

THE UPDATE

A semiannual newsletter for members of the Employees' Retirement System (ERS)

Thomas P. DiNapoli, State Comptroller



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. 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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In-Service and Post-Retirement Death Benefits



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

This benefit is payable to your beneficiaries if you pass away while you are *in service*. You must also be on the payroll (or on an authorized medical leave of absence for up to one year) and have completed at least one year of service since last joining the Retirement System. This death benefit is payable no matter your age, but starting when you reach age 61, there is a 4 percent reduction each year until you reach age 70, after which there are no more reductions.

The Ordinary Death Benefit is payable as a lump sum, and the first \$50,000 is not taxable. We calculate your death benefit by multiplying your last year of earnings (an amount which may be limited by Section 130 of the New York State Civil Service Law) by your years of service (not to exceed three). In addition, any contributions with interest are refunded.

If you have at least ten years of *credited* service, have not retired and you die more than one year after leaving public employment, 50 percent of the death benefit may still be payable. This benefit is also payable if you die within one year of leaving covered service, even if you were gainfully employed during that time.

The rules and calculation methods for Tier 1 members, as well as 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 online at www.osc.state.ny.us/retire/publications/index.php.

Choosing the Payment Option that Fits Your Needs

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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?
- Review your Member Annual Statement. For most members, it provides estimated benefit amounts for each option.
- 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 whether you were working, or retired.

For both of these death benefits, it is important that you have up-to-date beneficiaries on file. You can change your death benefit beneficiaries at any time. You can find your beneficiary information on your most recent Member Annual Statement.

Part 2: Post-Retirement Death Benefits for Members in Tiers 2 – 6

This benefit is payable to your beneficiary (or beneficiaries) if you pass away *after* you have retired. In order to be eligible for the Post-Retirement Death Benefit, you must be a member in Tier 2 – 6, and you must have retired either directly from payroll or within one year of leaving covered employment. You can change your beneficiary for this benefit at any time.

The following members are not eligible:

- Tier 1 members;
- Tier 2 – 6 members who have been off the payroll for more than 2 years on authorized medical leave (can be extended for an additional 2 years);
- Tier 2 – 6 members who are off the payroll prior to retirement and are gainfully employed;
- State Correction Officers;
- Tier 4 County Correction Officers covered by a special 20- or 25-year plan.

The post-retirement death benefit is equal to a percentage of your Ordinary Death Benefit (Part 1).

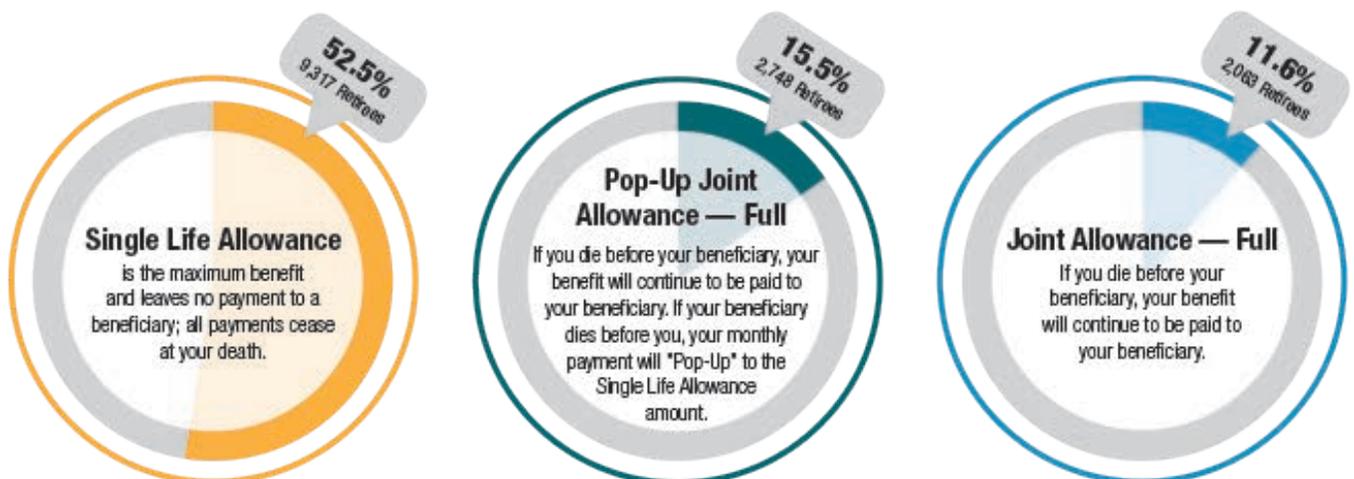
If you die within:

- One year after you retire, the benefit is equal to 50 percent of your Ordinary Death Benefit.
- Two years after you retire, the benefit is equal to 25 percent of your Ordinary Death Benefit.
- Three or more years after you retire, the benefit is equal to 10 percent of the Ordinary Death Benefit that would have been payable at age 60, if any, or at retirement, whichever was earlier.

If you need further information regarding your death benefits, please see your plan booklet, available on our publications page at www.osc.state.ny.us/retire/publications/index.php.

► The Most Commonly Selected Payment Options

The graph below shows the three most popular option selections that ERS 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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