

# Life Changes

## What if I Leave Public Employment?



Office of the New York State Comptroller  
Thomas P. DiNapoli



NYSLRS

New York State and Local Retirement System

## A Message From Comptroller Thomas P. DiNapoli

At one time or another, almost all of us have changed jobs. The new job usually brings great expectations and hope for the future, but change can also be stressful.



In fact, your life may even become a bit chaotic, causing you to overlook important issues that could affect you and your loved ones in the future. That's the reason for this publication. It outlines what you need to know as a NYSLRS member if you leave public employment or go on an extended leave of absence.

I encourage you to take the time to read this guide carefully so you understand your rights and obligations. If you have any questions or concerns, please contact us. We're here to help.

Sincerely,

A handwritten signature in black ink that reads "Tom DiNapoli". The signature is fluid and cursive, with a prominent flourish at the end.

Thomas P. DiNapoli  
State Comptroller

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## Public Employment

Public employment in New York State means working for:

- The State of New York;
- One of its political subdivisions (county, city, town, village);
- A school district or Boards of Cooperative Educational Services (BOCES);
- A public authority or public benefit corporation; or
- Any other entity that participates in NYSLRS.

# What Happens to My NYSLRS Membership?

## Find Out if You Are Vested

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If you leave public employment, your next steps for your NYSLRS membership depend on your years of service and whether you are vested. Being vested means that you have enough years of service credit to qualify for a retirement benefit, even if you leave public employment before you are old enough to retire. As of April 9, 2022, all members are vested when they have earned five years of service credit (previously, Tier 5 and 6 members needed ten years). Sign in to your *Retirement Online* account ([web.osc.state.ny.us/retire/sign-in.php](http://web.osc.state.ny.us/retire/sign-in.php)) to view your total estimated service credit, and contact us ([www.contactNYSLRS.com](http://www.contactNYSLRS.com)) if you need assistance.

If you are **vested** when you leave public employment, and you leave public employment before you are eligible to retire, you can apply for and receive a vested retirement benefit when you become eligible ([go to page 9 to read more](#)).

If you leave public employment with less than ten years of service, you can end your membership and receive a refund of your contributions ([go to page 13 to read more](#)). You cannot withdraw from NYSLRS once you have ten years of service credit.

If you leave public employment with between five and ten years of service, you can choose to either remain a member and apply for and receive a vested retirement benefit when you become eligible or terminate your membership and receive a refund of your contributions.

**Note:** If you have previous public service for which you do not have credit and you wish to request this credit to become vested, you must submit your request while you are still on the payroll of a participating employer. If there is a cost for this credit and you receive a statement of the cost after you have left the payroll, you must make payment within 30 days from the date of the statement to receive the credit and to become vested. For information about requesting credit for previous public service, including military service, read *Service Credit for Tiers 2 through 6*, available on our Publications webpage ([www.osc.state.ny.us/retirement/publications](http://www.osc.state.ny.us/retirement/publications)).

## Update Your Contact Information

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For NYSLRS members who leave public employment, it is important to keep us informed of your current mailing address, phone number and email address (use a personal email address rather than a work email address) so you can receive important information from NYSLRS, such as your Member Annual Statement. You can update your contact information:

**Online:** *Retirement Online* is the fastest way to view and securely update your contact information. Sign in to *Retirement Online* ([web.osc.state.ny.us/retire/sign-in.php](http://web.osc.state.ny.us/retire/sign-in.php)), locate your address, phone number or email address under ‘My Profile Information’ and click “update.”

**Using our secure contact form:** As long as your new address is a street address within the United States (not a PO Box), you can update your address using the secure contact form on our website at [www.emailNYSLRS.com](http://www.emailNYSLRS.com). Please complete all form fields and provide your old and new addresses. Updates to phone numbers and email addresses may also be included.

**By mail:** Complete and mail a Change of Address (RS5512) form ([www.osc.state.ny.us/files/retirement/forms/pdf/rs5512.pdf](http://www.osc.state.ny.us/files/retirement/forms/pdf/rs5512.pdf)) to NYSLRS. Updates to phone numbers and email addresses may also be included. Be sure to include your NYSLRS ID, the last four digits of your Social Security number and date of birth on the form. If you don’t know your NYSLRS ID, you can check recent letters from NYSLRS or your Member Annual Statement.

## Keep Your Beneficiary Designations Current

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It is important that you periodically review your retirement account information to make sure your beneficiary designations are up to date. Sign in to *Retirement Online* ([web.osc.state.ny.us/retire/sign-in.php](http://web.osc.state.ny.us/retire/sign-in.php)), go to the ‘My Account Summary’ area of your Account Homepage and click “View and Update My Beneficiaries.” You can change your beneficiaries and update their contact information and last names online. *Retirement Online* beneficiary change submissions include an e-signature, and your request is considered filed on the day it is submitted.

You can also complete our Designation of Beneficiary form (RS5127), available on our website ([www.osc.state.ny.us/files/retirement/forms/pdf/rs5127.pdf](http://www.osc.state.ny.us/files/retirement/forms/pdf/rs5127.pdf)). If you submit your form by mail, it must be signed by you and notarized. Be sure to include all of your beneficiaries on the form. Your new beneficiary designations will replace all of your previously named beneficiaries. Designation changes become effective when we receive your properly completed form. If you send your form by regular mail, we will consider it to be filed once it is delivered to us. If you mail your form by “certified mail – return receipt requested,” we will consider it to be filed on the date it was mailed.



## Repay Any NYSLRS Loans

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If you have any outstanding loans with NYSLRS when you leave the public payroll and you withdraw your contributions and end your membership, we will use a portion of your contributions to pay off your loan before providing you with the remainder of your contributions ([see \*Ending Your Membership\* on page 13](#)).

If you do **not** end your membership, you must make loan payments directly to us since we will no longer be able to receive payroll deductions. You must make a loan payment at least once every three months (contact us to find out the minimum quarterly amount) and your loan must be repaid within five years of the date it was issued, otherwise you will default on your loan. The law requires us to report any outstanding loan balance at the time of the default to the Internal Revenue Service (IRS) as an early distribution from a qualified pension plan. The amount reported could be considered taxable income and the IRS may charge a 10 percent tax penalty, in addition to any regular income tax due on the distribution. At the time of the default, you will be advised of the taxable amount that will be reported to the IRS. For more information, including how to make loan payments, visit our Loans webpage ([www.osc.state.ny.us/retirement/members/loans-applying-and-repaying](http://www.osc.state.ny.us/retirement/members/loans-applying-and-repaying)).

You will not be eligible to take a NYSLRS loan once you are off the public payroll.

## Receiving a Benefit — for Vested Members

Though you will no longer receive service credit once you leave public employment, once you reach retirement age, you can apply for and receive a pension benefit based on your salary and service while you were working for your NYSLRS employer. The earliest date that a NYSLRS member who is off payroll can collect a vested retirement benefit depends on your tier and retirement system:

- Tier 1 and 2 members are eligible for a vested retirement benefit as early as the first of the month following your 55th birthday.
- Tier 3, 4 and 5 members and Employees' Retirement System (ERS) Tier 6 members are eligible for a vested retirement benefit as early as your 55th birthday.
- Police and Fire Retirement System (PFRS) Tier 6 members are eligible for a vested retirement benefit on your 63rd birthday.

For most members, if you retire before your full retirement age, a permanent benefit reduction will be applied, depending on your tier and retirement plan. Tier 1 members can retire at age 55 with no reduction. Full retirement age is 62 for Tier 2, 3, 4 and 5, and age 63 for Tier 6. Some members can retire with no reduction, before full retirement age, if they have 30 years of service. Read more about benefit reductions on our website ([www.osc.state.ny.us/retirement/members/about-benefit-reductions](http://www.osc.state.ny.us/retirement/members/about-benefit-reductions)).

## Estimate Your Pension

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Most members can estimate their pension using the benefit calculator in *Retirement Online*. The calculator uses your salary and service credit information to create an estimate. You can fine-tune your estimate by entering different retirement dates, beneficiaries, earnings and service credit amounts to see how they affect your potential benefit, and then save or print it. Sign in to your *Retirement Online* account ([web.osc.state.ny.us/retire/sign-in.php](http://web.osc.state.ny.us/retire/sign-in.php)), go to the ‘My Account Summary’ area of your Account Homepage and click the “Estimate my Pension Benefit” button.

Members in certain circumstances (for example, members who have recently transferred a membership to NYSLRS or Tier 6 members with between five and ten years of service) may not be able to use the *Retirement Online* calculator at this time. These members should contact us ([www.contactNYSLRS.com](http://www.contactNYSLRS.com)) to request an estimate.

## File for Retirement

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You must apply for retirement with the Office of the State Comptroller 15 – 90 days before your chosen retirement date (it will not be paid automatically). If you leave payroll before age 55 and we receive your retirement application after you turn 55, you can retire as early as the date we receive your application.

To apply for retirement, sign in to your *Retirement Online* account ([web.osc.state.ny.us/retire/sign-in.php](http://web.osc.state.ny.us/retire/sign-in.php)), go to the ‘My Account Summary’ area of your Account Homepage and click “Apply for Retirement.” You can also apply by mail by submitting the Application for Service Retirement (RS6037), available on our website ([www.osc.state.ny.us/files/retirement/forms/pdf/rs6037.pdf](http://www.osc.state.ny.us/files/retirement/forms/pdf/rs6037.pdf)).

For more information about retiring from NYSLRS, read our publication, *How Do I Prepare to Retire?*, available on our Publications webpage at [www.osc.state.ny.us/retirement/publications](http://www.osc.state.ny.us/retirement/publications).

## **Am I Still Eligible for a Death Benefit?**

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If you are a vested member with at least ten years of service credit, but you have not retired, and you die less than one year after leaving public employment, your beneficiaries would receive 100 percent of your ordinary death benefit, unless you were otherwise gainfully employed. If you die within one year of leaving your public employer, but were gainfully employed during that time, or if you die more than one year after leaving public employment, your beneficiary may be entitled to 50 percent of the ordinary death benefit. Your beneficiaries would also receive any membership contributions you have on deposit.

In the event of your death, your family or employer should notify us as soon as possible so we can send the appropriate forms to your beneficiary.

## Ending Your Membership — for Members with Less than Ten Years of Service

If you leave public employment with less than ten years of service credit, you may end your membership and request a refund of your contributions. Sign in to your *Retirement Online* account ([web.osc.state.ny.us/retire/sign-in.php](http://web.osc.state.ny.us/retire/sign-in.php)), go to the ‘My Account Summary’ area of your Account Homepage and click “Withdraw My Membership.” You can also apply by mail by submitting the Withdrawal Application (RS5014), available on our website ([www.osc.state.ny.us/files/retirement/forms/pdf/rs5014.pdf](http://www.osc.state.ny.us/files/retirement/forms/pdf/rs5014.pdf)).

You must be off the payroll for at least 15 days before submitting the application. Your refund can either be paid to you or you can transfer (roll over) the taxable portion of your refund directly to an Individual Retirement Account (IRA) or other qualified retirement plan.

If you do not withdraw your contributions, they will continue to earn 5 percent interest for seven years. After seven years, if you are still off the public payroll and not vested, your membership will automatically end and your contributions will be deposited into a non-interest-bearing account held by NYSLRS. At this point, you should withdraw your contributions. Your contributions will not be automatically refunded.

You cannot withdraw from NYSLRS once you have ten years of service credit.

**Note:** The IRS requires you to take your contributions by age 72. Visit the IRS website ([www.irs.gov](http://www.irs.gov)) to learn more.

## **Are There Tax Implications if I Withdraw My Contributions?**

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If you withdraw your membership and receive a refund of your contributions, your payment is reportable for federal income tax purposes and we are required to withhold 20 percent of the taxable amount. You can defer federal income tax on your contributions if you roll over the taxable portion of the refund directly into an IRA or another qualified retirement plan. If you receive a refund before age 55 and you do not roll it over, the IRS may charge a 10 percent tax penalty on the taxable portion of your refund.

You may wish to consult a tax advisor before withdrawing your contributions.

Your contributions are not taxed by New York State or its municipalities.

## **Is There Any Advantage to Leaving My Contributions on Deposit?**

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There could be an advantage to leaving your contributions on deposit with NYSLRS. If you return to public service and your new employer participates in NYSLRS, your service and salary with your new employer will be added to your current membership, as long as it's still active (it has not been withdrawn or automatically terminated). If your new employer participates in another New York State or New York City public retirement system, you can transfer your active NYSLRS membership to your new retirement system. Even if you are going to work in the private sector, you might consider leaving your contributions on deposit in case you return to public service in the future.



## For Members With Between Five and Ten Years of Service

If you have at least five years of service credit when you leave the public payroll, you are vested and can choose one of two options:

- You can apply for retirement as early as age 55 and receive a benefit based on your service and salary earned in public employment.
- If you are a Tier 3, 4, 5 or 6 member, or a Tier 1 or 2 member with mandatory contributions on deposit, you can withdraw your contributions and accumulated interest. **However, withdrawing your contributions will end your NYSLRS membership and you will no longer be eligible to receive retirement benefits.\***

\* If you are a Tier 1 or 2 member who has made voluntary contributions, you may apply to receive a refund of these contributions. To apply, file an Application for Refund of Excess Contributions (RS5195), available on our website ([www.osc.state.ny.us/files/retirement/forms/pdf/rs5195.pdf](http://www.osc.state.ny.us/files/retirement/forms/pdf/rs5195.pdf)). This will not end your membership and you still would be eligible for a retirement benefit when you turn 55.

## Stay Informed

Your retirement benefits are an important part of a solid financial plan. They can help you and your beneficiaries achieve financial security in retirement or in the event of disability or death. Use these tips to help you understand your benefits and stay informed.

- Register for *Retirement Online*, a convenient and secure way to review your benefits and conduct business with NYSLRS. In many cases, you'll be able to use *Retirement Online* instead of mailing forms or calling NYSLRS. Members can view benefit information, update contact information, view and update beneficiaries, apply for a loan, estimate your pension and payment option amounts, request to purchase service credit and apply for retirement. Learn more at [web.osc.state.ny.us/retire/retirement\\_online/customers.php](http://web.osc.state.ny.us/retire/retirement_online/customers.php).
- Review your Member Annual Statement carefully and notify us of any errors promptly.
- Visit our website to find forms ([www.osc.state.ny.us/retirement/forms](http://www.osc.state.ny.us/retirement/forms)), publications ([www.osc.state.ny.us/retirement/publications](http://www.osc.state.ny.us/retirement/publications)), and tips on preparing for retirement, including our 5-Step Plan for Retirement ([www.osc.state.ny.us/retirement/members/planning](http://www.osc.state.ny.us/retirement/members/planning)) and Retirement Planning timeline ([www.osc.state.ny.us/retirement/members/preparing-retirement](http://www.osc.state.ny.us/retirement/members/preparing-retirement)).

- Attend a pre-retirement presentation to learn about the retirement process and discuss post-retirement issues. At your employer's request, we offer these presentations designed for members within five years of retirement eligibility.
- Speak with an information representative to request specific information or schedule a pre-retirement consultation ([www.osc.state.ny.us/retirement/members/pre-retirement-consultations](http://www.osc.state.ny.us/retirement/members/pre-retirement-consultations)).
- Subscribe to our blog, New York Retirement News ([www.nyretirementnews.com](http://www.nyretirementnews.com)), where you'll find tools to help you understand your benefits, as well as important retirement news.
- Like us on Facebook ([www.facebook.com/NYSLRS](http://www.facebook.com/NYSLRS)) and follow us on Twitter ([www.twitter.com/NYSLRS](http://www.twitter.com/NYSLRS)) for quick tips and updates on a variety of retirement topics.
- Sign up for E-News, our email newsletter ([web.osc.state.ny.us/retire/e-news/sign-up/index.php](http://web.osc.state.ny.us/retire/e-news/sign-up/index.php)), for the latest retirement news and information.

## Contact Us

If you have any questions or you need more information, we're glad to help.

- **Use our secure contact form:**

[www.emailNYSLRS.com](http://www.emailNYSLRS.com)

- **Call:** 866-805-0990

- **Write:**

NYSLRS

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This publication provides a general summary of membership benefits, rights and responsibilities, and is not a substitute for any New York State or federal law. For specific information about your benefits, please [contact us](#).

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