Your Retirement Plan

Coordinated Plan

For Tier 3 and 4 Members (Articles 14 and 15)

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

New York State and Local Employees' Retirement System

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A Message from Comptroller Thomas P. DiNapoli

As a member of the Retirement System, you are covered by a plan that provides considerable benefits. I want to make sure you understand these benefits so you can take full advantage of them.

This booklet explains some of the benefits and services available to you as a member of our system, including:

- Benefits you will receive at retirement if you meet the service and age requirements (service retirement benefits);
- Benefits you may receive if you become permanently disabled (disability retirement benefits);
- Benefits your beneficiary may receive if you die while working for a public employer or after you retire (death benefits); and
- Benefits you may receive at a later date, even if you leave public service before you become eligible to retire.

I am joined by a staff of dedicated professionals in my commitment to helping you make informed decisions about *your* future. I encourage you to contact us with any questions or suggestions you might have.

Sincerely,

Thomas P. DiNapoli
State Comptroller

This summary plan booklet describes the benefits available to Tier 3 and 4 members provided by the Coordinated Retirement Plans (Articles 14 and 15) of the New York State Retirement and Social Security Law (RSSL). Although most Tier 3 members choose to retire under Article 15 because it provides a greater benefit for them, certain Article 14 benefits, available only to eligible Tier 3 members, are also described here. Members covered by a 20- or 25-year plan that allows retirement regardless of age should refer to the booklet that covers their special plan.

Throughout this booklet, you will find references to "Sections" and "Articles" that refer to the New York State Retirement and Social Security Law, as enacted by the New York State Legislature. The New York State and Local Retirement System, headed by the Comptroller of the State of New York, administers these plans. Our main office is in Albany, New York.

Many Ways to Keep Informed About Your Benefits

Your Retirement System benefits can help you and your dependents achieve financial stability after your retirement or in the event of disability or death. It is vital that you understand your benefits. There are several ways to do this:

- Read this booklet carefully. Many of your questions can be answered within these pages. Keep it handy as a quick reference for future questions concerning your benefits.
- Visit our website at **www.osc.state.ny.us/retire** where you can download forms, read informational booklets, brochures and newsletters, view recent legislation that could affect your benefits and get tips on enhancing your retirement benefits and preparing for retirement. You can even project your retirement benefit by using our popular benefit projection calculator.
- Enroll in *Retirement Online*, our new customer self-service option. You'll be able to quickly, easily and securely access your personal retirement-related information. To sign up, go to our website, click on *Retirement Online* and follow the prompts.
- Sign up for *E-News*, our email newsletter, for the latest retirement news. It includes a special section dedicated to pre-retirement planning. To enroll, go to our website at **www.osc.state.ny.us/retire** and click on the *E-News* link.

- Carefully review your annual member statement, a comprehensive document detailing your personal status as a member of the Retirement System. If you spot any errors, make sure to get them corrected quickly.
- Read the newsletters we publish. They contain current information about your plan and its benefits, as well as general information about retirement and retirement law.
- Attend a pre-retirement presentation to guide you through the retirement process, explain the benefits you can expect and discuss post-retirement issues. At your employer's request, we offer these presentations for members within five years of retirement eligibility.
- Make an appointment to visit any of our 16 consultation sites throughout the State where you can meet with an Information Representative to discuss your own retirement benefits. A consultation is useful if you are nearing retirement and need specific information before filing your retirement application.
- Advise us whenever your mailing address changes. This is especially important if you leave public employment before becoming eligible for retirement. Having your correct address in our files will help us keep you up-to-date about benefits.
- Any questions?
  - Email us via our website at **www.osc.state.ny.us/retire**;
  - Contact 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:

    New York State and Local
    Retirement System

    110 State Street

    Albany, NY 12244-0001.

About Your Membership

Joining the Retirement System

If you are working in a permanent, full-time position for an employer that participates in the New York State and Local Employees' Retirement System, you must become a member of the Retirement System.

Under any of the following four scenarios, however, membership is optional:

- You are appointed to a temporary or provisional position;
- You work less than 30 hours per week, or less than the standard number of hours for full-time employment as established by your employer for your position;
- Your job is supposed to last for less than one year, or you work on a less than 12 months per year basis;
- Your annual salary is less than New York State's minimum wage, multiplied by 2,000 hours.

To join, you must complete and file a membership application with the Office of the State Comptroller.

Tier Status

When you join the Retirement System, you are assigned to a tier depending on your date of membership. If you joined the Employees' Retirement System on or after July 27, 1976 but before September 1, 1983, you are a Tier 3 member; if you joined on or after September 1, 1983, you are in Tier 4.

Contributing Towards Your Retirement

Effective October 1, 2000, until you either accrue ten years of service credit or have been a member of the Retirement System for ten years after your date of membership, you are required to contribute 3 percent of your gross earnings toward your retirement benefits. If you are employed by more than one participating employer, once you join the Retirement System, all salary and service earned in connection with all employment must be reported to this System, even if your membership is only mandatory with one.

Under Internal Revenue Code Section 414(h) (as of July 1, 1989), your required 3 percent contributions are tax-deferred until they are distributed to you. These contributions are reportable for federal income tax only when you withdraw or retire from the Retirement System. Therefore, 3 percent contributions for Tier 3 and 4 members are:

- *Not* reported as wages for federal income tax;
- Reported as wages for New York State and local income taxes;
- Reported as wages for Social Security;
- Reported as wages to the New York State and Local Employees' Retirement System and used in the calculation of all benefits paid by the Retirement System; and
- Calculated on your full gross salary, before any salary reductions for any other tax-deferred plan.

Withdrawing Your Contributions and/or Your Membership

If you leave public employment with at least five, but less than ten, years of credited service, you may choose to:

- End your membership and withdraw your accumulated contributions (with interest compounded at 5 percent per year); or
- Leave your contributions in your account and qualify for a retirement benefit when you are 55.

To help you decide which would be more beneficial, visit our website to project your pension using the “vested retirement” choice. Or, you can contact our Call Center to request a benefit projection. This is especially helpful if you have an outstanding loan balance, because you will receive a projection and the amount it would be reduced if you choose not to pay off the balance.

If you choose to withdraw, or you have less than five years of service and do not qualify for a retirement benefit, you should file the Withdrawal Application (RS5014) no earlier than 15 days after you leave public employment. If you have at least five years of credited service, and you do not withdraw your membership, make sure to apply for a retirement benefit when you reach 55.

Once you have ten or more years of credited service, you cannot withdraw from the Retirement System.

Ending Your Membership

Once you join, there are only four ways your membership can end:

- If you leave public employment (paid service as an officer or employee with an employer that participates in the New York State and Local Retirement System) before you have ten years of credited service and voluntarily withdraw your contributions.
- When seven years have elapsed since you last worked in public employment, provided you do not have at least five years of credited service.
- When you retire.
- If you die.

Your Service Retirement Benefit

Eligibility for Service Retirement

You will be eligible for a service retirement benefit when you reach age 55 and have five or more years of credited member service. If you are a Tier 3 member, you may retire under Article 14 or Article 15. However, your pension, in most cases, will be greater under Article 15.

Final Average Salary

Your benefit is based on your years of credited service and your final average salary (FAS). FAS is the average of the wages you earned during any 36 consecutive months of service when your earnings were highest. This is usually the last three years of employment.

The wages in any year included in the three-year period cannot exceed the average wages of the previous two years by more than 10 percent. Any amount over the 10 percent is excluded from the computation of your FAS.

Payment for unused sick leave at retirement, termination pay or any other payments for time not worked are not included in the FAS calculation, but the following are:

- Overtime, if earned in the period used in the FAS;
- Holiday pay;
- Non-compensatory overtime earned for each year in the FAS period;

- Longevity bonus (maximum of three), if paid in the years used in the FAS;
- Up to 30 days vacation, if the FAS is based on the 36 months immediately preceding retirement.

The Service Retirement Benefit

If you retire with less than 20 years of service credit, your pension will equal 1/60th (1.66 percent) of your FAS for each year of service. With 20-30 years of service credit, your benefit will equal 1/50th (2 percent) of your FAS, multiplied by your years of credited service. For each year of credited service beyond 30 years, you will receive 3/200ths (1.5 percent) of your FAS.

Examples:

At age 62, with 19 years of service and an FAS of $35,000

$$\frac{19 \text{ yrs.} \times \$35{,}000}{60} = \$11{,}083 \text{ per year}$$

$ 924 per month

At age 62, with 20 years of service and an FAS of $35,000

$$\frac{20 \text{ yrs. x } \$35{,}000}{50} = \$14{,}000 \text{ per year}$$

$ 1,167 per month

At age 62, with 31 years of service and an FAS of $35,000

$$\frac{30 \text{ yrs. x } \$35{,}000}{50} = \$21{,}000 \text{ per year}$$

plus

(1 yr. x .015) x $35,000 = $ 525 per year

$21,525 per year

$ 1,794 per month

Retiring Before Age 62

If you retire with 30 or more years of service, your benefit will not be reduced as a result of retiring before age 62. With less than 30 years of credit, if you retire between 55 and 62, your benefit will be reduced by the percentages shown (these will be adjusted by your exact age at retirement):

Age at Retirement	Percentage of Reduction
55	27
56	24
57	21
58	18
59	15
60	12
61	6
62	0

Examples:

Retiring on your 55th birthday, with 19 years of service and an FAS of $35,000

$$\frac{19 \text{ yrs.} \times \$35{,}000}{60} = \$11{,}083 \text{ per year}$$

$ 2,992 (27 percent benefit reduction)

$ 8,091 per year

Retiring on your 55th birthday, with 20 years of service and an FAS of $35,000

$$\frac{20 \text{ yrs.} \times \$35{,}000}{50} = \$14{,}000 \text{ per year}$$

$ 3,780 (27 percent benefit reduction)

$10,220 per year

Retiring on your 55th birthday, with 31 years of service and an FAS of $35,000

$\frac{30 \text{ yrs.} \times \$35{,}000}{50}$	= $21,000 per year
	plus
(1 yr. x .015) x $35,000	= $ 525 per year
	$21,525 per year

(with 30 or more years of service, no reduction at 55)

Filing for the Service Retirement Benefit

Your Application for Service Retirement (RS6037) must be on file with the Office of the State Comptroller at least 30 days, but not more than 90 days, before the date of your retirement.

Items That May Affect Your Pension

IRS Pension Limitation

The Internal Revenue Code limits the amount of salary that qualified pension plans, including the New York State and Local Retirement System, may use in calculating benefits. Section 401(a)(17) affects members who join on or after April 1, 1996 and currently excludes earnings over $230,000 (effective April 1, 2008) in the State's fiscal year (April 1 – March 31). The amount is set by federal law and is periodically adjusted for inflation.

Borrowing Against Your Contributions

If you are in active service, with at least one year of member service credit, you may take a loan from the Retirement System. To apply, you must file a Tier 3/Tier 4 Loan Application (RS5025-A) with us.

However, before you apply, 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 balances when you retire or withdraw.

The approximate reductions below are for calendar year 2008. The amount of the reduction changes annually.

Under a service retirement, here is an example of how your pension will be permanently reduced by an outstanding loan balance at retirement:

At Age	Outstanding Loan Balance:	Annual Pension Reduction:
55	$5,000	$327
	$10,000	$654
62	$5,000	$372
	$10,000	$744

If your loan is taxable, or becomes taxable as described above, you must include it on your federal income tax return for the year the loan is granted or becomes taxable. If you are under 59 ½ at the time, you may be required to pay a 10 percent penalty tax in addition to any ordinary federal income tax you owe. Please consider consulting a tax advisor before applying for a taxable loan from the Retirement System.

The following rules apply when borrowing against your contributions:

- Each loan must be for a minimum of $1,000, so you must have an account balance of at least $1,334. The total of all your loans may not be more than 75 percent of your contributions.
- You must repay each outstanding loan through payroll deductions in an amount sufficient to repay the loan, interest and insurance premium within five years. The minimum deduction to repay your outstanding loan balances must be at least 2 percent of your salary.
- You may borrow only once in any 12-month period.
- Prior to retirement, and 30 days after issuance, loans are fully insured in case you die before repaying them.

If you already have an outstanding Retirement System loan and want to take a new loan, please contact our Call Center and connect with our automated information line to determine if refinancing your current loan or carrying multiple loans would be better for you. Although your payment may be larger if you choose multiple loans, you may reduce or eliminate your tax liability.

Example:

Contribution Balance:	$18,630
Previous Loan Balance:	$8,760
New Loan Requested:	$3,000

	Refinanced Loans	**Multiple Loans**
Taxable Amount:	$5,190	$0
Minimum Payroll Deduction (Repayment Amount):	$112	$236

In this example, if the member chooses to refinance, the taxable amount of the loan is greater than the loan requested. But, if the member chooses multiple loans, the new loan is not taxable.

Cost-of-Living Adjustments (COLA)

Once you meet the eligibility requirements, including age and number of years retired, your retirement benefit will permanently increase each year. You will begin receiving COLA when you are:

- 62 or older and retired for five or more years; or
- 55 or older and retired for ten years (members in special plans that allow for retirement, regardless of age, after a specific number of years or members retiring under an incentive program); or
- Receiving a disability pension for five or more years.

When you die, if you selected an option that pays a lifetime benefit to your beneficiary, and the beneficiary is your spouse at the time of death, he or she will be eligible to receive half of the COLA amount you would have been entitled to.

Divorce

The New York State Court of Appeals determined that retirement benefits are marital property and are subject to the equitable distribution provisions of the Domestic Relations Law. At the time of your divorce, you and your former spouse

Equitable distribution is the fair division of marital assets between husband and wife after the marriage has ended.

can agree on how your pension benefits will be divided, or you can have the decision made by the court. Either way, any division of your pension between yourself and your former spouse will only occur if we are served with a Domestic Relations Order (DRO) requiring payment to your former spouse. However, this decree does not result in a distribution of your pension until you actually retire, die or terminate membership.

A Domestic Relations Order is the legal document issued by a court that provides us with specific direction on how your pension benefits should be divided between you and your ex-spouse.

For more information on how your pension benefits can be affected by a DRO, consult your attorney and read our guide to domestic relations orders available on our website at **www.osc.state.ny.us/retire/publications/index.htm**.

Establishing Benefit Eligibility (Vesting)

As long as you do not withdraw your contributions, once you meet the minimum requirement of five years of credited service, you will have earned the right to receive a pension, even if you discontinue your public employment.

Eligibility for Vesting

You are eligible for a vested retirement benefit if you leave public employment before age 55 and you have five or more years of credited service. This means that when you reach 55, you will be entitled to a pension based on your service and the salary earned when you were an active member.

Vesting means you become eligible for a guaranteed retirement benefit once you have worked for an employer for a certain length of time.

Under Article 15, if you retire at age 55 with less than 30 years of service, you would receive a reduced pension. With at least 30 years of service, or if you are 62 or older at retirement, there is no reduction in your pension.

Your Vested Benefit

This benefit is calculated the same way as your service retirement benefit. However, the benefit cannot be less than the value of your accumulated contributions with interest. For an explanation of your benefit, please refer to the earlier "Your Service Retirement Benefit" section of this booklet.

Your pension is payable for your lifetime and you must elect one of several options to provide for the possible payment to a designated beneficiary of your choosing.

Filing for the Vested Benefit

To receive your vested pension at the earliest possible date, file a retirement application no earlier than 90 days before your 55th birthday. If we receive your retirement application after your 55th birthday, your vested retirement is effective the date the application is received.

> **Remember —** it is up to you to file a retirement application when you become eligible and wish to receive your benefit.

Receiving Your Benefits

Applying for Benefits

To apply for benefits, you must file the appropriate application form with the Office of the State Comptroller in a timely manner. Forms are available from our website, consultation offices, Call Center or your employer. Specific filing instructions are detailed in each benefit description. Also, you can get help by calling or writing to us and from our Information Representatives at our 16 consultation sites throughout New York State.

Filing with the State Comptroller's Office

Many retirement benefit applications and other documents are required, by law, to be filed with the Office of the State Comptroller within specific time limits. For a form to be considered as "filed with the Comptroller," it must be received by one of our consultation sites or at another office of the State Comptroller. **Giving your employer the form does not mean that you have "filed with the Comptroller."**

As an alternative to personally visiting our offices to file these time-sensitive documents, you can fulfill the filing requirements by mailing the document to us. We will consider it filed when it is delivered to us by the Post Office. If you are concerned about meeting a filing deadline, you can mail the document via "Certified Mail – Return Receipt Requested." When we receive the document, it will be considered as having been filed on the same date it was mailed.

To meet a filing deadline (such as an application for retirement benefits or an option election form), you can also send the document to us via fax. Although we consider the form as filed on the date the transmission is received, you must still mail us the original document to continue the process and properly complete the filing requirement.

Filing Multiple Applications

Should you become ill or disabled and unable to perform your duties, depending on the circumstances, you may be eligible to simultaneously file applications without prejudice for disability and regular service retirement benefits.

Filed without prejudice means we will process all filed applications and if more than one benefit is subsequently approved, you will be given the opportunity to choose your pension from the approved benefits.

Challenging a Retirement System Determination

We can pay only those benefits authorized by law and cannot pay you any benefits if you do not meet all the eligibility requirements established by law. If you believe that your benefit has been incorrectly denied or improperly calculated, you may request a hearing and redetermination to be held before a hearing officer.

Your request must be in writing and directed to the Hearing Administration Bureau within four months of the determination date. We will send you an acknowledgement letter and an explanation of the hearing process when we receive your written request. If you have questions regarding the hearing process, please contact us by email at **Hearings@osc.state.ny.us**, or by phone at 518-473-9756.

How We Credit Your Service

Full-Time Employment

If you join the Retirement System on the day you begin employment with a participating employer, we calculate your retirement service credit by subtracting your beginning date of employment from the date you actually leave paid employment, as long as:

- You work on a full-time, continuous basis; and
- You earn at least the annual equivalent of New York State's annual minimum wage for your full career in public service.

Institutional teachers, teachers who work in schools for the deaf and blind, school district and Board of Cooperative Educational Services (BOCES) employees, certain New York State institutional teachers, and college employees in both classified and unclassified positions who work full-time for the school year will also receive full retirement service credit.

Full-time is defined by your employer, but must be at least six hours per day, for a five-day week.

School year refers to employment during the months of September through June.

Part-Time Employment

For all members, except those noted further, part-time employment is credited as the lesser of:

$$\frac{\text{number of days reported}}{\text{260 days}}$$

or

$$\frac{\text{annual salary reported}}{\text{State's hourly minimum wage} \times 2{,}000}$$

For institutional teachers:

$$\frac{\text{number of days reported}}{\text{200 days}}$$

For teachers working at New York State schools for the deaf and blind, BOCES and school district employees:

$$\frac{\text{number of days reported}}{\text{180 days}}$$

For college employees:

$$\frac{\text{number of days reported}}{\text{170 days}}$$

Leaves of Absence

Half credit is given for sick leave at half pay. Since service is usually not credited for any period of time you do not receive a salary, credit is not given for:

- Leaves of absence without pay;
- Authorized, unpaid medical leaves of absence; or
- Unpaid leave under the federal Family and Medical Leave Act.

State employees will receive up to one year of service credit per incident while on Workers' Compensation leave. Non-State employees will only receive credit for this time if their employer continues to pay them at least a portion of their salary, even if it is later reimbursed by the Workers' Compensation carrier.

Getting Credit for Previous Public Service

You may be able to obtain credit for your previous public employment. It is very important that you claim all the service you are entitled to receive as early as possible, because records documenting your previous service may become lost or destroyed with the passage of time.

Prior Service

This is any period of time you received salary from a participating employer before that employer elected to participate in the Retirement System. To receive this credit, you must earn at least two years of credited service as a Retirement System member.

Example:

You have been working for a municipality for six years and, as of January 1 of this year, the municipality began participating and you have joined the System. You can request credit for those six years but, for Tier 4 members, there would also be a cost.

Service Before Your Date of Membership

You may receive credit for working for a participating public employer in New York State before you joined the Retirement System. To obtain the credit, you must earn at least two years of credited service as a Retirement System member.

Example:

You worked at the town library while going to school and, as a part-time employee, you chose not to join the System. Now that you have graduated and taken a full-time job at the town supervisor's office, you must join. You can choose to claim the part-time service but there is a cost.

Military Service

You may be able to receive credit for some or all of your military service. To determine your eligibility and the cost, if any, please send us a copy of your Certificate of Release or Discharge from Active Duty (DD-214).

Service from a Previous Membership

If you previously were a member of this System, or another public retirement system in New York State, your service may be recredited and your date of membership and tier changed. We will initiate reinstatement to Tier 3 or an earlier date within Tier 3 or 4 by sending you information about your eligibility and giving you the opportunity to purchase credit for your withdrawn service. If your previous Tier 3 or 4 membership was with another retirement system, please write to our Member & Employer Services Bureau.

For reinstatement to Tier 1 or Tier 2, you must send us a completed Application to Reinstate a Former Tier 1 or 2 Membership (RS5506).

Payment of Service Credit

As a Tier 3 or 4 member, you will usually be required to pay for service currently not credited to you. There are two kinds of past service costs — mandatory and optional. Mandatory costs are required for service you earned as a member but for which you made no (or insufficient) contributions.

Optional costs are payments you choose to make to purchase credit for a period of previous or military service. Once you have made payment and have accrued two years of service credit as a member, you can receive that credit. Before you purchase optional past service credit, though, you must pay for any outstanding mandatory costs.

Example of Mandatory Past Service Costs:

You joined the Retirement System on January 14, 2002, but your employer did not begin taking contributions from your paycheck until February 1, 2002. You would then need to make payments for January 14th through January 31st.

Applying for Previous Service Credit

To receive credit for any type of previous service, send a written request (which must be received before your effective date of retirement) to our Member & Employer Services Bureau. Please include as much information as you can about the period of employment for which you are seeking to receive credit. We will determine your eligibility to receive the credit and any cost involved. Please note, if your purchased service brings your total credited service to ten or more years, you will no longer be eligible to withdraw your contributions and end your membership.

By requesting credit for your previous public employment as early in your career as possible:

- It will be less expensive than if you wait to purchase it at a later date;
- You will stop making the 3 percent contributions sooner;
- Your retirement benefit will be processed more quickly if your service credit is in order.

Please note, if you are requesting previous service to establish eligibility for a vested retirement benefit, you should request credit while you are on the payroll of a participating employer. If you receive a cost after you leave the payroll, you must make payment within 30 days of notification. You can request credit once you are off the payroll, but you must pay the cost (if any) and return to the payroll of a participating employer for the service to be credited and to become vested.

Benefit Payment Options

How You Receive Your Benefit

At retirement, you must decide how you want your retirement benefit paid. While there are several options to choose from, all of them provide you with a monthly benefit for life. For example, you may elect to have your retirement benefit paid to you as a Single Life Allowance, providing you with the maximum amount payable during your lifetime, with nothing payable to a beneficiary upon your death. Or, you may elect to receive a smaller monthly benefit to provide for a possible payment to a designated beneficiary after your death.

Filing Your Option Election

You must file your Option Election form (unless notified otherwise, as in the case of disability retirement) before the first day of the month following your retirement date. You have up to 30 days after your pension becomes payable to change your selection. If you are a disability retiree, you may change your option selection up to 30 days after your disability application is approved, or up to 30 days after your retirement date, whichever is later.

If your election is not timely, by law, we must process your retirement as if you had selected the Single Life Allowance (Option 0).

The following choices are available to you:

Single Life Allowance (Option 0)

This is the basic retirement benefit. It provides for the maximum benefit payment to you each month for the rest of your life. But remember, under this selection all payments cease at your death. When you die (even if it is only one year, or sooner, after retiring), nothing will be paid to any beneficiary.

Joint Allowance — Full*

This option will provide you with a reduced monthly benefit for your lifetime and is based on your and your beneficiary's dates of birth. When you die, your beneficiary will receive the same monthly amount (without COLA) for life. If your beneficiary dies before you, all benefit payments will cease at your death.

Joint Allowance — Partial*

This option is based on your life expectancy and that of your beneficiary. It provides a reduced lifetime income (without COLA) that pays a specific percentage which you select (either 75, 50, or 25 percent of your benefit) to your beneficiary for his or her lifetime after your death. If your beneficiary dies before you, all payments stop at your death.

* If you elect this option, you must submit proof of your beneficiary's birth date. You can designate only one beneficiary and you cannot change your designation after your retirement. If your beneficiary is your spouse at the time of your death, he or she will be eligible for 50 percent of your COLA.

Pop-Up/Joint Allowance — Full or Half*

These options will provide you with a lifetime reduced monthly benefit. If you die before your beneficiary, we will continue paying the same monthly amount (without COLA) or one-half that amount, depending on which option you elect, to your beneficiary for life. However, if your beneficiary dies first, your pension will be increased to the amount you would have received if you had selected the Single Life Allowance at retirement and all payments will stop at your death.

Five Year Certain and Ten Year Certain

Though these options provide you with reduced monthly lifetime income, they are based on the guarantee that if you live for less than five years or ten years after retirement, depending upon which option you elect, payments in the same amount (without COLA) you were receiving will be made to your beneficiary for the balance of the five- or ten-year period. You may change your beneficiary within the five- or ten-year period.

Alternative Options

If the options described here do not meet your needs, we will consider written requests for other payment methods. These requests must be outlined in detail by you and then approved by us for legal and actuarial soundness.

Disability Retirement Benefit

If you become unable to perform your duties because of a permanent physical or mental incapacity, you may be eligible for a disability retirement benefit. There are a variety of disability benefits with different requirements. If you are eligible, you may simultaneously submit applications for disability and regular service retirement benefits.

You must select an option for the payment of your disability benefit. For more information, refer to the "Benefit Payment Options" section of this booklet.

Article 15 Disability Retirement Benefit

Eligibility for the Benefit

To qualify for this disability retirement benefit, you need ten years of credited service, unless your disability results from an accident you sustain on the job. If your disability results from an on-the-job accident, not due to your own negligence, there is no minimum service requirement.

The Article 15 Disability Benefit

If approved, this is a benefit equal to the greater of:

- $1/60^{th}$ (1.66 percent) of your FAS for each year of credited service.

Example:
22 years of service; $30,000 FAS

$$\frac{22 \text{ yrs.} \times \$30{,}000}{60} = \mathbf{\$11{,}000}$$

OR

- 1/60th (1.66 percent) of your FAS for each year of credited service, plus 1/60th of your FAS for each year of service you might have earned before age 60, but not more than 1/3 of your FAS.

Example:
Age 57, 19 years of service plus three possible years of service to age 60 (equals 20 or more years); $30,000 FAS

$$\frac{19 \text{ yrs.} + 3 \text{ yrs.} \times \$30{,}000}{60} = \mathbf{\$11{,}000}$$

but maximum benefit = 1/3 of FAS:

$1/3 \times \$30{,}000 =$ **$10,000**

Example:
Age 57, 12 years of service plus three possible years of service to age 60 (equals less than 20 years); $30,000 FAS

$$\frac{12 \text{ yrs.} + 3 \text{ yrs.} \times \$30{,}000}{60} = \mathbf{\$7{,}500}$$

so the benefit payable will be less than 1/3 of your FAS.

OR

- At least 1/3 of your FAS if your disability is a result of an on-the-job accident.

If you are 60 or older at the effective date of your disability retirement, your disability benefit would be equal to the benefit payable to you at the normal retirement age of 62, not to exceed 1/3 of your FAS.

Filing for the Article 15 Disability Benefit

You, your employer, or someone authorized with your power of attorney, may file your Article 15 Disability Retirement Application (RS6340). The power of attorney is a legal document that gives authority to another person to make financial and other legal decisions on your behalf. The application must be filed while you are on the payroll, or within:

- Three months of the last date you were paid on the payroll; or
- Twelve months after receiving notification of termination of employment, provided you were on an authorized medical leave of absence or receiving Workers' Compensation benefits.

Tier 3 — Article 14 Ordinary Disability Retirement Benefit

If you are a Tier 3 member, you may qualify for disability retirement benefits under either Article 14 or Article 15. The Article 15 benefit is usually greater than the disability retirement benefit you would receive under Article 14, since the Article 15 benefit is not offset by your Social Security disability or Workers' Compensation benefits. However, to qualify for the Article 15 benefit, you must have at least ten years of service credit, unless you are found permanently disabled as a result of an on-the-job accident not caused by your own willful negligence.

Eligibility for the Article 14 Ordinary Disability Benefit

You may be eligible for an ordinary disability retirement benefit if you have accrued at least five years of service credit, and have been awarded primary Social Security disability benefits.

The Article 14 Ordinary Disability Benefit

This is a pension equal to the greater of:

- One third of your FAS; or
- 2 percent of your FAS for each year of credited service, to a maximum of 30 years.

In either case, the benefit will be reduced by 50 percent of the CO-ESC Social Security disability benefit. If a Workers' Compensation benefit is payable, the ordinary disability benefit is also reduced by the amount of this benefit.

This benefit is subject to full escalation for changes in the cost-of-living on the first day of the month following the date you become eligible for the disability benefit. Though the percentage of escalation may rise or fall each April, it is calculated on the annual gross amount of the pension you received the previous fiscal year (April 1 – March 31).

> **CO-ESC —** The part of your Social Security disability benefit based on your public employment in New York State.

Filing for the Article 14 Ordinary Disability Benefit

You, or someone authorized with your power of attorney (but not your employer), may file your Article 14 Disability Retirement Application (RS6411) with the Office of the State Comptroller. Please note that you must

> **Full escalation —** The annual increase or decrease, each April, of your pension benefit based on the Consumer Price Index or 3 percent, whichever is less.

submit your application for ordinary disability retirement while you are in active service. If you are no longer in active service, you may be eligible if your Social Security disability benefit is awarded retroactively to a time when you were in active service.

Active service is defined as:

- Service rendered while on your employer's payroll; or
- Periods when you are on an authorized medical leave of absence for up to two years after last being paid on the payroll; or
- Periods when you are receiving Workers' Compensation, or other employer-funded benefits for up to two years after last being paid on the payroll. However, you will not be considered in active service if your employment terminates, even if you are still receiving Workers' Compensation or similar employer-funded benefits.

Tier 3 — Article 14 Accidental Disability Retirement Benefit

Eligibility for the Benefit

You may be eligible for an accidental disability retirement benefit if you are awarded primary Social Security disability benefits for a disability sustained as the natural and proximate result of an accident sustained in the performance of your duties, not caused by your own willful negilgence.

The Article 14 Accidental Disability Benefit

Your accidental disability retirement benefit will be a pension equal to 2 percent of your FAS for each year of service credit you would have earned if you had been able to work until age 65 (not to exceed 30 years of service).

This benefit is reduced by 50 percent of your CO-ESC Social Security disability benefit and by the amount of your Workers' Compensation benefit. In addition, this benefit is subject to full escalation (see definition under the Article 14 Ordinary Disability Benefit) for changes in the cost-of-living on the first day of the month following the date you become eligible for the disability benefit.

Filing for the Article 14 Accidental Disability Retirement Benefit

You, or someone authorized with your power of attorney (but not your employer), may file your application for accidental disability retirement with the Office of the State Comptroller. The application should be filed while you are still in active service. Active service is defined as:

- Service rendered while on your employer's payroll; or
- Periods when you are on an authorized medical leave of absence for up to two years after you were last paid on the payroll.

Although the award of this benefit is dependent on your being approved for the primary Social Security disability benefit, to ensure timely filing, send us your Article 14 application without delay. If you have not been awarded the primary Social Security disability benefit when we receive your application, we will hold it pending the Social Security Administration's decision. If you are no longer in active service, you may be eligible if your Social Security disability benefit is awarded retroactively to a time when you were in active service.

Ordinary Death Benefit

If you have at least one year of credited service in the Retirement System, your beneficiary may be entitled to an ordinary death benefit if your death is not attributable to an on-the-job accident. The first $50,000 of this benefit is paid in the form of group term life insurance that, under present rules, is exempt from federal income tax. Your accumulated contributions are also payable to your beneficiary.

Eligibility for the Benefit

An ordinary death benefit may be payable to your designated beneficiary if you have completed at least one year of service since last joining the Retirement System and your death occurs:

- While in public service; or
- While on an authorized medical leave without pay; or
- While receiving Workers' Compensation, or other employer-funded benefits, for up to two years following the last date you were paid on the payroll, provided your employment has not been terminated by resignation, employer action or any other means; or
- Within 12 months of the last date you were receiving salary, provided you were not otherwise gainfully employed during that period.

The Ordinary Death Benefit

Most Tier 3 and Tier 4 members, especially if you joined before July 26, 1986 or on or after January 1, 2001, are covered by death benefit two. Death benefit two is equal to your salary multiplied by your years of service, not to exceed three years of salary. That means that after one year of service, your beneficiary will receive one times your salary; after two years of service, two times your salary. After three or more years, the benefit is three times your salary.

Example: Death Benefit Two

$30,000 earned in last year
(assuming your salary stays the same)

After 1 year of service = $30,000

After 2 years of service = $60,000

After 3 or more years of service = $90,000

For members working beyond age 60, the death benefit that would have been payable if you died at age 60 will be reduced by 4 percent each year that you stay in public employment, for a maximum of a 40 percent reduction. For example, if a member at age 60 was eligible for a $90,000 death benefit, and he or she dies while still employed, his or her beneficiary would receive a benefit as follows:

Age	Maximum Percent Payable	Death Benefit Payable
60	100	$90,000
61	96	$86,400
62	92	$82,800
63	88	$79,200
64	84	$75,600
65	80	$72,000
66	76	$68,400
67	72	$64,800
68	68	$61,200
69	64	$57,600
70 and older	60	$54,000

Post-Retirement Death Benefit

Death benefit two also provides a post-retirement death benefit if you:

- Retire directly from service; or
- Are a vested member and file for retirement within one year of leaving public employment in New York State.

The post-retirement death benefit is calculated at your retirement. During your first year of retirement, the benefit is 50 percent of the ordinary death benefit payable at retirement; during your second year of retirement, the benefit is 25 percent. During your third year and thereafter, the benefit will be 10 percent of the ordinary death benefit that would have been payable at age 60, if any, or at retirement, whichever was earlier.

Example:

Retirement at age 62
$30,000 salary

$30,000 × 3 =	$90,000
(reduction for working until age 62)	- 7,200
(ordinary death benefit at retirement)	$82,800

1st year of retirement

(50 percent of ordinary death benefit):	$41,400

2nd year of retirement

(25 percent of ordinary death benefit):	$20,700

After 2nd year of retirement

(10 percent of benefit at age 60):	$9,000

Effective May 9, 2008, if you were age 60 or older when you joined the Retirement System and you retired on or after October 16, 1992, the post-retirement death benefit payable after your second year of retirement will be 10 percent of your last year's salary times your years of **member** service credit, up to three years.

For example, with a last year's salary of $30,000:

- If you have one year of **member** service: $30,000 x 10% = $3,000;
- If you have two years of **member** service: $30,000 x 10% x 2 = $6,000;
- If you have three or more years of **member** service: $30,000 x 10% x 3 = $9,000.

Death Benefit One

If you joined between July 26, 1986 and December 31, 2000 and you elected death benefit one coverage, if you die while in active service, your beneficiary will be paid the greater of the two benefits (usually the one offered by death benefit two). However, if you were eligible for an unreduced pension (at least age 55 with 30 or more years of service, or at least age 62) when death occurs, your beneficiary would receive an amount equal to your pension reserve. If you die after retirement, your beneficiary will receive a post-retirement death benefit.

Out of Service Death Benefit

If you are a vested member with at least ten years of credited service 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 but were gainfully employed during that time.

Filing for the Ordinary Death Benefit

Your family or employer should notify us of your death as soon as possible and we will send the appropriate forms to your beneficiary.

Accidental Death Benefit

Eligibility for the Accidental Death Benefit

Regardless of your years of service credit, if you die as the natural and proximate result of an on-the-job accident, not due to your own willful negligence, an accidental death benefit may be paid on your behalf.

Tier 3 — Article 14 Accidental Death Benefit

This is a pension equal to one-half (50 percent) of your FAS. Each April, the benefit may change depending on the amount of the increase or decrease in the Consumer Price Index, or by 3 percent, whichever is less. The benefit will never be reduced below the amount initially paid. It is paid to your beneficiaries, in this order:

- To your surviving spouse, provided he/she has not renounced survivorship rights in a separation agreement, until remarriage; or
- To your surviving children, until they reach age 25; or
- To your dependent parent or parents, as determined under regulations established by the Comptroller; or
- To any other person who qualified as a dependent on your final federal income tax return, or the return filed in the year immediately preceding the year of your death, until this person reaches age 21.

If the total of all the accidental death benefit payments is not more than the amount of the ordinary death benefit, the difference will be paid to the last eligible beneficiary or beneficiaries. If none exist, it will be paid to the executors of your will, or the persons who would be the executors if you die without making a will. The application for the accidental death benefit must be filed within two years of your date of death.

Tier 4 — Article 15
Accidental Death Benefit

This is a pension equal to one-half (50 percent) of your wages during your last year of active service and is paid to your beneficiaries, in this order:

- To your surviving spouse, provided he/she has not renounced survivorship rights in a separation agreement, until remarriage; or
- To your surviving children, until they reach age 25; or
- To your dependent parent or parents, as determined under regulations established by the Comptroller; or
- To any other person who qualified as a dependent on your final federal income tax return for the year preceding death, until that person reaches age 21.

The benefit will be divided equally among the beneficiaries in any one category if you have more than one child, parent or other dependent.

If the total of all the accidental death benefit payments is not more than the amount of the ordinary death benefit, the difference will be paid to the last eligible beneficiary or beneficiaries. If none exist, the benefit will be paid to the executors of your will, or the persons who would be the executors if you die without making a will. The application for the accidental death benefit must be filed within 60 days of your date of death. The head of the Retirement System may accept an application after 60 days, but only if an ordinary death benefit has not been paid.

Filing for the Accidental Death Benefit

Your family or employer should notify us when you die and we will forward the appropriate forms to your beneficiary.

World Trade Center

If you participated in the World Trade Center rescue, recovery or clean up efforts, you should be aware of the benefits provided by the World Trade Center Presumption law.

- You may be eligible for an accidental disability retirement benefit if you become permanently disabled due to a qualifying condition and unable to perform your job.
- You may be eligible to reclassify your service or disability retirement benefit to an accidental disability retirement benefit if you develop a qualifying condition after you retire.
- Certain family beneficiaries may be eligible to receive an accidental death benefit if you die from a qualifying condition after retirement.

There are specific eligibility requirements and filing deadlines that must be met for these benefits. For more information, please read our publication on laws affecting public employees who participated in *The World Trade Center Site Rescue, Recovery or Clean Up Operations* (VO1834), available on our website at **www.osc.state.ny.us/retire.**

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