

## A Message from Comptroller Thomas P. DiNapoli

As head of the New York State and Local Retirement System (NYSLRS) and Trustee of the New York State Common Retirement Fund (Fund), I am committed to protecting the assets of NYSLRS, and properly funding and administering pension benefits. This is how we guarantee you receive your hard-earned benefit when you retire.



I am pleased to report that the Fund ended the State fiscal year 2014-2015 with a value of \$184.5 billion. Despite challenging market conditions, the Fund performed well. The Fund is the third largest public pension fund in the country and NYSLRS remains among the nation's best-funded and best-managed public pension plans.

I'm also happy to report that NYSLRS' new self-service portal, *Retirement Online*, will be available soon. The new portal will enable you to access and manage your account information and provide you with web-based tools that will make it easier and more convenient to do business with us. It is part of a multiyear project to modernize our computer system, which will streamline our processes and improve our service to you. You'll find more information about the portal on page 4, and you should watch for more information about it in upcoming NYSLRS publications.

You can also stay informed about NYSLRS on Twitter at [www.twitter.com/nyslrs](http://www.twitter.com/nyslrs), Facebook at [www.facebook.com/nyslrs](http://www.facebook.com/nyslrs) and our blog at [www.nyretirementnews.com](http://www.nyretirementnews.com).

Sincerely,



Thomas P. DiNapoli  
State Comptroller

## Defined Benefit Plans Work

As a member of the New York State and Local Retirement System (NYSLRS), you are fortunate to have a defined benefit (DB) pension plan. With a DB plan, your pension benefits are guaranteed for your life and determined by a preset formula, which includes your service credit and final average salary. However, many employees in the United States, particularly in the private sector, are enrolled in 401(k)-style plans. The ultimate value of these plans is based on the contributions made to the plan and investment returns. While 401(k) plans and other individual retirement accounts can be a great way to supplement your pension and Social Security payments, they do not provide the same level of security as DB plans. Unlike your pension, these plans do not guarantee a lifetime benefit.

According to Comptroller Thomas P. DiNapoli, "Dollar for dollar, defined benefit plans are more cost effective and certainly do a better job of providing retirement security. 401(k)-style plans come with a greater cost and there are greater risks involved." In fact, a recent report from the National Institute on Retirement Security states that DB plans are 48 percent less costly than 401(k)-style plans.

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# Project Your Benefit Online

Did you know you can project your NYSLRS pension benefit on our website? Our Benefit Projector Calculator will provide most Tier 1, 2, 3 and 4 members with a projection based on information you enter into the calculator.\* All you need is your birthday, anticipated date of retirement (or age at retirement), and estimated salary and service credit information (provided to you in your Member Annual Statement).

Your benefit will be based on your Final Average Salary (FAS) and your service credit. FAS is the average of your highest three consecutive years of earnings. If you have an idea of what your FAS might be, you can use that amount, or enter your earnings during the past year and let the calculator project periodic salary advances into your FAS. If you choose to enter a beneficiary's date of birth into the calculator, it will estimate benefit amounts for options that would pay a continuing monthly benefit to your beneficiary upon your death.

The calculator is a great tool if you are in the early stages of retirement planning. You can enter different dates of retirement, FAS amounts and service credit totals to see how they could affect your pension benefit. For example, if you are considering whether to retire at age 57 with 28 years of service or at age 59 with 30 years of service, the calculator can show you what the difference in your pension benefit would be. To use our Benefit Projector Calculator, go to [www.osc.state.ny.us/retire/members/projecting-your-pension.php](http://www.osc.state.ny.us/retire/members/projecting-your-pension.php).

\* The calculator is not currently capable of projecting benefits for Tier 5 or 6 members, or members in certain special plans.

# Sign Up to Receive Retirement System News by Email

*E-News* is a great way to learn about your NYSLRS retirement benefits no matter where you are on the path to retirement. In addition to providing updates on current events, *E-News* will keep you informed whenever

new laws that affect you are enacted. Your monthly *E-News* includes Hot Topics, tips for members who are Close to Retirement and links to resources and our social media sites. *E-News* is an important way to stay informed. Sign up today at [www.osc.state.ny.us/retire/e-news/sign-up/index.php](http://www.osc.state.ny.us/retire/e-news/sign-up/index.php).



Do you have friends or co-workers who might like *E-News*? Visit our referral page at [www.osc.state.ny.us/retire/e-news/sign-up/referral.php](http://www.osc.state.ny.us/retire/e-news/sign-up/referral.php), complete the form, and we'll send them an invitation to sign up, too.

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Following our NYSLRS news blog and connecting with us on Facebook, Twitter and YouTube can help you keep up to date on all the Retirement news that's important to you.

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## Retirement Milestones for Tier 3 and 4 Members

There are many milestones you can reach during your working career, such as getting promoted or hitting the top of your pay grade. Similarly, your retirement plan has its own set of milestones that will directly affect how your pension benefit is calculated, and therefore, how much you will receive at retirement.

Tiers 3 and 4 represent the largest group of Employees' Retirement System (ERS) members (67.3 percent of active members are in Tier 3 or 4), and many of our Tier 3 and 4 ERS members may now be approaching retirement.

Here are some important milestones to remember for Tier 3 and 4 members:

- You can retire at any time once you reach the age of 55 and have at least 5 years of service credit.
- If you retire with less than 30 years of service credit before the age of 62, your monthly benefit will be permanently reduced for early retirement. You can see the breakdown of percentages on our website at [www.osc.state.ny.us/retire/members/early\\_age\\_reduction.php](http://www.osc.state.ny.us/retire/members/early_age_reduction.php).
- If you have less than 20 years of service, your benefit is calculated at 1.66 percent of your Final Average Salary (FAS) for each year of service (minus any reduction for early retirement).
- If you have from 20 to 29.99 years of service, your benefit is calculated at 2 percent of your FAS for each year of service (minus any reduction for early retirement).
- If you have more than 30 years of service, your benefit is calculated at 2 percent of your FAS for each year of service up to 30. For each year beyond 30, you will receive 1.5 percent of your FAS (no reduction for early retirement).



Most Tier 3 ERS members and all Tier 4 ERS members will retire under the Article 15 retirement plan. Please consult your plan book, *Coordinated Plan for ERS Tier 3 and 4 Members* (VO1522), at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) for more comprehensive information on how your pension benefit is calculated. It is also a good idea to meet with a financial advisor to help you determine if you are ready to retire.

## Skip the Phone Call

Let's face it: understanding the ins and outs of the Retirement System can be a little tricky. And, while our Call Center is extremely helpful in answering your questions and directing you to the forms and information you need, it is not always necessary to call us.

Did you know that you can find answers to most of your basic retirement questions right on our website? You can also access the forms you need for important things like beneficiary designations and applying for previous service credit.

Visit our Contact Us page at [www.osc.state.ny.us/retire/contact\\_us/index.php](http://www.osc.state.ny.us/retire/contact_us/index.php) and look in the Commonly Asked Questions section. You will find this helpful link could save you a phone call and some time.

## Defined Benefit Plans Work

*continued from page 1*

Your defined benefit plan works because:

- By pooling the longevity risks of over one million members and retirees, NYSLRS is able to provide you with the security of a lifetime pension benefit without the risk of you outliving your savings — a possibility under a 401(k)-style plan.
- NYSLRS can maintain an optimally balanced investment portfolio. To lower risk, participants in 401(k)-style plans generally reduce their investments in the stock market the closer they get to retirement and throughout their retirement years.
- As an institutional investor, NYSLRS generally achieves higher returns with lower fees on investments compared to individual investors in a 401(k)-style plan.

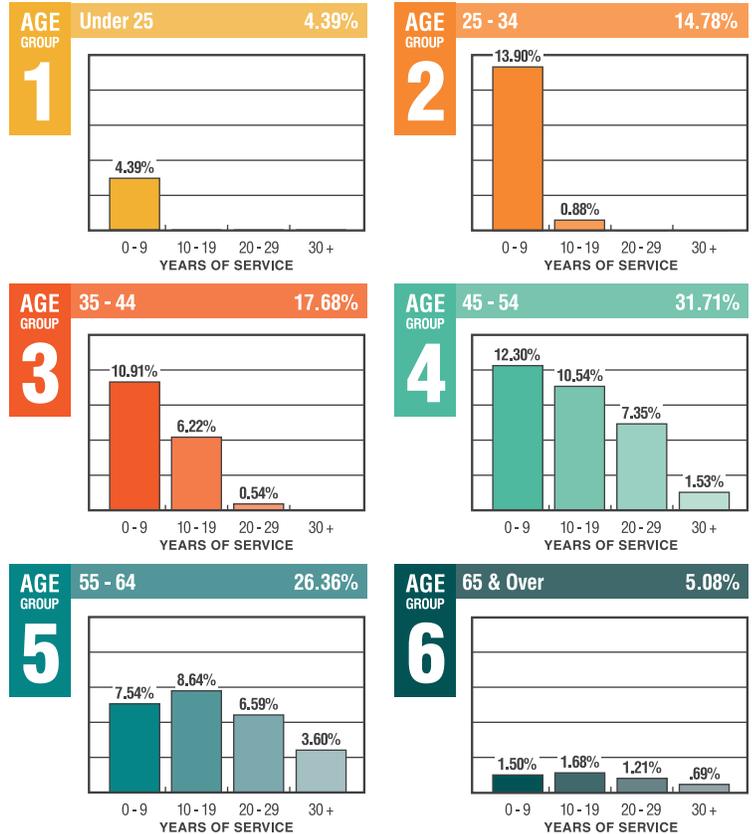
The New York State Common Retirement Fund is strong and secure, and our defined benefit pension system has served New York State well for over 90 years.

# ERS MEMBERSHIP

The pie chart below shows the break down of ERS membership by age. The bar graphs to the right show the break down of ERS membership by years of service (categorized by age group). Please note: some numbers may not add up due to rounding.



## MEMBERSHIP BY YEARS OF SERVICE



The Update is a semiannual newsletter published by the New York State and Local Retirement System for active members of the New York State and Local Employees' Retirement System.

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# 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 beneficiary designations for your death benefit, all with the new and improved *Retirement Online*.

*Retirement Online* provides an easy and convenient way to review your benefits and conduct routine transactions. In many cases, you'll be able to use *Retirement Online* instead of sending forms through the mail or calling the Retirement System. Over time, we will introduce additional features that will 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 retirement 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 or by contacting our Call Center.

Watch for more information about opening a 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*.