THE RETIREMENT PROCESS

Filing for Retirement

At retirement, you must make several important decisions. These include selecting a retirement date, choosing a benefit payment option,and (if applicable) opting to pay back or default on an outstanding NYSTRS loan (see page 17). We'll take a look at some of these decisions and other important elements of the retirement process in this section.

Choosing a Retirement Date

You may retire as early as age 55 if you have at least five years of NYS credit. Your employment contract must end at least one day before your retirement date (e.g., if you are under contract through June 30, your earliest retirement date would be July 1). New state laws impacting NYSTRS members are generally deemed to take effect no later than June 30 of the year the legislation is enacted. Therefore, if your retirement date is on or after July 1, you may still benefit from legislation signed into law later in the calendar year you retire.

To retire, you must file an *Application for Retirement* with NYSTRS by your retirement date, but no more than 90 days before. We recommend you file online through MyNYSTRS to ensure you don't inadvertently miss a step or make a mistake that would cause a paper application to be rejected. To be on the first available payroll after retiring, you should generally file 30 days in advance of your retirement date.

If you plan to retire on the cusp of a key milestone (see page 18), be aware that falling short of the credit needed could negatively impact your benefit — for life. Don't cut it too close when picking a retirement date; work longer than you think necessary. Also consider filing your application just a few weeks before your retirement date (e.g., by mid-June for a July 1 retirement). If your district sends timely reports to NYSTRS, you may have met the milestone when the preliminary calculation runs, which could mean higher initial payments until your benefit is finalized.

You may withdraw a service retirement application or change your retirement date only if NYSTRS receives your signed request within 14 days after your retirement date. We must receive any payment option change within 30 days after your retirement date. Documents mailed to NYSTRS will be considered filed on the day they are mailed if they are mailed by registered or certified mail via the U.S. Postal Service, or by an equivalent delivery service that provides mail tracking and is approved for use by the System. Please see the Contact Us > Get in Touch page at NYSTRS.org for a list of delivery services currently approved by the System.

Sample Tier 4 Benefit Estimate - Part 1

(see page 48 for Part 2)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

ESTIMATE OF ANNUAL SERVICE RETIREMENT BENEFITS

NAME Mary Member	**EmplId: 0000000**
Date of Birth	06/13/1964
Retirement Date	07/01/2022
Cease Teaching Date	06/30/2022

SERVICE CREDIT

New York Pre - 1959	0-0
New York Post - 1959	30-3
Out-of-State	0-0
Total Service	30-3
Pension Factor	60.50%
Final Average Salary 3-Year	$70,000

MAXIMUM BENEFIT - NO PAYMENT TO A BENEFICIARY

Pension	$42,350
Annuity Return	N/A
Maximum Benefit	$42,350

LARGEST NON-DECLINING LUMP SUM PAYMENT TO A BENEFICIARY

Member Benefit	$34,912
Beneficiary Payment	$516,258
Cost per $1,000	$14.41

GUARANTEE OPTIONS

5-YEAR	$42,247
10-YEAR	$41,969

OPTION	FEATURES	WHO MIGHT CONSIDER THIS OPTION?	CAN I NAME MORE THAN ONE BENEFICIARY?	CAN I CHANGE THE BENEFICIARY ONCE RETIRED?
MAXIMUM	◆ Available to all tiers. ◆ Largest benefit to member. ◆ No beneficiaries: all payments cease upon death.	Someone who: ◆ Is single with no dependents. ◆ Has a beneficiary that would not need income from pension because they have own sufficient income or assets. ◆ Has life insurance in place at retirement to protect dependents.	Not applicable since there is no beneficiary under this option.	Not applicable since there is no beneficiary under this option.
LARGEST NON-DECLINING LUMP SUM OPTION	◆ All Tiers except Tier 3 retiring under Tier 3. ◆ Upon your death, your beneficiary receives the fixed lump sum beneficiary payment established at retirement.	◆ A member who is critically ill and wants to provide the greatest *fixed* lump sum payment to a beneficiary. ◆ Unable to obtain adequate private insurance.	Yes.	Yes.
ANNUITY RESERVE	◆ Available to Tier 1 with an annuity or Tier 2 who paid for prior service. ◆ Pays the beneficiary(ies) the balance of annuity reserve if you die before you receive it yourself.	◆ A Tier 1 or 2 member who would select the Maximum, but still wants to protect contributions left in the System.	Yes.	Yes.
DECLINING RESERVE	◆ Available to Tier 1. ◆ The balance of your total reserve (the pension reserve and your Annuity Savings Fund, if any) will be paid to your beneficiary(ies) if you die before you receive it yourself.	◆ A Tier 1 member who is retiring because of a critical or terminal illness and has a short life expectancy.	Yes.	Yes.
GUARANTEE PERIOD	◆ Available to all tiers. ◆ If you die during the first 5 or 10 years in retirement, your beneficiary receives your reduced benefit for the balance of the 5- or 10-year period.	◆ Someone who wants to provide income to a beneficiary who may only need a defined period of coverage (for example, a child who will be in college during the first five years of retirement). ◆ Someone looking to provide for a spouse, until the spouse can collect their own pension or Social Security benefit.	You can name one primary beneficiary and multiple contingent beneficiaries.	Yes.

Sample Tier 4 Benefit Estimate - Part 2

(see page 46 for Part 1)

SURVIVOR OPTIONS FOR MALE BENEFICIARY BORN 09/25/1962 COMMENCING AT DEATH OF MEMBER

100%		
	Member	$39,920
	Beneficiary	$39,920
75%		
	Member	$40,501
	Beneficiary	$30,376
50%		
	Member	$41,099
	Beneficiary	$20,550
25%		
	Member	$41,715
	Beneficiary	$10,429

POP-UP SURVIVOR OPTIONS FOR ABOVE BENEFICIARY; BENEFIT WILL POP UP TO MAXIMUM IF BENEFICIARY PREDECEASES MEMBER

100%		
	Member	$39,563
	Beneficiary	$39,563
75%		
	Member	$40,225
	Beneficiary	$30,169
50%		
	Member	$40,909
	Beneficiary	$20,455
25%		
	Member	$41,617
	Beneficiary	$10,404

This is merely an estimate, not a representation of any benefit entitlement. **Only bona fide compensation for teaching duties, supported by verified data, may be used in the actual determination of your retirement benefit.** As such, your final average salary and total service credit are determined based on the verification that is received from your employer.

OPTION	FEATURES	WHO MIGHT CONSIDER THIS OPTION?	CAN I NAME MORE THAN ONE BENEFICIARY?	CAN I CHANGE THE BENEFICIARY ONCE RETIRED?
SURVIVOR	◆ Only one beneficiary. ◆ Upon your death, your beneficiary receives a percentage of your benefit for life. ◆ If your beneficiary dies before you, you stay at your reduced pension for life. ◆ Cost of option takes into account your age and the age of your beneficiary.	◆ Someone whose spouse (or other beneficiary) would need a guaranteed lifetime income if they survived you. ◆ A child could be named as a beneficiary, but the resulting reduction in the pension might be cost prohibitive.	No.	Only within 30 days after your retirement date.
POP-UP SURVIVOR	◆ Only one beneficiary. ◆ Upon your death, your beneficiary receives a percentage of your benefit for life. ◆ If your beneficiary dies before you, your future monthly payments would increase to the Maximum after NYSTRS receives your beneficiary's death certificate. ◆ Cost of option takes into account your age and the age of your beneficiary.	◆ Someone whose spouse (or other beneficiary) would need a guaranteed lifetime income if they survived you. ◆ Someone who would need the additional income that the Maximum option would provide if the beneficiary did predecease you. ◆ A child could be named as the beneficiary, but the resulting reduction in the pension might be cost prohibitive.	No.	Only within 30 days after your retirement date.
ALTERNATIVE	◆ Can modify existing options to meet your specific needs. ◆ Could, for example, provide a lower lump sum payment to survivors than is available under the Largest Non-Declining Lump Sum option. ◆ Must be actuarially computable and approved by Retirement Board.	◆ Someone who needs flexibility in the type of option selected (for example, the survivor options are too expensive because of a young beneficiary). ◆ Someone who is unable to obtain adequate private insurance.	Depends on type of option.	Depends on type of option.

Electing a Benefit Payment Option

When you apply to receive your pension from NYSTRS, one of the most important decisions you must make is the selection of a benefit payment option.

An option can be looked at as a way to protect one of your most important financial assets — your NYSTRS pension. The option you choose will depend on a variety of factors, such as the following:

- The financial needs of your beneficiaries.
- The amount of life insurance you have.
- Your health.
- The assets you have in addition to your pension.

Maximum vs. Options

The estimates on pages 46 and 48 give examples of the various options, and the accompanying charts give information about each of your choices. In addition, the following scenarios provide examples of when a particular benefit payment election might be considered.

Situation #1 Possible Option Choice: Guaranteed Period

If you need to protect the value of your pension for a specific period of time, the Guaranteed Period options might be your choice. A 5-Year Guarantee, for example, would provide income to your family for the first five years of retirement should you die during that time. This income might help with college expenses or provide funds until your spouse/partner could pay off the mortgage or collect their own pension.

Situation #2 Possible Option Choice: Survivor

If you have financially dependent beneficiaries as you approach retirement, your choice of option may depend on the needs of these beneficiaries. If you died before a beneficiary, for example, would that person have their own pension to draw from? Also, what other assets such as savings, real estate and insurance would be available to your beneficiary?

In cases where there are insufficient assets to protect a primary beneficiary, you may consider one of the Survivor options. These choices provide that if you predecease your beneficiary, we would continue to pay them a lifetime benefit at the level you had decided on when you retired. With this type of option, you can only name one beneficiary, there are no contingent beneficiaries, and no new beneficiary can be named upon the death of your beneficiary. Also, the degree to which your pension will be reduced under the Survivor options is based partly on the life expectancy of your beneficiary, so these options may be cost-prohibitive for younger beneficiaries like children. If you elect a Pop-up Survivor option and your beneficiary predeceases you, your future pension payments will increase to the Maximum level.

Situation #3 Possible Option Choice: Maximum

If, as you approach retirement, you are in good health and your primary concern is having the highest pension possible to support yourself in retirement, your option choice may be the Maximum. With this choice, you receive the most income possible from your pension for the rest of your life; however, all payments will cease upon your death. Selecting this option may mean you have no beneficiaries you need to provide for in a financial sense.

You might also select the Maximum because other option choices are either too expensive or do not allow you to name more than one beneficiary. In these cases, buying life insurance and then selecting the Maximum might be a possibility. Among the considerations in this approach:

- Are you insurable, and will you have to pass a physical before an insurance company will underwrite a policy? You want to investigate this well in advance of your retirement.
- How much life insurance would be needed — if invested by the beneficiary — to provide income comparable to what a survivor option would provide?
- Is term insurance the best choice, or is permanent insurance (whole life, universal life, etc.)?

Situation #4 Possible Option Choice: Lump Sum

If you are retiring because of a life-threatening condition, the following options should be considered:

- Tier 1 members should consider the Declining Reserve option. If you die soon after retirement, this option would generally provide the highest lump-sum payment to beneficiaries.
- Tier 2-6 members should consider the Largest Non-Declining Lump Sum payment option. The amount specified is fixed, and will generally be a higher amount than an in-service death benefit.

Insurance vs. Options

NYSTRS' retirement options can provide a very substantial level of financial security for you and your family. In many cases, a choice like a Survivor option will be what you are looking for in terms of providing for a loved one. However, there are situations, such as needing to provide for multiple beneficiaries, where the options offered don't meet your needs. In these cases, members may take the Maximum, and then look to some type of life insurance product to provide the kind of protection for beneficiaries they need. Following are some considerations if you decide to pursue this strategy. Since your insurability and the affordability of life insurance coverage are major factors here, you'll want to look into this issue well before retirement, and have your insurance coverage in place before your retirement is effective.

Remember: Your option selection can only be changed up until 30 days after retirement. Beyond that it is irrevocable.

A Quick Comparison

Determining the Actual Cost of an Option

The cost of the coverage may be an important consideration as you attempt to keep more of your retirement income, while still providing adequate protection for a beneficiary. Keep in mind that when you select a NYSTRS option, your benefit is lower than it would be if you select the Maximum. That difference in payment to you is the cost of the option. But, to make a more accurate cost comparison, use the **after-tax** difference between the Maximum payment and an optional payment. Let's take a look at how this actual cost is determined:

Example: Tier 4 Female, Age 58; Male Beneficiary, Age 60

The following chart is an example of how to determine the actual cost of the Maximum and the 100% and 50% Pop-up Survivor options. The federal income tax below was based on the tax tables in effect on January 1, 2019 and assumes a married couple filing jointly with zero federal exemptions, no other income, and using the standard deduction. Remember, a NYSTRS benefit is not subject to a Social Security tax and is exempt from New York State income tax, even if you move out of state. Be aware, however, that if you do move out of state, you then will be subject to the tax laws of your new state.

OPTION INCOME	GROSS INCOME	GROSS DIFFERENCE	FEDERAL INCOME TAX	NET INCOME	COST OF PROTECTION*
Maximum	$42,350	N/A	$3,265	$39,085	N/A
100% Survivor	$39,920	$2,430	$2,977	$36,943	$2,142
50% Survivor	$41,099	$1,251	$3,121	$37,978	$1,107
100% Pop-up	$39,563	$2,787	$2,934	$36,629	$2,456
50% Pop-up	$40,909	$1,441	$3,092	$37,817	$1,268

***Difference in after-tax income between the Maximum and the option displayed**

In the above example, the difference between the gross income for the Maximum and the 100% Survivor option is $2,430. However, after federal taxes are considered, the real out-of-pocket cost of taking the 100% Survivor option is actually $2,142. Examples of these costs are also shown for the other options listed above.

Gross Difference		Net Difference
$42,350	Maximum	$39,085
-$39,920	100% Survivor	-$36,943
$2,430	Cost of Option	$2,142

Comparing the Coverage

Let's assume you determine your beneficiary needs the same income you will receive in retirement if he or she survives you. In the example above, the 100% Survivor option for the beneficiary costs **$2,142** annually. By doing some research and possibly meeting with insurance agents, you could then determine how much life insurance you could purchase for that amount of money, or alternately, how much insurance money would you need to leave to your beneficiary to generate income equivalent to what the Survivor option would have provided. You could also investigate the type of insurance that would best meet your needs, and the cost of life insurance at various ages.

Insurance Considerations

- If you are concerned about the safety of an insurance company, check the company's rating before buying a policy. Services such as A. M. Best, Fitch, Standard & Poor's, Moody's, and Weiss Research provide updated ratings and can be found in most public libraries and on the internet.
- Check with your state insurance department to verify the company is licensed to sell insurance in that state. It will help to know if funds have been contributed to a guaranteed fund in that state to pay benefits should the company fail. Most state insurance departments also offer information on shopping for insurance. You can find the telephone numbers in the government section of your telephone book or on the internet. New York State's insurance department is at **dfs.ny.gov.**
- Ask your friends or colleagues for referrals. Find out whom they worked with, the types of policies they purchased and if they feel as comfortable today with the decisions they made at retirement. Also, see if insurance is available through your union or employee association.

Life Insurance Choices

The following is a comparison of term, whole life, universal life and variable life.

Type of Insurance	Death Benefit	Premiums	Dividends	Cash Value
Term	Fixed; you are covered if you die within the assigned term (one or more years).	Start low but may increase each year or every few years on a preset schedule.	Paid on some policies; usually small.	None.
Traditional Whole Life	Fixed; you are covered for life.	High but usually stay constant.	Paid on some policies; may be large.	Rises according to preset schedule shown in policy; you can borrow against the cash value.
Universal Life	Can vary (within limits) at discretion of policyholder.	Fairly high but can vary at discretion of policyholder; premiums — less expense charges — go into an account that earns interest, from which charges for the insurance benefit are deducted.	Typically none.	Grows at variable rate depending on several factors, including the changeable interest rate paid on the cash value.
Variable Life	Can vary, but never dips below initial face value.	High, fixed.	Typically none.	Can vary, depending on investments in underlying accounts.

Calculating How Much You Need

- Determine what assets you have that can be passed on to your beneficiaries. Review your existing insurance, Social Security benefits (including survivor benefits), pension benefits (including your planned NYSTRS option selection) and other assets such as savings, investments, real estate and personal property.
- Calculate how much your beneficiaries would need to pay immediate, as well as long-term, living expenses after your death. List family living expenses, including education costs, mortgage payments, medical insurance, long-term care insurance, taxes and emergency fund needs.
- If expenses exceed income, then you have to decide how best to supplement that income.
- To estimate the lump sum payment you would need to provide an ongoing income, use the steps below:
  - Determine how much monthly income your beneficiary needs, and multiply that figure by 12 to get the annual figure.
  - Estimate how many years your beneficiary may need that income.
  - Multiply by the factors listed below to determine the lump-sum payment that you would need to leave the desired income for the desired length of time.
  - For example, to provide your beneficiary with a monthly income of $3,327 ($39,920 annually – the same as the 100% survivor option listed on page 52) for 30 years, you would need to leave your beneficiary a lump sum of approximately $619,558.

10 Years: 7.86	20 Years: 12.63	30 Years: 15.52
15 Years: 10.54	25 Years: 14.25	40 Years: 17.28

These factors assume a 5% annual inflation-adjusted rate of return on the lump-sum investment.

Retirement Checklist

When you have made your decision to retire, become familiar with the requirements and the procedures to follow to ensure you receive all the benefits you are entitled to. Check the forms you will need and request them well in advance to complete and file by the dates listed.

✔	Date	
☐		If you do not already have a MyNYSTRS account on our website (NYSTRS.org), register for one. You may use your account to check on most of the information listed below.
☐		Review your latest *Benefit Profile* to make sure your records are in order. Pay particular attention to the salary and service sections of the statement.
☐		Verify that you have claimed (and purchased, if required) any prior service that you may be eligible for. If you have additional questions, contact NYSTRS.
☐		If you have not already attended an individual consultation with a NYSTRS representative, schedule one. At a consultation you may receive benefit estimates for possible retirement dates, as well as review the benefit payment options, *Application for Retirement* (RET-54), and other important information. You may schedule online through your MyNYSTRS account, or by contacting NYSTRS toll-free at (800) 348-7298, Ext. 6100.
☐		If needed, obtain an updated Estimate of Retirement Benefits by using the online Pension Estimator in your MyNYSTRS account or by calling NYSTRS toll-free at (800) 348-7298.
☐		Review your health insurance coverage in retirement. Does your employer cover some or all of the premiums? What happens to your coverage when you reach Medicare eligibility at age 65?
☐		File for retirement online through MyNYSTRS or submit your *Application For Retirement* (RET-54) to the System no sooner than 90 days before, and no later than the actual date of your retirement. To be on the first available payroll after retiring, you should generally file at least 30 days in advance. You must indicate your choice of the Maximum allowance or an option. The RET-54 also includes the *Direct Deposit Authorization Agreement* (GRE-54), and the *W-4P Withholding Election and Certificate* (FIN-149). Your direct deposit and/or tax withholding information may be updated at any time through MyNYSTRS, or by filing a new form.

Other Items to Note:

- Documents mailed to NYSTRS will be considered filed on the day they are mailed if they are mailed by registered or certified mail via the U.S. Postal Service, or by an equivalent delivery service that provides mail tracking and is approved for use by the System. Please see the Contact Us > Get in Touch page at NYSTRS.org for a list of delivery services currently approved by the System.
- You can change your option selection by filing an *Election of Retirement Benefit* form (RET-54.6) with NYSTRS no later than 30 days after your retirement date.
- You can withdraw your retirement application by submitting a signed letter to NYSTRS no later than 14 days after your retirement date.
- If you have annuity savings with NYSTRS as a Tier 1 member (rare) or Tier 2 member (rarer still) and you would like to withdraw some or all of this money at retirement, file the appropriate withdrawal form no later than 30 days after your effective date of retirement.
- **For Tier 3-6 members:** Discuss with a NYSTRS representative the pension and tax implications of defaulting on a loan from your required contributions. See page 17 for more information.

Benefit Payments

Your retirement benefit will be paid by direct deposit on the last business day of each month to the savings or checking account you elect on your *Direct Deposit Authorization Agreement* (GRE-54).

Your initial retirement payments will be based on verified data we have on file when you retire. When we have received all of the service and salary information from your last school year, and have completed a review of your file, we will finalize your payment. It generally takes approximately 9-12 months to finalize a benefit. When processing is complete, we retroactively pay you any money owed above the payments you received. As a result, a final benefit could be significantly larger than initial payments for the following members:

- Tier 1 members eligible for a higher 5-year FAS.
- Members who pass a key service milestone in their final year (e.g., Tier 2-5 members who pass 30 years of credit).

If you are retiring on the cusp of an important service threshold, see page 45.

Taxes on Pension

Your pension payments are federally taxable (except for any previously taxed contributions). Your benefit is exempt from NYS tax, but would be subject to the tax rules in the state you move to in retirement.

Cost-of-Living Adjustment (COLA)

Eligible retirees receive an automatic COLA of 1-3% annually on the first $18,000 of their benefit. The percentage is determined by taking 50% of the Consumer Price Index increase from one March to the next, and rounding up to the nearest tenth. To be eligible, you must generally be at least age 62 and retired for at least five years, or be retired for at least five years on a NYSTRS disability retirement. These rules are set by NYS statute.

A surviving spouse of an eligible retiree receiving a lifetime benefit is also eligible to receive a COLA. By law, the spouse receives an increase equal to one-half the COLA the retiree would have received.

Working in Retirement and Your NYSTRS Benefit

Many people work in some capacity in retirement — a part-time job, substituting, a new full-time career, teaching out-of-state. Beginning in January of the calendar year you will turn 65, there are no earnings limits on any NYS public employment. Before then, restrictions may apply. See below for more information.

Unrestricted Earnings

You may have unlimited post-retirement earnings in the following cases.

- You are working for a private employer, the federal government, or any out-of-state employer.
- You are working in New York State as an elected official, inspector of elections, poll or ballot clerk, commissioner of deeds, juror or notary public.
- Beginning with the year in which you turn *age 65*, regardless of your employer.

Section 212: NYS Public Employment up to Certain Income Limits

NYS law allows you to earn up to a certain amount of money each year in retirement — **$35,000** at the time this publication was printed — with any NYS public employer without prior approval. This includes the employer you retired from. If you think you will earn more than the limit, you are required to notify the System in writing no later than the end of the month in which you expect to exceed the limit. The *Reporting Your New York State Public Earnings* form is available on our website. If you have a MyNYSTRS account, use the Earnings After Retirement feature to report your earnings on a monthly basis. If you don't have an account, you must use the *Reporting Your New York State Public Earnings* (RMS-64.1) form as soon as you reach the legislated limit for the calendar year.

The Retirement Process

If you exceed the earnings limit, your retirement benefit payment will be suspended for the remainder of the calendar year if you continue working in NYS public employment, unless you have Section 211 approval (see page 56), suspend your retirement, or come under the exception for consultants. You will also be required to repay NYSTRS either your retirement benefit for each day you exceeded the limit (applicable to those who worked without a waiver) or the dollar amount you earned in excess of the waiver limit (applicable to those who had a waiver with a specified earnings limit.)

Section 211: NYS Public Employment Beyond Certain Income Limits

You can work on a full-time contractual basis in New York State public employment and exceed the earnings limitation if your employer obtains prior approval from the appropriate authority under Section 211.

Under Section 211, earnings are generally unlimited. However, waivers are generally not granted for the first year after retirement when retirees return to work for their former public school district or in the same or similar position from which they retired. Waivers are typically limited to one year and can only be extended in extreme circumstances.

Additionally, your earnings under Section 211 are limited if you work for an employer you received pay from in the two years prior to retirement and those salaries were used in your final average salary. In this instance, if approval is granted, the amount of your earnings during a calendar year is limited to the difference between your final average salary (or if greater, the salary you would now be receiving had you continued in service) and your Maximum retirement benefit.

Suspending Your Pension

Another way to exceed the earnings limitation is by suspending your pension and working for an employer that participates in this System. In that case, you can rejoin NYSTRS as an active member. You will maintain the membership tier you had prior to retirement and qualify for an additional benefit or recalculation by rendering the minimum number of years of service as follows:

If you retired under Tier 1, 2, 4, 5 or 6 — 2 years for an additional benefit, and 5 years for a full recalculation.

If you retired under Tier 3 — 5 years for either an additional benefit or a full recalculation.

Members who qualify for an additional benefit or recalculation will lose any retirement incentive service previously credited. Members who receive a recalculated benefit must repay NYSTRS the amount of the benefits received during the first retirement plus interest.

Your pension will resume at the original amount when you retire again if you do not earn the minimum necessary additional service for an additional benefit or recalculation.

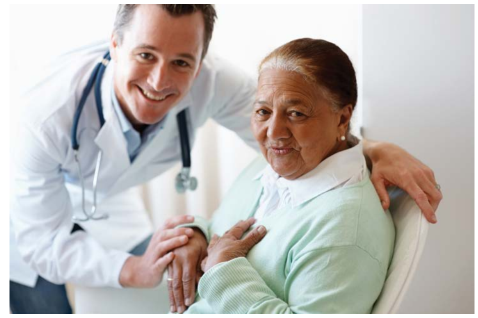
Employment as a Consultant

If you last joined the System before May 31, 1973 and are employed as a consultant, you can exceed the earnings limit. We must review and approve your consultant agreement before you begin working to determine if you are eligible for this exception to the earnings limitation. If you last joined the System on or after May 31, 1973, your consultant earnings are subject to the limitations under Section 211 or Section 212 as outlined above.

Third Party Employment

If you are hired and paid by a private agency to fill a position with a New York State public school or other New York State public employer, you will be subject to the earnings provisions of Section 212 and 211 of the Retirement and Social Security law.

Health Insurance



Protecting your health in retirement is just as important, if not more so, than protecting your wealth. While you were working, you might have taken your health insurance coverage for granted. In retirement, the extent of your coverage and its cost will take on a new importance as you share in more of the expense.

Today, medical and hospital costs are rising higher than the rate of inflation and will account for a greater share of your retirement expenses. A hospital stay could cost several thousand dollars a day, while a typical visit to a doctor, plus medication and tests, could cost several hundred dollars. In retirement, a large percentage of your income could go toward paying for your health insurance coverage. Without adequate insurance, your nest egg could quickly disappear if you become ill.

NYSTRS does not administer health insurance. Therefore, the following information is general in nature and should not be relied upon for health care decisions. Your coverage will depend on what choices your former employer provides until you become eligible for Medicare, and you should consult with your employer if you have specific questions. The cost and coverage will vary among employers throughout the state. Although there is no guarantee that retirees in the state have the same coverage as active employees, current law prevents a school district employer from reducing the health insurance benefits of a NYSUT retiree unless a comparable reduction in benefits is negotiated for in-service members in that local.

New York State Health Insurance Program (NYSHIP)

If you have health insurance coverage at the time of retirement through NYSHIP (usually under the Empire plan), you ***may*** be able to continue this insurance in retirement. For example, your employer may elect to offer health insurance in retirement, or may do so under the terms of a collective bargaining agreement. In any case, your insurance in retirement may not be at the same level you had prior to retirement, and your employer may reduce its share of the premium payments to a minimum of 50% for the retired employee and 35% for additional family members.

As a retiree under NYSHIP, you must have coverage under Medicare Parts A and B in effect as of the first day of the month you turn 65. At that point, Medicare becomes your primary insurance, and your school policy is secondary. This also applies to a spouse/dependent who turns 65. You must contact the Social Security Administration three months before you reach 65 to set up Medicare coverage. The monthly premium you must pay for Medicare Part B will usually be reimbursed by your former employer under this arrangement.

The Retirement System will make premium deductions for your NYSHIP plan from your monthly pension check as determined by your former employer. **However, we cannot answer your questions pertaining to eligibility, premium increases or claims. Your questions should be directed to your former employer or the state agency that administers the plan:**

Department of Civil Service
Employee Benefits Division
Building #1, State Campus
Albany, New York 12239
(800) 833-4344
cs.ny.gov/employee-benefits/login/index-retiree.cfm

Other Public Employers' Coverage

Public employers who provide health insurance through a private carrier are not required to pay a part of a retired employee's health insurance. Health insurance coverage in retirement is usually a negotiable benefit which could change during your retirement.

Even if you are required to pay the entire premium yourself, it may be advantageous to continue your group coverage with your former employer. A group plan negotiated with an insurance company or health care organization is generally cheaper and will give you better benefits than you would be able to get on your own.

The insurer has minimal solicitation costs (the major administrative costs being borne by the employer), and there is less danger of the program being affected by a sudden influx of high-risk new insureds. The group plan also may allow you to periodically change the type of coverage you have — for example, switching from family to single coverage, or changing from an HMO to an indemnity plan.

Medicare

When you reach age 65, or if you are under age 65 and disabled, you will automatically be eligible for Medicare — the federal health insurance program. You can apply for Medicare even if you are not eligible for Social Security, or you continue to work. Medicare becomes your primary (or first-paying) insurer, and your previous coverage becomes secondary. Social Security takes applications for Medicare, assists beneficiaries in filing claims and provides information about the program.

Medicare has two programs — one that's automatic and one that's optional:

Part A provides inpatient hospital care, inpatient care in a skilled nursing facility, home health care and hospice care. It is funded by the payroll withholding tax of 1.45% that you and your employer pay on your salary. If you are receiving a Social Security benefit, your hospital insurance protection will start automatically at age 65. If you apply for Social Security at age 65, you can apply for Medicare three months before you reach 65. If you plan to keep working beyond 65 or you are not covered by Social Security, you should call Social Security to help you decide if you should sign up for Medicare.

Part B is optional medical insurance with a monthly premium. The premium is deducted from your Social Security checks if you're collecting benefits, or is paid directly. Your premium goes up each year at the same rate as the Social Security cost-of-living adjustment. It helps pay doctor bills and provides outpatient hospital care and skilled health care visits. Almost anyone who is 65 or older or who is eligible for Part A can enroll in Part B and pay the monthly premium.

The services, benefits and payments for both Part A and Part B are subject to change, usually at the beginning of each calendar year. Medicare has several pamphlets providing general information, and Social Security will assist you with your individual questions and concerns. Please go to the following website for updated information on Medicare.

medicare.gov

Filling the Gap

Medicare covers approximately half of the health care costs of those over age 65. Retirees who have no health coverage, have an individual policy, or are exploring alternatives to coverage offered by their employers should review the various types of supplemental health insurance available. Several possibilities are intended to close the "gap" between Medicare payments and total medical expenses. Know what Medicare covers and be sure the supplemental plan doesn't just duplicate Medicare.

- For those with low incomes, the Medicaid program may pay amounts not paid by Medicare. Medicaid is the federally mandated, state-administered program that helps pay medical bills for low-income people of all ages. Medicaid is the largest source of public reimbursement for nursing home care.
- Honorably discharged veterans of the Armed Forces may qualify for assistance from the Veterans Administration.
- Health maintenance organizations (HMOs) throughout the country accept people over age 65 and offer special plans for Medicare recipients. HMOs charge an annual fee for all your care.
- Preferred Provider Organizations (PPOs) are networks of doctors that provide discounted care for members of organizations, employers or unions.
- On the State level, the Elderly Pharmaceutical Insurance Coverage (EPIC) Program assists older residents of New York with the cost of prescription drugs. Each person's premium or deductible is determined by income and marital status. Copayments vary with prescription costs.
- Medigap insurance plans are specifically designed to supplement Medicare. Each state determines how many of the plans can be sold in that state.