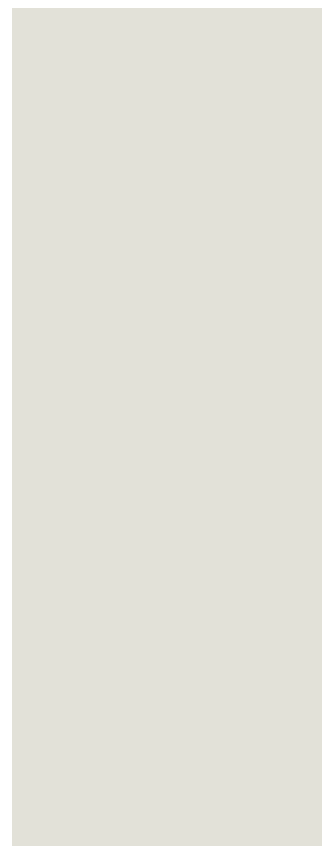
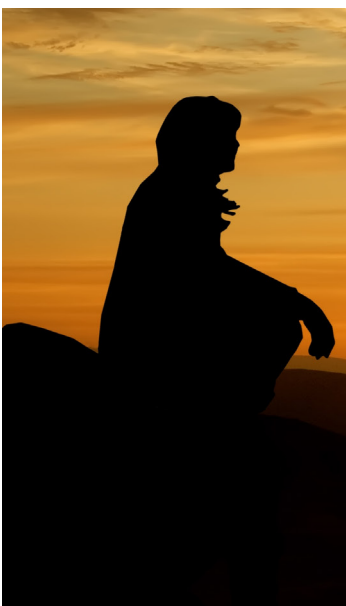




# MAXIMUM OR AN OPTION

## Choosing a Benefit Payment Right for You



# THE DECISION

When you retire, you must decide how your monthly benefit will be paid – either in the form of the Maximum benefit or an option. There are many important factors to consider when choosing, including:

- Your family's financial needs and goals.
- Retirement income beyond your pension, such as investments.
- Your health and age at retirement.

There is no one-size-fits-all benefit choice, so use the information in this pamphlet as a guide based on your unique situation. Review the features each choice provides, consult with your family and financial adviser, and by all means review your options with a NYSTRS information representative before selecting.

Regardless of payment choice, please know:

1. You can only choose one payment option and you must indicate your payment choice on your application for retirement.
2. You have 30 days from your date of retirement to change your mind. After that, your benefit payment selection is irrevocable and you **cannot** change your selection even if your circumstances change (e.g., divorce or death of a member or beneficiary).
3. **Your** monthly payments continue without exception until your death.



## THE BASICS

### The Maximum Benefit

This provides the largest monthly payment to you for life, but provides no continuing payment to a beneficiary.

Beneficiaries of eligible Tier 2-6 members may receive a one-time payment under provisions of the Paragraph 2 Death Benefit, regardless of whether the Maximum or an option is selected at retirement. See the *Benefit Profile* you receive annually from NYSTRS for details.

### An Option

Selecting an option means a lower monthly benefit for you, but it can, depending on the option you select, provide a payment to a beneficiary upon your death.

Options serve much like life insurance coverage and might be a wise choice if you are unable to obtain adequate private insurance. How much lower your monthly benefit would be compared to the Maximum depends on the payment type you select and, in some cases, the beneficiary you name.

## THE CONSIDERATIONS

**A**lways consider your own unique circumstances. Don't let what someone else selected influence your decision. Keep beneficiaries in mind when choosing.

**B**efore you decide, be sure to research and fully understand the differences between private insurance and a NYSTRS payment option. Compare coverage and cost; you may find that insurance meets your needs better than an option. Or you may find that a combination of an option and private coverage is your best choice.

**C**ollect data on all of your assets and expected expenses. When tallying your assets, don't forget to include your Social Security benefits (including survivor benefits), savings, investments, real estate and personal property.

## THE CHOICES



Fully understanding your NYSTRS benefit payment choices can help you devise a personal financial plan for your future. Keep in mind that your needs may change over time, so it's also important to allow some flexibility in your planning.

While we encourage you to plan for retirement throughout your career, know you will not need to select a benefit payment choice until retirement.

### Maximum (All Tiers)

Features	You Might Consider If You:
<ul style="list-style-type: none"> <li>The largest benefit you can receive, paid to you for life.</li> <li>There are no beneficiary payments upon your death (except as may be provided by the Paragraph 2 Death Benefit available to Tiers 2-6).</li> </ul>	<ul style="list-style-type: none"> <li>Are single with no dependents.</li> <li>Have a spouse who will not need income from your pension because they have sufficient income/assets.</li> <li>Have private insurance that will comfortably protect your beneficiary(ies).</li> </ul>

### Survivor Option (All Tiers)

Features	You Might Consider If You:
<ul style="list-style-type: none"> <li>A payment lower than the Maximum benefit, paid to you for life.</li> <li>You name one beneficiary who cannot be changed more than 30 days after you retire.</li> <li>Your age and your beneficiary's age are factors in the calculation of your benefit.</li> <li>Your benefit will not change if you survive your beneficiary.</li> <li>Upon your death, your beneficiary receives a percentage* (selected at retirement) of your benefit for life.</li> <li>A surviving spouse is eligible for 50% of the cost-of-living adjustment you (if eligible) would have received.</li> </ul>	<ul style="list-style-type: none"> <li>Have a spouse (or other beneficiary) who needs a guaranteed lifetime income if they survive you.</li> </ul>

### Pop-Up Survivor Option (All Tiers)

Features	You Might Consider If You:
<ul style="list-style-type: none"> <li>A payment lower than the Maximum benefit, paid to you for life.</li> <li>You name one beneficiary who cannot be changed more than 30 days after you retire.</li> <li>Your age and your beneficiary's age are factors in the calculation of your benefit.</li> <li>If your beneficiary dies before you, your future monthly payments increase to the Maximum after NYSTRS is notified of your beneficiary's death.</li> <li>Upon your death, your beneficiary receives a percentage* (selected at retirement) of your benefit for life.</li> <li>A surviving spouse is eligible for 50% of the cost-of-living adjustment you (if eligible) would have received.</li> </ul>	<ul style="list-style-type: none"> <li>Have a spouse (or other beneficiary) who needs a guaranteed lifetime income if they survive you.</li> <li>Need the additional income of the Maximum if your beneficiary predeceases you.</li> </ul>

### Guarantee Period Options (All Tiers)

Features	You Might Consider If You:
<ul style="list-style-type: none"> <li>A payment lower than the Maximum benefit, paid to you for life.</li> <li>You can name one primary and multiple contingent beneficiaries, and can change them at any time.</li> <li>If you die during the first 5 or 10 years of retirement, depending on which coverage period you selected, your beneficiary receives your benefit for the balance of the 5- or 10-year period.</li> <li>When the period expires, the beneficiary is no longer eligible to receive a benefit.</li> </ul>	<ul style="list-style-type: none"> <li>Want to provide income to a child who may be in college during the first 5 or 10 years of your retirement.</li> <li>Have a spouse or other beneficiary who may only need income for a defined period until other funds are payable.</li> <li>Need to provide income until the mortgage is paid off or until a beneficiary reaches Social Security eligibility.</li> </ul>

\*Per the Internal Revenue Code, the percentage available under a Survivor Option or Pop-Up Survivor Option may be limited when the beneficiary named is not the member's spouse and the beneficiary is more than 10 years younger than the member.

### Declining Annuity Reserve Lump Sum Option (Tier 1 and 2 members who have contributions)

Features	You Might Consider If You:
<ul style="list-style-type: none"><li>• A payment lower than the Maximum benefit, paid to you for life.</li><li>• You can name more than one beneficiary and change your beneficiary(ies) at any time.</li><li>• The balance of your Annuity Reserve Fund is paid to your beneficiary(ies) if you die before you receive it yourself.</li></ul>	<ul style="list-style-type: none"><li>• Would otherwise select the Maximum, but want to guarantee the balance of your remaining annuity savings fund (ASF) will be paid to your beneficiary(ies) if you die before you receive it all yourself.</li></ul>

### Declining Reserve Lump Sum Option (Tier 1 Only)

Features	You Might Consider If You:
<ul style="list-style-type: none"><li>• A payment lower than the Maximum benefit, paid to you for life.</li><li>• You can name more than one beneficiary and change your beneficiary(ies) at any time.</li><li>• The balance of your total reserve (the pension reserve and your annuity reserve, if any) will be paid to your beneficiary(ies) if you die before you receive it all yourself.</li></ul>	<ul style="list-style-type: none"><li>• Are a Tier 1 member who is retiring because of a critical or terminal illness and you have a short life expectancy. (Note: You may elect a 4% or 7% assumed interest rate, but the reserve payable to a beneficiary(ies) is greater under the 4% calculation.)</li></ul>

### Largest Non-Declining Lump Sum Option (All Tiers except Tier 3 retiring under Tier 3)

Features	You Might Consider If You:
<ul style="list-style-type: none"><li>• A payment lower than the Maximum benefit, paid to you for life.</li><li>• You can name more than one beneficiary and change your beneficiary(ies) at any time.</li><li>• At retirement, you determine a fixed lump sum to be paid at your death to your beneficiary(ies).</li></ul>	<ul style="list-style-type: none"><li>• Are a Tier 1 member and want to leave a fixed lump sum to a beneficiary.</li><li>• Are a Tier 2-6 member who is critically ill and you want to provide a fixed lump sum payment to a beneficiary.</li><li>• Desire a lump sum payment to a beneficiary, but are unable to obtain sufficient private insurance.</li></ul>

### Alternative Option (All Tiers)

Features	You Might Consider If You:
<ul style="list-style-type: none"><li>• You can modify an existing option to meet your specific needs if it can be computed actuarially.</li><li>• The modification requires approval by the Retirement Board.</li><li>• Your ability to name more than one beneficiary and change that beneficiary after you retire depends on the option you select.</li></ul>	<ul style="list-style-type: none"><li>• Need flexibility in the type of option you select (e.g., if the survivor options are too expensive because your beneficiary is young, or you are unable to obtain adequate private insurance).</li></ul>

## THE PROCESS

1. Get benefit payment estimates either (a) at a consultation with a NYSTRS representative (see the *Benefits Consultations page at NYSTRS.org for sites and scheduling information*), (b) by using the Pension Estimator in the MyNYSTRS area of our website (account required), or (c) by requesting benefit projections be mailed to you (call us at (800) 348-7298, Ext. 6020). In all cases, provide the following information:
  - **Retirement date(s)**. Request estimates for different dates to see how much your benefit increases if you continue to work.
  - **Current and future salaries**, including additional earnings (e.g., summer school, coaching, etc.). If you do not know your salaries, we will assume 2% increases per year over the last known salary.
  - If your date of membership is prior to June 17, 1971, the **amount and expected date of any payments** for unused sick or vacation leave, or a local retirement bonus or incentive.
  - The **date of birth and gender of your beneficiary** for estimates of the survivor options that guarantee a lifetime income for one beneficiary.
2. Review all sources of income and research your eligibility for (and the cost of) private life insurance. If another person is dependent on your income, determine what they will need to live comfortably should you predecease them.
3. File your retirement application with NYSTRS. (Resigning from your employer does **not** automatically trigger your retirement from NYSTRS and the payment of your benefit.) Complete your retirement application online in MyNYSTRS (age 55+) or submit a paper application (RET-54), which you may print from the Forms page at NYSTRS.org or request by calling (800) 782-0289. Be sure to select the benefit payment choice that best meets your needs and those of your beneficiary.
4. You may change, if necessary, the benefit payment you selected at retirement up to 30 days after your date of retirement. To do so, complete and file with NYSTRS the *Election of Retirement Benefit* (RET-54.6) form, which is available on the Forms page of our website or by calling (800) 782-0289.