.
- **Stage 3: Retirement is Within Reach:** A list of actions you should take to ensure you maximize your retirement benefits and select the payment option that's appropriate to you.

For each stage we will tell you what NYSTRS-specific tools and services are available to help you with your planning. While we cannot provide general financial-planning advice, we should be your primary source of information when it comes to your NYSTRS pension benefits.

*Enjoy the journey!*

### In The Beginning ...

You're a NYSTRS member, but you're not really sure what that means. You signed some papers and filled out some forms when you started teaching, and you know you are making mandatory contributions toward retirement. Beyond that, you have little interest in retirement planning.

These are what author and certified financial planner Dee Lee calls "the accumulation years." You want your own new "stuff" such as cars, televisions and homes. And before you know it — you're in debt. Saving for retirement seems impossible at this point, but it's not.

Although retirement seems far

off, planning really should begin when you join NYSTRS. You'll often hear those close to retirement say: "I wish I knew then what I know now!" We want to prevent that from happening to you so we've outlined steps you can take now to increase your future financial security.

The key years for retirement savings are between the ages of 20 and 35, according to Lee, because it gives

your money plenty of time to grow. If your employer offers a deferred compensation plan or other savings vehicle — such as a 401(k), 457 or 403(b) plan — take advantage of it! Or open a personal IRA.

*"I started teaching last year and I recently received my Benefit Profile from the Retirement System. I appreciate the service and salary summary — and I see the value of the Profile — but I can't think about retirement now. I'm more concerned with paying off my college loan and making the payments on my new car."*

# Your First Contact with NYSTRS

## For Starters

As a new NYSTRS entrant, you received a welcome letter containing your NYSTRS EmplID (i.e., membership number) and our pamphlet *Your First Look at NYSTRS*. You also learned how to access the *Active Members' Handbook* online. Both publications contain information about:

- **Building service credit**
- **Member contributions**
- **Establishing benefits**
- **Contacting NYSTRS**

The *Handbook* provides a wealth of membership information and in-depth explanations of your benefits. It is an important part of our commitment to help you make informed decisions about your future.

## Now What?

Your financial planning should include a review of your NYSTRS benefits. Since benefits can be complex and are subject to legislative change, we encourage you to use our services and publications to get the most reliable and accurate information.

Start by watching our award-winning video *A Two-Minute Tutorial for New Members*, which you'll find at NYSTRS.org.

Find out if arrangements have been made at your school for a representative of the Retirement System to conduct a benefits presentation for new members. This will give you the opportunity to hear firsthand what membership in NYSTRS means.

If you have specific questions about membership in NYSTRS, especially if you had a previous membership in another public retirement system, call us at (800) 348-7298, Ext. 6250.



### ***How to Become a Millionaire***

Financial consumer expert Dee Lee says 20-somethings have the best shot at becoming millionaires. And all it requires is setting aside \$2,000 a year.

By saving \$160 monthly beginning at age 20, assuming an 8% average annual rate of return, at age 67 you would be a millionaire! With life expectancies continuing to increase, you'd probably have 20-30 years to spend it all.

## What's Next

Once you earn one year of service credit, you are covered by an in-service death benefit, assuming you were in continuous employment throughout the year. Also, although probably not advisable because of the tax consequences, with a year of service you are eligible to borrow from your member contributions if they total at least \$1,334. (For more on the latter, see our publication *Borrowing From Your NYSTRS Contributions*.)

### Create a MyNYSTRS Account

MyNYSTRS is a secure, members-only area on our website where you will find all your personal data relative to your NYSTRS membership. When you reach appropriate service milestones, you can also use this area to claim prior service, borrow against your contributions, calculate your future retirement benefit, and much more.

With a MyNYSTRS account, you can choose to receive some System publications electronically. In addition to reducing your U.S. Mail intake, selecting electronic versions is the environmentally friendly option.

### Review Your Benefit Profile

Your *Benefit Profile*, sent to you annually beginning in your second year of membership, is a personalized summary of your System status and provides estimates of your future benefits. The *Profile* – which can be viewed on our website with a MyNYSTRS account – includes:



- ▶ Earnings and service credit for the recently completed school year.
- ▶ A complete service credit history.
- ▶ Beneficiary information.
- ▶ Descriptions of benefit payment options.
- ▶ A list of key service credit milestones.

Depending on your membership status and eligibility, the *Profile* may also include:

- ▶ Projections of service retirement benefits under different scenarios.
- ▶ Disability and death benefit projections.
- ▶ A summary of contributions and loan information (if applicable).

Your benefit eligibility and calculations are based primarily on age, salary and service credit. Therefore, it is important that you carefully review the employment, salary and service credit data the *Profile* shows. Should an error in salary or service be detected, it should be reported to the appropriate employer, along with a request that NYSTRS be notified in writing if a change is made to member records.

When you are credited with five years of service, your eligibility for a NYSTRS pension is vested, or guaranteed – assuming, of course, you do not withdraw your membership prior to retirement.

Be sure to keep your address current with NYSTRS (and your employer) and to update your beneficiary designation as needed. The applicable forms can be obtained on our website at NYSTRS.org or by calling our Hotline at (800) 782-0289.

If you have a MyNYSTRS account, you can provide address changes online.

## Get the Latest News

There are several ways to stay abreast of NYSTRS news. Calling our Hotline at (800) 782-0289, visiting our website at NYSTRS.org and reading the *Your Source* newsletter for active members are three of the best ways.

## Moving On

**Congratulations!** You've completed Stage 1 of this three-part series. Once you have accumulated 10-15 years of service, be sure to read the next installment in this series titled *Stage 2: Midway to Retirement*.



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