



**Straight Talk  
About  
Financial  
Planning**  
*For Your Retirement*

Office of the New York State Comptroller  
Thomas P. DiNapoli



New York State and Local Retirement System

# A Message from Comptroller Thomas P. DiNapoli



There are few things that are certain in life, and it's good to know your retirement benefit is one of them. You can be confident that when you are ready to retire, your pension will be there for you.

Your retirement benefit is only one part of a good financial plan. Whether you are new to public service or are close to retirement, it is never too early or too late to develop a financial strategy. That's where this booklet can help. It includes information about your retirement benefits, as well as tips on how to develop a well-rounded financial plan.

Your retirement years should be an enjoyable part of your life — and they can be with some preparation and planning. You are a member of one of the largest pension systems in the world and your retirement benefit is secure. By developing and following a solid financial plan, you can enjoy added security in your retirement years.

Sincerely,

A handwritten signature in black ink that reads "Tom DiNapoli". The signature is written in a cursive, flowing style.

Thomas P. DiNapoli  
State Comptroller

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# The Icons

As you read through this book, you will see icons that point out special information. Here is what they mean:



**Resource** — How to get more information on the subject.



**Example** — An illustration of the topic discussed.

# Developing Your Retirement Plan

Whether you are just starting your professional career or are in the middle of it, it's a good time to check your finances and develop a plan for when you retire. Here are some steps you can take to begin crafting that plan.

## Step 1: PROJECTIONS



*Take a peek into the future —  
the retirement benefit calculator  
& benefit projections*

The retirement benefit calculator on our website allows most members to enter different retirement dates, final average salaries and service credit totals to estimate what their benefit will be when they retire.\* Entering a range of possible values will help you see how these different factors can affect the amount of your retirement benefit.

To use the calculator, visit our Project Your Pension at Retirement page ([www.osc.state.ny.us/retire/members/projecting-your-pension.php](http://www.osc.state.ny.us/retire/members/projecting-your-pension.php)) and click on Benefit Projector Calculator.

\* This service is currently not available to Police and Fire Retirement System (PFRS) members who joined on or after July 1, 2009, or to certain Employees' Retirement System (ERS) members.

The retirement benefit calculator allows most members to estimate what their benefit will be when they retire.

There is a point early on while using the calculator when you can choose “Vested Retirement.” This option is for those who are or will be vested, and should be used only if you plan to leave (or have already left) public employment before you are eligible to retire.

You can also ask NYSLRS to estimate your future benefit for you. Most vested Tier 2, 3 and 4 members can request a benefit projection from our Call Center. Actively employed members age 50 or older can also request a projection that estimates additional service credit based on a date of retirement up to five years into the future. In most cases, these projections are mailed to your home address the next business day. A benefit projection is a great tool if you are vested and considering leaving the payroll before you are old enough to collect your retirement benefit.

To request a benefit projection, contact our Call Center toll-free at 1-866-805-0990, or at 518-474-7736 in the Albany, New York area. You can also write or email us. Please be sure to include your estimated retirement date, the name and birth date of your intended beneficiary, your public employment history, any military service you may have, your current address and your retirement registration number. For our mailing address or to email us, please visit our Contact Us page at [www.osc.state.ny.us/retire/contact\\_us/index.php](http://www.osc.state.ny.us/retire/contact_us/index.php).

## Step 2: NEEDS

### *Determine your retirement needs*

Once you have an idea of what your retirement benefit will be, you can formulate a plan based on what you spend now and what you think you will need to supplement your pension. Experts tell us you will need at least 70 percent of your pre-retirement income to enjoy the same standard of living once you stop working.



A Tier 4 member for instance, retiring at age 62 with 25 years of service, will receive a maximum retirement benefit of 50 percent of final average salary. Your Social Security benefit and retirement savings should provide the remaining 20 percent to enable you to enjoy retirement security.

Since members retiring today at age 62 can expect to live, on average, another 20 years, it's important to take inflation into account. To succeed, your retirement plan must include an investment strategy that helps offset the eroding effects of inflation. There are a number of Internet calculators available to help you determine how inflation will impact your savings and future costs.

There are several easy-to-use calculators on the Calculator.net website at [www.calculator.net/retirement-calculator.html](http://www.calculator.net/retirement-calculator.html).



In the meantime, you can track your expenses on our Monthly Expenses and Monthly Income Worksheets on pages 18–20. These worksheets will show you how you spend your money over the course of one or two months. Include expenses that occur periodically, such as car and life insurance, and property and school taxes.

Experts tell us you will need at least 70 to 80 percent of your pre-retirement income to enjoy the same standard of living once you stop working.

## ***Step 3: BENEFITS***

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*Keep track of your benefits*

### **Retirement Benefits**

Here are some ways you can increase your knowledge of the services available to you and the benefits you are entitled to receive:

- Visit our website at **[www.osc.state.ny.us/retire/index.php](http://www.osc.state.ny.us/retire/index.php)** to read about your plan and get tips on planning for retirement.
- Review your Member Annual Statement carefully to ensure we have the correct information in our files.
- Read your plan booklet for details about your retirement, disability and death benefits.
- Read our semiannual newsletters, *The Update* for ERS members and *The Sentinel* for PFRS members.
- As you get closer to retirement, ask your employer to schedule a pre-retirement presentation.

Review your  
Member  
Annual  
Statement  
carefully  
to ensure  
we have  
the correct  
information  
in our files.



The average retiree can expect to receive between 35 and 40 percent of his or her pre-retirement earnings from Social Security.

## Social Security

The average retiree can expect to receive between 35 and 40 percent of his or her pre-retirement earnings from Social Security. (This percentage is reduced if you choose to collect Social Security benefits between age 62 and your full retirement age.) If your income is below average, Social Security may replace more of it, while above-average earnings mean a lower percentage will be replaced.



The Social Security Administration (SSA) mails personal Social Security Statements to workers age 60 and over who aren't receiving Social Security benefits and do not yet have an online account. You can view your statement online anytime or you can request that a statement be mailed to you by completing a form.

Visit the SSA's website at [www.ssa.gov](http://www.ssa.gov) to find out more about your Social Security Statement. The website also has several tools available for you, including ways to estimate your benefit and help you determine the best time to start receiving it.

## ***Step 4: SAVINGS***

### *Start a savings plan*

There are several ways to save for retirement. Even if you save a modest amount each year, over time and through the power of compounding, you can save a substantial amount. Here are some savings plans to consider:

#### **Deferred Compensation Plans**

Deferred compensation 457(b) plans and 403(b) plans (for faculty and employees of universities, colleges, public school systems and certain non-profit organizations) are voluntary retirement savings programs created by federal and State laws that allow you to save a portion of your gross earnings before federal or New York State income taxes are deducted.

Deductions are automatically taken from your paycheck. During 2017 you can defer up to \$18,000. Participants who are age 50 or older can defer up to \$6,000 more under the Catch-Up provision. The maximum contribution limit is indexed for inflation in the following year.

If you are a New York State employee, visit the New York State Deferred Compensation Plan website at [www.nysdcp.com](http://www.nysdcp.com) or call 1-800-422-8463 to learn more about a deferred compensation or similar plan. If you work for a local government, check with your personnel office.



Deferred compensation plans allow you to save a portion of your gross earnings before federal or New York State income taxes are deducted.

To find out if you might have some money you forgot about that has been turned over to New York State for safekeeping, visit the Comptroller's Unclaimed Funds website at [www.osc.state.ny.us/ouf](http://www.osc.state.ny.us/ouf).

## IRAs

Individual Retirement Accounts (IRAs) are offered through banks and other financial institutions such as insurance companies and investment firms. In 2017, individuals under the age of 50 can deposit up to \$5,500 per year. Individuals over the age of 50 can deposit up to \$6,500 in 2017. Thereafter, the maximum contribution limit will be indexed for inflation. After age 59½, when you can withdraw your money for retirement, withdrawals will be taxed as ordinary income using the tax tables in effect at that time.

## Roth IRAs

Roth IRAs are also subject to deposit limits, but your taxes are not deferred on the amount of your deposit. However, your withdrawals will not be taxed after age 59½, when you may begin withdrawing your money for retirement.

## Unclaimed Funds



It is easy to lose old financial records. Personal documents may be misplaced or companies can go out of business or lose track of you. To find out if you might have some money you forgot about that has been turned over to New York State for safekeeping, visit the Comptroller's Unclaimed Funds website at [www.osc.state.ny.us/ouf](http://www.osc.state.ny.us/ouf).

## Step 5: DEBT

### *Get out of debt*

If you have heavy credit card or personal loan debt, you could be cheating yourself out of savings and investment opportunities. Money to pay high interest rates and fees, especially for items that do not last as long as the loan or do not produce financial benefits, could be used, instead, to fund your retirement.

For instance, if you have a \$5,000 balance due on your credit card with an 18 percent annual interest rate, and you make payments of \$250 per month, it will take you 24 months to pay off this debt (assuming no additional charges are made), and you will have paid over \$990 in interest to the credit card company.



If, instead of accumulating credit card debt, you invest \$250 per month over a two-year period, and the investment accrues interest at 4 percent, you can save over \$6,200 toward retirement — even more if you invest in a tax-deferred plan.

To determine just how much interest you are paying on your credit cards and loans, and to estimate how long it will take you to pay them off, visit the Choose to Save website at **[www.choosetosave.org/calculators](http://www.choosetosave.org/calculators)**.

In addition to credit card calculators, Choose to Save has more than 100 other savings-related calculators for you to choose from.



If you have heavy credit card or personal loan debt, you could be cheating yourself out of savings and investment opportunities.

## Pay Off Retirement System Loans

If you have an outstanding Retirement System loan, please be aware that you cannot pay it off after you retire. Outstanding loans at retirement **permanently reduce** your benefit. Also, at least some portion of an outstanding Retirement System loan is almost always subject to federal income tax. To avoid a permanent reduction, increase the amount of your loan payments so your loan is paid in full before you retire.

## ***Step 6: ASSISTANCE***

### *Consult a financial planner*

A competent financial planner, accountant or attorney can help you prepare for retirement and avoid costly mistakes. Financial planners do not manage your money, but will assess your present financial condition and help you develop a practical plan to meet your needs and goals.

When choosing a financial planner:

- Check credentials, educational background and experience;
- Find out if he or she has earned the Certified Financial Planner designation from the Certified Financial Planner Board of Standards;
- Get referrals from people you trust — ask friends, relatives and business associates;
- Don't be afraid to ask questions:
  - Do they personally research the financial products they recommend?
  - Do they offer a free consultation?
  - How are they paid (i.e., by fee, commission, salary)?

Financial planners will assess your present financial condition and help you develop a practical plan to meet your needs and goals.

For help in finding a certified financial planner, contact:

**National Association of  
Personal Financial Advisors**

Address: 8700 West Bryn Mawr Avenue  
Suite 700N

Chicago, IL 60631

Phone: 1-888-333-6659 or  
847-483-5400

Website: **[www.napfa.org](http://www.napfa.org)**.

To research a qualified certified financial planner, contact:

**Certified Financial Planner Board of Standards**

Address: 1425 K Street, NW, Suite 800  
Washington, D.C. 20005

Phone: 1-800-487-1497 or  
202-379-2200

Fax: 202-379-2299

Website: **[www.cfp.net](http://www.cfp.net)**.

Websites that provide a variety of retirement and financial information:

- Choose to Save: **[www.choosetosave.org/asec](http://www.choosetosave.org/asec)**
- The Motley Fool: **[www.fool.com](http://www.fool.com)**
- Kiplinger: **[www.kiplinger.com](http://www.kiplinger.com)**
- MSN Money: **[www.msn.com/en-us/money](http://www.msn.com/en-us/money)**.

# 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.

- 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 ([www.osc.state.ny.us/retire/e-news/sign-up/index.php](http://www.osc.state.ny.us/retire/e-news/sign-up/index.php)), for the latest NYSLRS news and information dedicated to pre-retirement planning.
- Read your member newsletter for current retirement information and updates on your benefits.
- Review your Member Annual Statement carefully and notify us of any errors promptly.
- Visit our website ([www.osc.state.ny.us/retire/index.php](http://www.osc.state.ny.us/retire/index.php)) frequently to learn about your benefits, download forms, read informative booklets and brochures, and get tips on preparing for 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.
- Make an appointment to visit any of our consultation sites ([www.osc.state.ny.us/retire/consultation\\_site\\_offices/index.php](http://www.osc.state.ny.us/retire/consultation_site_offices/index.php)), where you can meet with an information representative to discuss special concerns or request specific information.
- Notify us if your mailing address changes. This is especially important if you leave public employment before you are eligible to retire.
- Contact us ([www.contactNYSLRS.com](http://www.contactNYSLRS.com)) if you have questions about your benefits.

# Contact Us

There are several ways you can contact us:

- Email: **[www.emailNYSLRS.com](http://www.emailNYSLRS.com)**;
- Call: 1-866-805-0990 or 518-474-7736 in the Albany, New York area; or
- Write:  
NYSLRS  
110 State Street  
Albany, NY 12244-0001.

# Monthly Expenses Worksheet

Item	Present	Anticipated
<b>SHELTER</b>		
Rent	\$ _____	\$ _____
Mortgage Payments	_____	_____
Real Estate Taxes	_____	_____
Insurance	_____	_____
<b>HOUSEHOLD MAINTENANCE</b>		
Repairs, House & Grounds	_____	_____
Water, Electricity, etc.	_____	_____
Fuel	_____	_____
Telephone	_____	_____
Waste Disposal	_____	_____
Hired Help	_____	_____
Other	_____	_____
<b>HOME PURCHASES</b>		
Furniture & Fixtures	_____	_____
Equipment, House & Yard	_____	_____
Other	_____	_____
<b>AUTOMOBILE &amp; TRANSPORTATION</b>		
Monthly Car Payment	_____	_____
Repairs	_____	_____
Gas & Oil	_____	_____
License & Registration	_____	_____
Insurance	_____	_____
Other Transportation	_____	_____
<b>TOTAL (enter on next page)</b>	<b>\$ _____</b>	<b>\$ _____</b>

Item	Present	Anticipated
<b>TOTAL (from previous page)</b>	\$ _____	\$ _____
<b>MEDICAL &amp; HEALTH</b>		
Medicines & Drugs	_____	_____
Doctor, Dentist, etc.	_____	_____
Hospital	_____	_____
Insurance Premiums	_____	_____
Other	_____	_____
<b>CLOTHING</b>		
New Clothing	_____	_____
Dry Cleaning, Laundering	_____	_____
Other	_____	_____
<b>ENTERTAINMENT</b>		
_____	_____	_____
<b>FOOD</b>		
Food at Home	_____	_____
Food Away From Home	_____	_____
<b>TAXES &amp; INSURANCE</b>		
Federal	_____	_____
State & Local	_____	_____
Life Insurance Premiums	_____	_____
<b>SAVINGS &amp; INVESTMENTS</b>		
Savings, Stocks & IRA Deposits	_____	_____
Other	_____	_____
<b>PERSONAL CARE</b>		
Gym Fees	_____	_____
Grooming	_____	_____
Other	_____	_____
<b>TOTAL</b>	\$ _____	\$ _____

# Monthly Income Worksheet

A realistic assessment of your financial status at retirement, and in the following years, is a very important part of retirement planning.

This worksheet will help you prepare a full survey of your resources.

Source	Present	Anticipated
New York State Retirement Income	\$ _____	\$ _____
Social Security Income	_____	_____
Yield from Savings	_____	_____
Dividends from Stocks, Mutual Funds	_____	_____
Life Insurance Income	_____	_____
Salary	_____	_____
Real Estate Income	_____	_____
Other Sources	_____	_____
<b>TOTAL</b>	<b>\$ _____</b>	<b>\$ _____</b>

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This publication provides a general summary of member 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.