



L I F E

Changes

Membership in a Nutshell



New York State Office of the State Comptroller
Thomas P. DiNapoli



**New York State and Local
Retirement System**

Employees' Retirement System
Police and Fire Retirement System

A Message from Comptroller Thomas P. DiNapoli



What do you think your retirement will be like?

To many people, retirement is all about the freedom to make choices. But before you make those choices, you need to know how membership in the Retirement System can directly affect your financial future and the future of your loved ones.

Whether you are just joining the System or have been a member for a number of years, this booklet will serve as a valuable resource to you. It will help you understand the benefits you are entitled to receive as a Retirement System member. Understanding these benefits is the first and most important step in planning your future.

Your Retirement System is here to assist you and answer any questions you may have. Please feel free to call on us.

Sincerely,

A handwritten signature in black ink that reads "Tom DiNapoli". The signature is written in a cursive, flowing style.

Thomas P. DiNapoli
State Comptroller

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About the Retirement System

The New York State and Local Retirement System (NYSLRS) comprises two distinct systems, which are administered by the same staff. They are the Employees' Retirement System (ERS) and the Police and Fire Retirement System (PFRS).

The New York State Comptroller is the administrative head of NYSLRS and trustee of the New York State Common Retirement Fund (the Fund). With more than one million members, retirees and beneficiaries, and more than 3,000 employers, NYSLRS is one of the largest public retirement systems in the nation. The Comptroller is responsible for ensuring the System's 346 different benefit programs are managed properly and effectively. The Fund is one of the largest institutional investors in the world and, as of March 31, 2014, was valued at \$176.8 billion.

Your Benefits

Your membership in the Employees' Retirement System or the Police and Fire Retirement System provides many benefits, including:

- Service retirement benefits;
- Disability retirement benefits for both on-the-job and non-job-related disabilities;
- Death benefits;
- Vesting of benefits;
- Loans for contributing members;
- The ability to transfer membership to and from other public retirement systems in New York State; and
- The crediting of withdrawn service from another public retirement system in New York State.

Your service retirement, ordinary and accidental disability and death benefits vary depending on your tier and/or plan coverage. You will find specific information about plan coverage in your plan booklet, available from your employer's personnel office or by contacting our Call Center. You can also find plan booklets and other informational brochures and newsletters on the publications page of our website at www.osc.state.ny.us/retire/publications.

Your Membership

Tier Status

When you join the Retirement System, you are assigned to a tier based on your date of membership. There are six tiers in ERS and five in PFRS. Your tier determines:

- Your eligibility for service or disability retirement benefits;
- The formula used in the calculation of your benefits;
- Death benefit coverage;
- Service crediting;
- Whether you must contribute toward your benefits; and
- Your eligibility for loans.

If You Are an ERS Member:

You are in:	If you joined:
Tier 1	Before July 1, 1973
Tier 2	July 1, 1973 through July 26, 1976
Tier 3	July 27, 1976 through August 31, 1983
Tier 4	September 1, 1983 through December 31, 2009
Tier 5	January 1, 2010 through March 31, 2012
Tier 6	April 1, 2012 or after

There are no Tier 4 New York State correction officers. Those who joined July 27, 1976 through December 31, 2009 are Tier 3 members.

If You Are a PFRS Member:

You are in:	If you joined:
Tier 1	Before July 31, 1973
Tier 2	July 31, 1973 through June 30, 2009
Tier 3	July 1, 2009 through January 8, 2010*
Tier 5	January 9, 2010 through March 31, 2012
Tier 6	April 1, 2012 or after

* PFRS members who joined July 1, 2009 through January 8, 2010 and did not elect to be covered by Article 22 (i.e., did not opt into Tier 5) can be covered by Article 11 or Article 14 benefits, depending on their retirement plan election. There is no Tier 4 in the Police and Fire Retirement System.

Contributions

One of the most important missions of the Retirement System is to ensure that there are sufficient assets in the Common Retirement Fund to support the benefits earned by past, present and future retirees. It is the responsibility of the Comptroller to invest both employer and member contributions prudently, enabling us to meet this goal. All member contributions currently earn 5 percent annual interest.

Required

- Most Tier 1 and 2 members do not contribute.
- Certain military service requires contributions.
- Since October 1, 2000, Tier 3 and 4 members have been required to contribute 3 percent of their gross earnings, until they have ten years of membership or ten years of credited service, whichever occurs first.
- Most Tier 5 ERS members must contribute 3 percent for their entire careers, though members in some titles must contribute 4 percent.
- Many Tier 5 PFRS members will contribute 3 percent for their entire careers.
- Most Tier 6 members will contribute between 3 and 6 percent for their entire careers.
- The amount that Tier 6 members contribute is initially based on their annual wage, as stated by their employer on their Membership Application.

Voluntary

- All Tier 1 and 2 members and PFRS Tier 3 (Article 11) members covered by a non-contributory retirement plan may voluntarily contribute from 1 to 10 percent of gross earnings to their member account.
- You receive 5 percent interest on voluntary contributions and may become eligible to borrow against your contributions.
- You can start or stop voluntary contributions by filing the appropriate form with your payroll office.
- If you stop voluntary contributions, you must wait 12 months to resume making them.
- Most Tier 3, 4, 5 and 6 members are not eligible to make voluntary contributions.

Withdrawing Your Contributions

Members may withdraw voluntary (also known as excess) contributions, plus interest, at any time before retirement, regardless of whether they are working. Withdrawing voluntary contributions does not terminate Retirement System membership for these members.

Tier 3, 4, 5 and 6 members with less than ten years of service may withdraw their mandatory contributions, plus interest, 15 or more days after leaving public service. However, this action terminates membership and individuals become ineligible for any Retirement System benefits.

If you withdraw your contributions, we will let you know the amount reportable for federal income tax purposes. (This payment is not subject to the income tax of New York State or its municipalities.) The Internal Revenue Service requires that we withhold 20 percent of the taxable amount. To defer paying federal income tax and avoid the 20 percent withholding, you can request that we make a direct trustee-to-trustee transfer to an IRA or other qualified retirement plan. You may want to consult a tax advisor for additional information.

If you are younger than 55 and receive a taxable payment, you may be subject to an additional 10 percent federal income tax penalty on the taxable portion of the payment. This penalty is not deducted from your refund payment, but must be paid when you file your federal income tax return.

Service Credit

As a Retirement System member, you earn service credit for your paid public employment with a participating employer. However, you may also be able to receive credit for employment with a participating employer before you joined the Retirement System, for employment with a participating employer before the employer elected to participate in the Retirement System and for certain military service.

To receive credit for previous public employment, send a written request (which must be received before your effective date of retirement) to our Member & Employer Services Bureau. Include as much information as you can about the period of employment for which you are seeking credit. We will determine your eligibility and any cost involved.

In most cases, purchasing additional service credit will increase your pension. However, there are certain situations where additional service credit may not increase your pension. Please review your plan information available on our website at www.osc.state.ny.us/retire/publications. Also on our publications page, you can find detailed information about getting credit for all of your public service in our brochure, *Service Credit for Tiers 2 through 6* (VO1854).

Vesting

Members are considered ‘vested’ when they have earned sufficient service credit to qualify for a pension. Vesting is automatic; you do not have to fill out any paperwork to obtain this status. Tier 5 and 6 members are vested when they have ten or more years of member service. Members in other tiers are vested after earning five years. As a vested member, you may leave public employment and, when you become eligible at a later date (depending on your Retirement System and tier status), apply for and receive your vested retirement benefit.

Tier 3 and 4 vested members with at least five, but less than ten, years of service credit can voluntarily withdraw their membership and receive a refund, or roll over their contributions to an IRA or another qualified retirement plan.

If you are a Tier 3 or 4 member and have at least five years of service, we encourage you to weigh the advantages and disadvantages of keeping your contributions intact and filing for a retirement benefit when you are eligible.

Ending Your Membership

Once you join the Retirement System, there are five ways your membership can end:

- If you do not have at least five years of credited service (ten for Tier 5 and 6 members) and seven years have elapsed since you last worked in public service;
- If you are not vested, leave public employment and voluntarily withdraw your membership;
- If you transfer your membership to another New York State public retirement system;
- If you retire; or
- If you die.

“Public employment” means paid service as an officer or employee with an employer that participates in the New York State and Local Retirement System. Non-vested members who leave public service, have not withdrawn their membership, and return to public service within seven years, will continue in their current membership and tier.

Reinstating Your Former Date of Membership

You may be eligible for a change in your date of membership, and perhaps a change in your tier status, if you were ever a member of one of the following public retirement systems prior to your current membership:

- New York State and Local Employees' Retirement System
- New York State and Local Police and Fire Retirement System
- New York State Teachers' Retirement System
- New York City Employees' Retirement System
- New York City Teachers' Retirement System
- New York City Police Pension Fund
- New York City Fire Department Pension Fund
- New York City Board of Education Retirement System.

If you are still employed in a position covered by any of these other retirement systems, you are not eligible for tier reinstatement. Your membership in the other system must have been terminated or withdrawn.

For reinstatement to Tier 1 or Tier 2, send us a completed Application to Reinstate a Former Tier 1 or 2 Membership (RS5506). If your previous membership was with another retirement system, or a Tier 3, 4, 5, or 6 membership, please write to our Member & Employer Services Bureau.

Note: An earlier tier of membership does not always result in better benefits. Please review all available information carefully before making your decision and contact us with any questions you may have.

Transferring Your Membership

Some members who join the Retirement System are still active members of another public retirement system in New York State. If this applies to you, you may be eligible to transfer that membership to NYSLRS. To request a transfer to NYSLRS, contact the other system while you are still an active or vested member of that system. When we process your transfer, we will compare your date of membership in NYSLRS with your date of membership in the other system. When the transfer is completed, your date of membership will be the earlier of the two dates. If applicable, your tier will also change.

Once this transfer application is filed or received by the Retirement System, your transfer is effective. Under certain circumstances, it may not be beneficial to transfer your membership. If you have any questions concerning your transfer or if you are covered by a special plan, you should contact our Call Center toll-free at 1-866-805-0990 or 518-474-7736 in the Albany, New York area before completing the application.

If you are still employed in a position covered by the other retirement system, or your membership in the other system has been terminated or withdrawn, you are not eligible to transfer.

You may transfer membership within the following New York State public retirement systems:

- New York State and Local Employees' Retirement System
- New York State and Local Police and Fire Retirement System
- New York State Teachers' Retirement System
- New York City Employees' Retirement System
- New York City Teachers' Retirement System
- New York City Police Pension Fund
- New York City Fire Department Pension Fund
- New York City Board of Education Retirement System.

PFRS members can also transfer their membership to the Metropolitan Transportation Authority Police Pension Fund (MTAPPF). However, service credit earned with the MTAPPF cannot be transferred to PFRS.

Note: The transfer application (RS5223) is irrevocable.

Loans

You are eligible to borrow from the Retirement System if you are currently working in public service, have at least one year of service credit and have sufficient contributions on deposit. Eligible Tier 3, 4, 5 and 6 members (with Article 14, 15 or 22 benefits) must have at least \$1,334 in contributions on deposit; Tier 1 and 2 members and PFRS Tier 3 members with Article 11 benefits must have at least \$33.35 on deposit. Members in non-contributory plans (generally Tier 1 and 2 members and certain PFRS members) are only eligible to take a loan if they have made voluntary contributions.

Before you apply for a loan, you should be aware of the federal tax laws pertaining to Retirement System loans. **Your loan will be taxable if:**

- The loan amount exceeds federal limits. If you have a loan with a deferred compensation (457) or tax-sheltered annuity (403-b) plan through your current employer, we must take that loan balance into consideration when we calculate the taxability of your Retirement System loan. This could cause your loan to exceed the federal limits and result in significant tax consequences for you.
- You do not make payments on your loan at least once every three months or do not complete payment within five years from the date the loan was issued.
- You retire or withdraw from the Retirement System and have one or more outstanding loan balance(s) when you retire or withdraw.

If your loan is taxable, or becomes taxable as described, you must include it on your federal income tax return for the year the loan is granted or becomes taxable. If you are younger than 59½ at the time, you may be required to pay a 10 percent penalty tax in addition to any ordinary federal income tax you owe. You may wish to consult a tax advisor before applying for a taxable loan from the Retirement System.

If you are considering taking a loan or want an update on your current loan, contact our Call Center and connect to our automated information line where you will be able to:

- Determine if you are eligible for a loan;
- Request a loan application;
- Learn the status of your loan application;
- Get your current account balance; and
- Get general information about the loan process.

A word of caution — as you near retirement, it is advisable to pay off your loan balance.

An outstanding loan at retirement will **permanently reduce** your benefit and some or all of your balance may be taxable.

Services We Offer Members

Plan Information

When you join the Retirement System, you are sent a membership packet. This packet includes an overview of your service retirement benefits, disability retirement benefits and death benefits. For a detailed description of these benefits, visit the publications page on our website at www.osc.state.ny.us/retire/publications. Be sure to keep this information with your important papers so you can refer to it when necessary.

Periodically, plan information is revised to reflect changes in the Retirement and Social Security Law (RSSL). It is a good idea to check our website frequently to make sure you have the most current information available on your retirement plan.

Publications

We have a large variety of publications which you may find useful. If you have a specific question or problem, we usually have a publication that can help, such as:

- *Service Credit for Tiers 2 through 6* (VO1854)
- *What If I Leave Public Employment?* (VO1800)
- *How Do I Prepare to Retire?* (VO1709)
- *What If I Work After Retirement?* (VO1648)
- *Military Service Credit* (VO1723).

These publications are available on our website.

We also publish semiannual newsletters for active members — *The Update* (for ERS members) and *The Sentinel* (for PFRS members) — which are sent to your employer for distribution. The newsletters explain different benefits and discuss services available to you, new legislation and new or revised publications. For a faster and more convenient way of getting the information you want, when you need it, subscribe to our email newsletter, *E-News*. *E-News* gives you retirement information you need in a quick and convenient manner. To subscribe, go to our home page at www.osc.state.ny.us/retire, and click on the “Email Sign Up” box in the upper right-hand section of the page.

Member Annual Statements

In addition to confirming your membership in the Retirement System, your Member Annual Statement contains a wealth of individual information about your tier and plan coverage, the salary reported by your employer(s), your current beneficiary, death benefit and, in most cases, service credit earned and a benefit projection based on information provided by our automated records. The information in your Member Annual Statement can help you more fully understand your benefits as a member of the Retirement System.

Benefit Projections and General Estimates

Request a General Estimate

An estimate of your retirement benefits is an important tool to help you make financial decisions about retirement. Your estimate will provide detailed information about the amounts payable to you and your beneficiary under various payment options, along with a description of each option. You must be within 18 months of retirement eligibility to request a general estimate. However, if you are a vested member off the payroll, you can receive a general estimate, regardless of your age. It's important to note that a general estimate can take a number of months to complete, so we recommend you submit your request nine to 18 months prior to your estimated date of retirement. To submit your request, complete a Request for Estimate form (RS6030), available on the forms page of our website at www.osc.state.ny.us/retire/forms.

Request a Benefit Projection

Most Tier 2, 3 and 4 members with five or more years of service credit can request a benefit projection from our Call Center. Actively employed members age 50 or older can also request a projection that estimates additional service credit based on a date of retirement up to five years into the future. In most cases, these projections will be mailed to your home address the next business day.

A benefit projection is a great tool for vested members who are considering leaving the payroll before they are old enough to collect their pension benefits. To request a projection, contact our Call Center toll-free at 1-866-805-0990 or 518-474-7736 in the Albany, New York area.

Use Our Online Benefit Projection Calculator

If you are an ERS member and covered by the New Career Plan (Section 75-h or 75-i of the RSSL), a State correction officer, a PFRS member covered by a special 20-year plan, or most Tier 3 and 4 members, you can get a quick projection of your service retirement benefit from our online benefit projection calculator. Visit www.osc.state.ny.us/retire/members/projecting-your-pension.php.

Note: Benefit projections are based entirely on salary and service credit information you enter — not Retirement System records. It is important that you contact us to confirm that the information we have in our records for you is accurate and complete before you make any final decisions regarding your retirement.

Estimates for Divorce Proceedings

If you are in the process of a divorce, the court may ask you to provide a present or accrued value on the benefits due you at retirement. For more information about requesting a retirement estimate for divorce purposes and how divorce may affect retirement benefits, please visit our website at www.osc.state.ny.us/retire/members/divorce.

Individual Consultations

We provide individual consultations by phone or in person at offices throughout New York State. This service is of particular value when you need an explanation of benefits as they pertain to your own circumstances and membership.

In our main office in Albany, representatives are available on all business days from 8:30 am to 4:30 pm. Representatives are available from 9:00 am to noon and 1:00 pm to 4:00 pm at our other consultation sites across the State on scheduled days. The current schedule appears on our website at www.osc.state.ny.us/retire/consultation_site_offices. Appointments are needed for consultations at all of our sites. However, with the exception of our New York City site, you do not need an appointment to drop off forms and/or have them notarized. To schedule an appointment, please contact our Call Center.

Your Obligations

Naming or Changing Your Beneficiary

You become eligible for a death benefit after one year of credited service; some special plans require only 90 days of service. So when you first join the Retirement System, you must name one or more beneficiaries to receive your death benefit.

Life circumstances sometimes change and the beneficiary you designate today may not be the one you would designate later. By keeping your beneficiary designation up to date, you will ensure that the right person receives the benefits due if you die prior to retirement. You may change your beneficiary at any time before retiring. Designation of Beneficiary forms (RS5127) are available on the forms page of our website at www.osc.state.ny.us/retire/forms, from your employer's personnel office or our Call Center. Designation changes become effective when we receive your properly completed, signed and notarized form. We will consider your form filed when it is delivered to us by the Post Office. However, if you mail your form via "certified mail — return receipt requested," when we receive your form, we will consider it as having been filed on the date it was mailed.

Address Changes

It is important to keep us informed of your current address, especially if you leave public employment. You can change your address by writing to our Member & Employer Services Bureau. Be sure to include your Retirement registration number in your correspondence. You can find your registration number on your Member Annual Statement. In most cases, you can also update your address by contacting our Call Center.

Date of Birth Changes

To correct your date of birth on our records, please send a photocopy of your birth certificate. We will also accept a copy of your New York State driver's license issued on or after January 1, 2005, passport, marriage certificate (if it shows the age on a given date or date of birth), baptismal certificate, Certificate of Release or Discharge From Active Duty (DD-214), enhanced driver's license or naturalization papers. The document should be sent to our Member & Employer Services Bureau at 110 State Street, in Albany (see *How to Contact Us*). If you send an original document, once the adjustment is made, we will return your document via certified mail.

Name Changes

Notify us of any name change by completing a Name Change Notice (RS5483), available on the forms page of our website at www.osc.state.ny.us/retire/forms, or from your employer or our Call Center.

Reporting Errors

If you discover an error in any information we send you, contact us so we can investigate and make any necessary corrections. However, if there is an error in the reported salary on your Member Annual Statement, please contact your employer for an explanation. Your employer must send us an adjustment report before we can change your salary records.

Social Security Number Changes

Send us a copy of your Social Security card to correct any error made in your Social Security number. Be sure to also include your registration number in your correspondence.

Filing for Retirement Benefits

You must file for retirement benefits — they do not start automatically. Please refer to your plan booklet for vesting and eligibility information.

How to Stay Informed

Your retirement benefits are an important part of a solid financial plan. They can help you and your beneficiaries achieve financial security in retirement or in the event of disability or death. Use these tips to help you understand your benefits and stay informed.

- Connect with us on social media.
 - Follow our blog, New York Retirement News (www.nyretirementnews.com), where you'll find tools to help you understand your benefits, as well as important Retirement System news.
 - You can also like us on Facebook (www.facebook.com/nyslrs) and follow us on Twitter (www.twitter.com/nyslrs) for quick tips and updates on a variety of retirement topics.
- Sign up for *E-News*, our free email newsletter, for the latest retirement news and information dedicated to pre-retirement planning.
- Read your member newsletter for current retirement information and updates on your benefits.
- Review your Member Annual Statement carefully and correct any errors quickly.

- Visit our website frequently to learn about your benefits, download forms, read informative booklets and brochures, and get tips on preparing for retirement.
- Attend a pre-retirement presentation to learn about the retirement process, know what you can expect and discuss post-retirement issues. At your employer's request, we offer these presentations designed for members within five years of retirement eligibility.
- Make an appointment to visit any of our consultation sites where you can meet with an Information Representative to discuss special concerns or request specific information.

How to Contact Us

If you have any questions or you need more information, you can:

- Email us from our Contact Us page at www.osc.state.ny.us/retire/contact_us;
- Phone our Call Center toll-free at 1-866-805-0990, or 518-474-7736 if you live in the Albany, New York area;
- Fax us at 518-402-4433; or
- Write to us at:
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This publication provides a general summary of membership benefits, rights and responsibilities, and is not a substitute for any New York State or federal law. For specific information about your benefits, please contact us.