

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 pleased to report that your pension fund remains among the strongest and best-funded in the country.



Despite challenging market conditions, we remain confident that the Fund will continue to meet its pension obligations. As long-term investors, we focus on the Fund's performance over many years, rather than on the day-to-day fluctuations of the market. Determining an appropriate assumed rate of return — how much investments are expected to earn over a period of years — is an important part of our long-range strategy to ensure that our current and future retirees will receive the retirement benefits they have earned.

Last year, we lowered our assumed rate of return from 7.5 percent to 7 percent, which is the second time since becoming State Comptroller in 2007 that I have lowered the assumed rate of return. By comparison, according to the National Association of State Retirement Administrators, the median assumed rate of return for public pension funds is 7.75 percent. The Fund's conservative approach better positions us for the investment climate ahead and helps ensure the ongoing strength of our pension fund.

As an NYSLRS member, you can rest secure in the knowledge that a sound investment strategy and careful management will keep our pension fund strong. My staff and I will work hard to make sure NYSLRS continues to be a leader among U.S. public pension funds.

Sincerely,



Thomas P. DiNapoli
State Comptroller

Choosing the Payment Option that Fits Your Needs

When you retire, you will have to choose a benefit option. Some options enable you to designate one beneficiary to receive a lifetime benefit, some pay one or more beneficiaries for a certain period of time and some pay a lump sum after your death. Eligible members may also elect to receive a partial lump sum at retirement with a reduced monthly benefit. However, all of the options have one thing in common — they will provide you with a monthly benefit for the rest of your life.

The option you choose will have an impact on how much your monthly payment will be. The Single Life Allowance option, which does not provide a benefit to a beneficiary, will pay you the maximum amount you are entitled to receive. All other options pay somewhat less than your Single Life Allowance in order to provide a benefit to a beneficiary. Generally speaking, the greater the possible payment to a beneficiary, the less your benefit will be.

For Joint Allowances, which enable you to designate one beneficiary to receive a continuing monthly payment for the rest of his or her lifetime, the age of your beneficiary plays a role. The younger your beneficiary,

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Ordinary and Accidental Death Benefits



Part 1: The Ordinary Death Benefit, for PFRS Members in Tiers 2 – 6

This benefit is payable to beneficiaries of members in special plans (most of you) if you pass away while you are *in service*. You must also be on the payroll (or on an authorized medical leave of absence, with or without pay), and have completed at least 90 days of service since last joining the Retirement System.

The Ordinary Death Benefit is equal to three times your current salary, raised to the next highest multiple of \$1,000 (an amount that may be limited by Section 130 of the New York State Civil Service Law). This benefit is payable as a lump sum, and the first \$50,000 is not taxable. If you die while in service after becoming eligible to retire with full benefits, your beneficiaries may be entitled to receive an alternative death benefit equal to the value of your retirement benefit.

It is important that you keep your choice of beneficiaries on file with us up to date. You can change your death benefit beneficiaries at any time. You can find your beneficiary information on your most recent Member Annual Statement.

The rules and calculation methods for Tier 1 members, members in regular plans, and members who are on Workers' Compensation differ from the rules for Tiers 2 through 6. For more complete information, please refer to your plan book on our Publications page at www.osc.state.ny.us/retire/publications/index.php.

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the less the amount paid each month, because payments could continue for a longer period of time. For lump sum options, or options that pay a benefit for a certain amount of time after your date of retirement (the 5- or 10-Year Certain options), you may change your beneficiary after retirement or choose more than one beneficiary, and their ages have no effect on your benefit amount.

So how do you choose the option that best suits your needs?

- Consider your financial situation and that of your beneficiaries. Would they be financially secure should anything happen to you, or would they need help to make ends meet and for how long?
- Use the benefit projector calculator on our website at www.osc.state.ny.us/retire/members/projecting-your-pension.php for a ballpark estimate of your benefit using information you enter. You can see the potential impact choosing different beneficiaries could have on your benefit.
- Get an estimate of your benefit payment options 18 months prior to your retirement.

For a list of the options and a full description of each, please visit our Benefit Payment Option Descriptions page at www.osc.state.ny.us/retire/planning/options.php.

It is not always easy to acknowledge that, someday, we will pass away. NYSLRS provides benefits that may help alleviate some of the financial burdens your loved ones may encounter as a result of your passing. If you meet the criteria below, your beneficiaries would be entitled to a benefit.

E-News Keeps You Connected

Don't miss out on the latest Retirement System news. Sign up for our monthly email newsletter, *E-News*, to keep up to date on important issues that may affect you and your Retirement System benefits. You'll also receive useful tips on planning for retirement. Sign up today at www.osc.state.ny.us/retire/e-news/sign-up/index.php.

Part 2: Accidental Death Benefits

The beneficiaries of PFRS members may be eligible for both the Accidental and Special Accidental Death Benefits if you die as a result of an on-the-job accident. These benefits are payable regardless of your age or years of service credit.

The Accidental Death Benefit is a pension equal to 50 percent of your Final Average Salary (FAS), minus any Workers' Compensation paid or payable because of your death. For information on FAS calculations, visit www.osc.state.ny.us/retire/members/final_average_salary.php. The Special Accidental Death Benefit is a pension equal to your last twelve months of earnings reduced by your Accidental Death Benefit, as well as any Social Security benefits payable.

Beneficiaries for these benefits are established by law and are paid in the following order:

- First, to your spouse, for life;
- Second, where there is no surviving spouse, to minor children until they reach age 18 (or if students, up to age 23);
- Finally, where there is no surviving spouse or minor children, to a dependent parent for life.

If all the beneficiaries listed become ineligible for benefit payments, and the payments made to that time do not equal or exceed the amount of the ordinary death benefit that would have been payable at the time of death, the difference will be paid to your designated beneficiary or to your estate. If you have no eligible beneficiaries as listed above, the accidental death benefit will not be paid, but the applicable ordinary death benefit will be paid to your last designated beneficiary or your estate.

It is important that your employer or family members notify us of your passing so we may send your beneficiary the appropriate forms. For more information about death benefits, please read *Your PFRS Retirement Benefits (ZO1829)* on our website at www.osc.state.ny.us/retire/publications/index.php.

Most Commonly Selected Payment Options

The graph below shows the three most popular option selections that PFRS retirees chose during the State Fiscal Year ending 2015.



The New Retirement Online

Coming in 2016

You'll soon be able to go online to view your benefit information, update your address, request a loan and manage your death benefit beneficiaries, all with the new and improved *Retirement Online*.

Over time, we will introduce additional features that allow you to obtain estimates of your projected pension benefit, purchase service credit and more.

Some of you may be registered users of our current online services. In that case, you will be notified when you need to create a new account to use the new *Retirement Online*. We apologize for the inconvenience, but we're sure you'll be pleased with the improvements we are making.

Using the new *Retirement Online* service is completely optional. You will still be able to conduct Retirement System transactions through the mail and by contacting our call center.



Watch for more information about opening your new online account in upcoming Retirement System publications, on the New York Retirement News blog and on our Facebook and Twitter pages. You can also get monthly updates by subscribing to *E-News*.

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State Comptroller: Thomas P. DiNapoli

Executive Deputy Comptroller: Colleen Gardner

Deputy Comptroller: Melanie Whinnery

Editor: June Hughes

Writers: Tracy Teschka and Patrick Ruddy

Graphic Artist: Kalyn Talbot

Send your comments by email to:
nysretnews@osc.state.ny.us

Or write to:
NYSLRS
Retirement Communications
110 State Street
Albany, NY 12244-0001.



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