

DISCOVERING *Retirement*



*"It's not the years in your life that count.
It's the life in your years."*

~ Abraham Lincoln



Congratulations on your retirement!

We hope you are excited about the world of opportunities, adventures and interests waiting to be discovered.

This guide is intended to help you have a rewarding and successful retirement. Topics covered are listed alphabetically for your convenience. Some items are specific to your NYSTRS benefit and others are general in nature, but we hope all will assist you in the process of discovering retirement.

Before diving in, let's begin with a review of the NYSTRS resources available to you in retirement. Many of these items will be referenced throughout this publication, so it will be helpful to be familiar with them.

| NEWSLETTER |

Resource is a newsletter produced exclusively for our retired members and beneficiaries. You have the choice of receiving it through U.S. Mail or reading it online at NYSTRS.org. If you are sight impaired, you can request an audio edition on CD or listen to it on our website.

| RETIRED MEMBER PROFILE |

This personalized document is produced annually and includes a breakdown of your gross monthly income and net payment amount. It also provides a reminder of the benefit payment option you selected at retirement and, if applicable, your designated beneficiary(ies).

| WEBSITE |

Visit NYSTRS.org for the latest System news. It's also a place to find and print forms, review publications, see benefit payment dates, learn the rules for working in retirement and much more.



MYNYSTRS

This secure area of our website provides registered users the ability to print tax forms, update tax withholdings, change direct deposit information, verify benefit payments have posted, and change mailing addresses. You must create an account in order to take advantage of these services.

HOTLINE

Call this 24-hour Hotline at (800) 782-0289 to request forms and publications, hear the latest earnings in retirement limits, and obtain other pertinent information.

BENEFICIARIES

Whether you can change your beneficiary(ies) depends on what benefit payment option you selected at retirement. If you selected an option with beneficiary coverage, the beneficiaries you selected are listed on the *Retired Member Profile* produced by NYSTRS each fall.

If you selected the **Maximum** at retirement, there is no payment to a beneficiary.

If you selected a **survivor or pop-up option**, which provides a lifetime payment to one beneficiary only, you cannot change your beneficiary. (*Remember to notify NYSTRS if you selected a pop-up option and your beneficiary predeceases you so we can adjust your monthly benefit to the Maximum.*)

If you selected a **lump sum or guaranteed period option**, you can change your beneficiary(ies) provided the coverage is still in effect.

No matter what benefit payment option you selected, if you qualify for a death benefit in retirement, you are able to change the beneficiary named to receive this separate benefit. See the Death Benefits section of this publication for more details.

To change your beneficiary, if eligible, you may use the Beneficiaries tab under My Retirement in your secure MyNYSTRS account. Alternatively, you may file a properly completed and notarized paper form with the System. If you selected a guarantee period option, use *Designation of Beneficiary for Retirees Electing a Guarantee Option (RMS-5.3)*. If you selected a lump sum option, use *Designation of Beneficiary for Retirees Electing a Lump Sum Option (RMS-5)*. The forms are available on the Retiree Forms page at NYSTRS.org or by calling the NYSTRS Hotline at (800) 782-0289.

COST-OF-LIVING ADJUSTMENT (COLA)

Your retirement benefit is subject to automatic, annual cost-of-living adjustments when you meet eligibility requirements. To be eligible, you must meet **one** of the following criteria:

- At least age 62 and retired at least five years.
- At least age 55 and retired at least 10 years.
- Receiving a disability benefit and retired for at least five years (regardless of age).

A surviving spouse receiving a lifetime survivor's benefit will receive one-half the benefit increase the retiree would have received.

The COLA is 50% of the increase in the Consumer Price Index (CPI) recorded between the current and previous year's March. It can be a minimum of 1% to a maximum of 3%. The percentage is multiplied by the first \$18,000 of your maximum retirement benefit.

DEATH BENEFIT

Generally, members who retired under Tiers 2-6 are eligible for a post-retirement Paragraph 2 death benefit, payable to a designated surviving beneficiary. This payment would be made in addition to what is provided by the option you selected, even if it is the Maximum benefit, and is available at no additional cost to the member.

Tier 2-6 retirees are eligible for this benefit unless:

- They retired from NYSTRS more than a year after leaving the payroll of a participating System employer.
- They had employment (other than service reportable to NYSTRS) between their cease-teaching date and retirement.

You may change your death benefit beneficiary at any time using the Beneficiaries tab under My Retirement in your secure MyNYSTRS account or by filing a properly completed and notarized paper form *Designation of Beneficiary for In-Service or Post-Retirement Paragraph 2 Death Benefit* (NET-11.4). The form is available on the Retiree Forms pages at NYSTRS.org or by calling (800) 782-0289.

The amount of the survivor's benefit payable under Paragraph 2 in retirement is as follows:

- 1st year:** 50% of any in-service death benefit in effect at retirement.
- 2nd year:** 25% of any in-service death benefit in effect at retirement.
- 3rd year and beyond:** 10% of any in-service death benefit in effect at retirement, or age 60 if higher.

Death benefit payments are made in a lump sum unless you specified a monthly annuity. The beneficiary of a lump sum payment may elect, within 90 days of a retiree's death, to instead receive a monthly annuity.

If you are eligible for this benefit, it will be noted on the *Retired Member Profile* you receive from NYSTRS each October.

DIRECT DEPOSIT

With the exception of a few long-time retirees, monthly benefit payments are deposited directly into bank accounts. If possible, when switching banks or accounts, notify NYSTRS of the new account before closing out the existing account. This will help avoid the possible rejection of your benefit payment.

There are two options for changing your direct deposit:

Option 1

Submit the change online with a MyNYSTRS account. Visit the Tools > Direct Deposit Authorization Agreement page to update your information.

Option 2

Complete and submit to NYSTRS a new *Direct Deposit Authorization Agreement* (GRE-54), available on the Retiree Forms page of our website or by calling (800) 348-7298, Ext. 6230.

If you use a brokerage firm that clears payments through a bank, please call that firm to get the proper direct deposit ACH (Automated Clearing House) instructions, and provide us with the institution's name, your account number and the routing (ABA) number to which direct deposit payments should be sent.

Changes must be received by NYSTRS' payroll processing deadline (generally the 10th of the month) to ensure the change takes effect for that month's payment. For more information about direct deposit and the authorization process, call (800) 348-7298, Ext. 6230.

DIVORCE

When a NYSTRS member divorces, a court may determine the member's former spouse is entitled to share in the member's benefits. Any division of NYSTRS benefits must be contained in a Domestic Relations Order (DRO), which specifies how benefits will be divided between parties.

NYSTRS offers an online form designed to assist with drafting a DRO. The form, available in the Library at NYSTRS.org, guides you as you fill it out based on your unique situation. After entering the required information, the DRO is generated as a PDF, which may then be saved to your computer and printed.

In all cases, it is recommended that the draft DRO be submitted to NYSTRS for review prior to its submission to a court.

For more information about DROs, including important information to consider when determining the division of benefits, read our publication *Domestic Relations Orders and a Member's Retirement Benefit — A Guide to DROs and NYSTRS Benefits*. It is available in the Library at NYSTRS.org.



INSURANCE COVERAGE

Until you become eligible for Medicare, which in most cases is age 65, your health insurance coverage will depend on the choices your former employer offered you. The cost and extent of coverage will vary by employer. Please note that health insurance is not available through NYSTRS.

While there is no guarantee that retirees in the state have the same coverage as active employees, the state Legislature prohibits school districts and BOCES from unilaterally diminishing retiree health insurance coverage unless a similar reduction is negotiated for active employees.

New York State Health Insurance Plan

Employers who participate in the statewide health plan must continue health coverage for most retired employees (those employed prior to April 1, 1977), but not necessarily at the same level as prior to retirement. Coverage by the statewide health plan requires a minimum amount of service (usually five years) with the employer. The employer may reduce its share to 50% of the premium payments for the retired employee and 35% for additional family members.

NYSTRS will make premium deductions from your monthly pension payment as determined by your employer. However, questions pertaining to eligibility, premium increases or claims should be directed to your former employer or the state agency administering the plan:

New York State Department of Civil Service
Employee Benefits Division
Alfred E. Smith State Office Building
Albany, New York 12239
(800) 833-4344

LEGAL DOCUMENTS

If you haven't already done so, now is a good time to become familiar with the documents and strategies that will enable you to maintain control over your estate. You will want to make sure that, upon your death, your property is divided according to your wishes.

You should seek professional advice in preparing these documents and be sure to make adjustments when your situation changes. If you move to another state, make sure your documents conform to the laws of that state.

Will

A will is a legal document that transfers your property after you die and names an executor to oversee your estate and carry out your wishes.

You may think you don't need a will because you assume everything you own will go to your spouse. This may not be the case. Each state has a specific formula for distributing an estate.

For example, in New York, a spouse with no children inherits the total estate, and other relatives receive no assets. When a spouse and children are the survivors, the spouse inherits \$50,000 plus one-half of the residue, while the children and their descendants share one-half of the residue, equally divided.

When you name an executor, you are selecting someone who will be responsible for gathering assets and protecting your estate until creditors and taxes have been paid. The executor then distributes what remains to beneficiaries and heirs. You should name someone who is capable of dealing with legal and financial issues. You can also name an alternate to act if your first choice is unable to carry out the responsibilities.

Requirements for a valid will are complex and differ by state, so you should have your will reviewed by an attorney to make sure it conforms to the laws where you live. If your situation is complex and you have sizeable assets, it makes sense to consult with an attorney who specializes in wills to be sure you achieve the distribution you want.



Trust

A trust can also be an important part of your estate planning. In a trust, you name a bank, attorney, financial advisor, or other person as trustee. A trustee then manages the trust property for you and/or your beneficiaries. Trusts are primarily established to benefit family members and other beneficiaries. Tax issues and protecting assets if you need long-term nursing home care are also considerations.

There are two major types of trusts: inter vivos trusts and testamentary trusts. An inter vivos trust is created while you are living. It can be either revocable (you can modify it) or irrevocable (you can't make changes once it's set up). A testamentary trust is created by your will and takes effect when you die.

If you believe a trust might be desirable, it is best not to attempt to set it up yourself. An attorney can help you determine whether a trust is advisable, given your objectives. If so, the attorney can help you select the appropriate trust and tailor it to meet your needs and conform to your overall estate plan.

Power of Attorney

A power of attorney is a legal document naming a person to act as your agent. That person can be granted the right to handle a broad range of personal, financial, legal and other affairs, including acting on your behalf concerning your NYSTRS benefits. With a power of attorney, you are able to decide in advance whom you want to make decisions for you in situations in which you are unable to make decisions for yourself, such as during medical procedures or absences from the country.

When choosing an agent, you should select someone you trust — perhaps a family member or friend — who is willing to act in ways having far-reaching effects on your financial and personal affairs.

In New York State, a “short form” power of attorney lists 15 categories in which you may delegate authority. One category is “retirement benefit transactions,” which would cover any transaction or interaction you would have with the System. In New York State, a short form power of attorney executed on or after Sept. 1, 2009 must also be accompanied by a Statutory Major Gifts Rider in order for an agent to have the power to make gifts and other transfers, including the authority to change or designate beneficiaries on retirement benefit plans.

It's a good idea to consult with an attorney to make sure you are using the right form and to tailor it to meet your needs.

An original or certified copy of your power of attorney with your signature must be on file at the System if you want your agent to act on your behalf concerning your NYSTRS benefit. *The Special Durable Power of Attorney Form* is available within the Library page of our website. You may also request a copy by calling our Hotline.

Health Care Proxy and Living Will

If you become ill or are injured, you may not be able to express your wishes about your medical treatment. By completing a health care proxy, you can appoint someone you trust as your agent to ensure your wishes are carried out.





Some considerations when selecting an agent:

- You can give the person as little or as much authority as you want. Unless you say otherwise, your agent will be allowed to make all health care decisions for you. You can limit the agent's authority or give specific instructions to follow.
- Your agent will begin making decisions for you when doctors decide you are not able to make health care decisions yourself. As long as you are able to make decisions yourself, you have the right to do so.
- You can choose anyone 18 years of age or older to be your agent or alternate agent.
- You should discuss your choice of an agent with family members and your health care professionals before you sign your proxy, to make sure you understand the types of decisions that may be made for you.
- You should discuss your health care wishes and the health care proxy form with the person you have chosen as your agent. You don't need a lawyer, but two adult witnesses, 18 years of age or older, must sign your proxy.
- It is a good idea to give a signed copy of the proxy to your agent, your doctor, other family members or friends. You should also keep one with your other important papers.
- You can cancel the proxy, or change your agent or any treatment instructions, by filling out a new form. You can also specify that the proxy expire on a certain date or if a certain event occurs.

A health care proxy is not the same as a living will. A living will is a document that allows you to express your feelings about withholding or withdrawing life-sustaining treatment that prolongs the process of dying. In it, you can state in advance your objection to certain medical measures or your desire to have all available life-sustaining treatment administered.

The living will should express your general wishes, but it can be as specific as you want. You can indicate your wishes concerning cardiac resuscitation, mechanical respiration, and artificial nutrition and hydration.

New York, unlike most states, does not have a specific statute recognizing living wills. However, the courts have upheld the rights of individuals who have declared their objections to life-sustaining treatment. There must be "clear and convincing" proof that a person made this statement while still competent. A living will satisfies this requirement.

By having both a living will and a health care proxy, you are making your feelings about your treatment known and selecting someone you trust to carry out those wishes.

LONG-TERM CARE

As you live longer, the chances increase that you will need long-term care, either at home or in a nursing home. The cost for long-term care depends on where you live and the level of care you need. The average length of long-term care is 2.5 years, with one in five people needing care for five or more years.

There are three ways to pay for long-term care: personal funds, Medicaid (if you're near the federal poverty level and you've exhausted your assets), or long-term care insurance.

Although Medicare provides protection against acute-care costs such as hospital and physician's charges, it was never meant to pay for long-term needs. Medicaid takes over when people are unable to pay their nursing home bills. Each state establishes its own qualifications for Medicaid assistance.

Partnership for Long-term Care

In New York State, the Partnership for Long-Term Care program is a unique Department of Health program combining private long-term care insurance and Medicaid Extended Coverage (MEC). Its purpose is to help New Yorkers financially prepare for the possibility of needing nursing home care, home care, or assisted living services someday.

The program works by allowing an individual or couple who purchases a Partnership insurance policy and keeps it in effect to hold onto all or part of their assets (depending on the type of policy purchased) under the Medicaid program if their long-term care needs extend beyond the period covered by their policy.

You can find information on the Partnership by browsing its website at www.nyspltc.org. You can also call the Partnership's toll-free hotline at (866) 950-7526 or send an email to nypltc@health.ny.gov. The mailing address is:

New York State Partnership for Long-Term Care
NYS Department of Health
One Commerce Plaza, Rm. 1620
Albany, New York 12210

MEDICARE

Medicare is the basic health insurance program for people 65 or older and many other people with disabilities.

Medicare has two parts:

Part A is hospital insurance that helps pay for inpatient hospital care and certain follow-up services. It is funded by payroll taxes of 1.45% that all workers pay on their salary. If you are receiving a Social Security benefit, your hospital insurance will start automatically at age 65.

Part B is medical insurance, an optional program that helps pay doctors' services, outpatient hospital care and other medical expenses. Almost anyone who is eligible for hospital insurance can sign up for medical insurance. It has a monthly premium adjusted each January and is deducted from your Social Security payment.

RETIRED BOARD MEMBER ELECTION

As a retiree, you may cast a vote for the retired member of the NYSTRS Retirement Board. Trustees oversee the administration and operation of the System. The retired member and their alternate serve three-year terms.

When only one candidate and alternate are nominated, they are deemed elected and no formal vote is required.



SOCIAL SECURITY

There is no Social Security tax on your NYSTRS benefit. Also, for a vast majority of our retirees, NYSTRS benefits and Social Security benefits are completely separate; one does not affect the other.

The lone exception is for Tier 3 members who retire with a Tier 3 (Article 14) benefit. For this group, at age 62, the NYSTRS benefit is reduced by 50 percent of the Social Security benefit accrued while in New York State public employment. To avoid this reduction, most Tier 3 members retire under the provisions of Tier 4 (Article 15).

Benefit Eligibility

Social Security credits are earned at a rate of four a year while working and paying taxes. To qualify for a benefit, you need a minimum of 40 credits or 10 years of work. Additional credits will not increase your benefit, but the income you earn may result in a higher benefit. Social Security benefits are paid to you for life and are subject to cost-of-living adjustments.

Applying

Social Security benefits are not paid automatically. You can apply in person, by mail, or by phone, and should do so at least three months prior to



the date you want benefits to begin. Social Security will tell you what documents you need to establish eligibility.

Calculation of Benefit

Your Social Security benefit is based on your reported earnings throughout your employment history. These earnings are adjusted to reflect changes in average wage levels over the years. If you were born after 1928, your 35 highest years are used to find your average indexed monthly earnings (AIME). The AIME is then multiplied by a percentage in a formula specified by law.

The earliest you can collect Social Security is age 62. The benefit, however, will be smaller than what you would receive at normal retirement age. Normal retirement age for a full benefit is determined by your year of birth as shown in the following chart.

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-54	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

Social Security Earnings Limits

If you work in retirement and are of full retirement age, your Social Security benefit cannot be diminished no matter how much you earn. However, if you have yet to achieve full retirement age, your benefit will be reduced if you exceed established earnings limits. Contact SSA for details.

It is important to note that unlike your NYSTRS benefit, which is subject to an earnings limit only as it applies to New York State public employment, your Social Security benefits are subject to earnings limits for all employment if you are not of full retirement age. (Items such as pensions, annuities, investment income and interest do not count as employment earnings.)



There are different rules for those receiving Social Security disability benefits.

Divorce

If you are divorced, your ex-spouse may be eligible for Social Security benefits from your account. This holds true even if you remarry. In some situations, your ex-spouse may get benefits even if you are not receiving them yourself.

In order to qualify, your ex-spouse must meet all the following conditions:

- Have been married to you for at least 10 years.
- Be at least 60 years old.
- Be unmarried.
- Not be eligible for an equal or higher benefit on their own Social Security record, or on someone else's Social Security record.

If your ex-spouse receives a Social Security benefit on your account, it does not affect the amount of any benefits payable to you or your other family members.

Getting SSA Information

Social Security has a comprehensive website at www.ssa.gov containing the latest policy changes, proposals for the future and detailed information. Or call (800) 772-1213 to speak with a Social Security representative. This person can answer your questions or make an appointment for you at the nearest Social Security office.

TAXES

Your NYSTRS benefit is subject to federal income tax, but is exempt from New York State income tax. In several other states, out-of-state pension income is partially exempt. If you are considering a move to another state, we suggest you contact that state's tax department to understand how your benefit will be taxed. A summary of tax laws by state is also available at www.rpea.org.

If you have previously taxed member contributions remaining in the System, a small percentage of your benefit may be non-taxable. We will report any such non-taxable amount to you. *(Please Note: Contributions made by Tier 3 and 4 members before July 1, 1989, are included in the non-taxable amount.)*

Year End Tax Reporting

You will receive a 1099-R tax form from the System each January. It will list the gross amount of your benefit, the taxable amount and any federal tax withheld for the previous calendar year. We send Copy A of the form to the Internal Revenue Service. You file Copy B with your federal tax return and keep Copy C for your records. If you need a duplicate copy and you have a MyNYSTRS account, you can print a replacement from the NYSTRS website. You will need to log in to your MyNYSTRS account to access it. You can also request a duplicate by calling us at (800) 348-7298, Ext. 6120.

Two 1099-R items to keep in mind:

1. The first several benefit payments new retirees receive represent an estimate of what the actual amount will be. When the retirement is finalized, a lump-sum adjustment will be paid to make up the difference between the estimated payment amount and the final payment amount. The lump-sum payment may or may not be paid in the same tax year as the estimated benefit payments and, as a result, the gross amount on a given year's 1099-R may be different than expected.

2. COLA adjustments, by law, are made to eligible retirees each September. As a result, the 1099-R income amount reflects eight months at one monthly payment, and four months at a higher (COLA-adjusted) monthly payment.

Tax Withholding

You can have taxes withheld from your monthly payments or you can make quarterly estimated tax payments. If you do not file a *W-4P Withholding Certificate for Periodic Pension or Annuity Payments* (FIN-149.1) form, federal taxes will be withheld automatically at the rate for "married with three exemptions."

To elect a new withholding amount, you must submit a new W-4P form with the System. You can change your tax withholding at any time and, generally, a change received by the 12th of a month will be reflected in that month's payment. MyNYSTRS account holders have the convenience of updating their W-4P withholding election online.

Make your withholding decision carefully since you may incur penalties under the estimated tax rules if your tax payments are not sufficient to meet your federal tax obligation. System staff cannot offer tax advice. We recommend you consult a tax advisor or the IRS directly if you need assistance.

UNION PROGRAMS

If you so request, we will withhold payments from your retirement benefit for various union programs offered through New York State United Teachers (NYSUT). Questions about the programs and benefits should be directed to:

New York State United Teachers
800 Troy-Schenectady Road
Latham, New York 12110-2455
(800) 342-9810 or
(518) 213-6000 for Albany-area calls



VOLUNTEERING

If you're looking for new and rewarding activities to enjoy in retirement, you don't have to look hard to find organizations that can use your time and skills. Volunteering gives you the opportunity to stay active and the satisfaction of making a positive contribution to society.

Many organizations are hungry for volunteers, especially retired educators who have the experience of working one-on-one or in small groups, as well as making presentations and organizing data.

Here are some things to consider if you're thinking about volunteering:

- Look for situations where you can recreate the aspects of teaching you found most satisfying—maybe coaching or tutoring.
- Start with organizations where you're already active—a religious institution, club, charity or community service group.
- Explore the possibilities of on-line volunteering you can do right at home.
- Consider working at special events in your community, such as fundraisers for worthy causes.

“THE LONGER I LIVE,
THE MORE BEAUTIFUL
LIFE BECOMES.”

~ Frank Lloyd Wright

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WORKING IN RETIREMENT

Whether it's to help offset rising costs or to satisfy a need to be connected and productive, returning to the workplace after retiring has become commonplace.

If you're considering returning to work, you should find out if there are earnings limitations for the type of work you are considering. You'll find comprehensive information in the NYSTRS publications *Working in Retirement* and *Retired Members' Handbook*. You may also call us at (800) 348-7298, Ext. 6150 whenever you have a question about your employment.

Don't jeopardize your retirement benefit. Know the facts about earnings limits and their effect on your NYSTRS benefit.

Report Your Earnings

If you are under 65 and working for a New York State public employer, you are required to report your earnings to NYSTRS as soon as you reach the earnings limit of \$35,000 in 2020 and subsequent years — even if you worked under a waiver or your public employer contracted with a private, third-party entity to hire you.

If you have a MyNYSTRS account, use the Earnings After Retirement feature to report your earnings. We recommend reporting monthly, even if you do not intend to exceed the limit. Timely self-reporting helps you track your earnings and avoid having to repay a portion of your retirement benefit.

Those without an account will need to complete and submit the *Reporting Your New York State Public Employment Earnings* (RMS-64.1) form as soon as they reach the limit in a calendar year. The form is available on the Retiree Forms page of NYSTRS.org.

If you work for a NYSTRS-participating employer (including New York State public school districts, qualifying charter schools, the state Education Department, SUNY or state community colleges), you must provide your NYSTRS EmplID to your employer. In addition to your own reporting, a NYSTRS-participating employer must report your earnings to us monthly.

Please Note: Employment rules and earnings limitations often change. Also, Social Security regulations and New York State law may not always be the same. Visit our website at NYSTRS.org or call the System at (800) 782-0289 for updates on these and other topics.