



# Looking to the Future



## Stage 2: Midway to Retirement

**You** are dedicated to educating children and helping them prepare for a bright, successful future. At the New York State Teachers' Retirement System (NYSTRS), we are committed to helping you make sound financial decisions throughout your career in preparation for a rewarding retirement.

In *Looking to the Future*, presented as a three-part series, we share typical perspectives teachers have at various stages of their careers about planning for retirement.

- 🔻 **Stage 1: Early in Your Career:** A look at what's called the "accumulation years" and why it's important retirement savings be among the items you accumulate.
- 🔻 **Stage 2: Midway to Retirement:** An examination of key financial decisions you should make in your 30s and 40s to set yourself up for the future.
- 🔻 **Stage 3: Retirement is Within Reach:** A list of actions you should take to ensure you maximize your retirement benefits and select the payment option that's appropriate to you.

For each stage we will tell you what NYSTRS-specific tools and services are available to help you with your planning. While we cannot provide general financial-planning advice, we should be your primary source of information when it comes to your NYSTRS pension benefits.

*Enjoy the journey!*

### About Halfway Home

You are responsible for more than just yourself now. If you have not updated your beneficiary information with NYSTRS, do so now. You should also review your private life insurance and disability coverage to ensure the coverage is still adequate.

With 10 years of NYSTRS service credit:

- ▶ If you are a Tier 4 member, you will stop making 3% required contributions when you attain 10 years of credit or membership, whichever occurs first.
- ▶ If you are a Tier 5 or 6 member, your pension is vested and you likely will be eligible for a retirement benefit at age 55. (Tier 6 members with an inactive membership must be at least 63 to retire.)

*"I'm married, we've been in our home for a while and the kids are growing up fast. It's time I get serious about planning for the future. I need to ensure if anything happens to me my family will be financially secure."*

- ▶ You may be eligible for a disability retirement benefit if you cannot continue to work due to illness or injury; and,

- ▶ You are covered by a vested death benefit, meaning if you die before retirement, your beneficiary(ies) will receive half of your in-service death benefit. (For Tier 2-6 members, at

this stage of your career, the in-service death benefit is equal to three years' salary.) This remains in place even if you leave teaching.

If you have questions about your NYSTRS benefits, check the Library at NYSTRS.org. If you cannot find a publication specific to your questions, try the *Active Members' Handbook*.

# Your Benefit Profile

The information you receive each fall in your *Benefit Profile* takes on new meaning as you build credit and become eligible for additional benefits.

Continue to make sure your service credit and salaries are correct. Are all of your earnings for the last school year included? Has your service credit been properly recorded? In the future, your benefit eligibility and the calculation of your benefits will depend on the accuracy of this information.

The Pension Projections section of your *Profile* is a valuable career-planning tool. Your retirement benefits are projected under the following scenarios:

1. You continue to work and retire at the end of the school year in which you become eligible to retire. Tier 2-5 projections include adjustments for any applicable age factor.
2. You stopped working at the end of the previous school year, do no further teaching and retire at age 55.
3. You are a Tier 2-6 member, you continue to work and retire at the end of the school year when age factors no longer apply.

Additionally, you'll find a projected death benefit and, if eligible, a projected disability retirement benefit.

If you become ill or are injured and must stop working, you or a family member should call us as soon as possible at (800) 348-7298, Ext. 6010. You should also review our pamphlet *If You Are No Longer Able to Work*, which explains in detail how to file for a disability retirement. You'll find it, as well as a video about filing for disability protection in certain circumstances, on our website at NYSTRS.org.

The *Profile* also shows your in-service death benefit, contributions fund balance and beneficiaries. File a *Designation of Beneficiary* (NET-11.4) form to change your beneficiary, if necessary.

## Other Information Sources

### Newsletter

The newsletter *Your Source* is published three times a year; we hope you're an avid reader. In it you will find information about your NYSTRS benefits, as well as articles on retirement planning, System news, and other items of interest to educators. Sign up to receive the e-edition through MyNYSTRS.

### Website

Visit our website at NYSTRS.org for the latest information on legislation and news related to your benefits. Among the items you'll find:

- Answers to your questions about benefits and obtaining service credit;
- System forms and publications;
- A schedule of benefits consultations and Pension & Retirement Education Programs (PREP), as well as the ability to schedule either through MyNYSTRS; and,
- A Pension Education Toolkit with materials that will further your understanding of pensions.

## MyNYSTRS

If you don't already have one, create a MyNYSTRS account. This secure, members-only area of our website puts at your fingertips 24/7 all your personal Retirement System information. It also contains self-service tools not available elsewhere on the site that allow you to:

- Calculate pension and loan estimates, as well as prior service costs;
- Schedule an appointment with a System representative or book a spot at a PREP seminar (see page 4 for more information);
- Use Secure Messaging to safely ask questions specific to your account;
- Apply to borrow from your contributions;
- Manage your contact information; and,
- Sign up to receive newsletters and your *Benefit Profile* electronically.

Look for the MyNYSTRS login button on any page of our website to create an account.



## Key Financial Decisions

This is the perfect time to evaluate your financial status and answer important questions, such as:

- What investment vehicles should you use to supplement your future retirement benefits?
- Do you have an adequate contingency fund for emergency purposes?
- Will your family have enough income if you are unable to work?
- How much longer will I have to work?

You may also be faced with a changing family situation. Your children may be struggling to make it on their own and you might be taking on a greater responsibility for your parents or older relatives. These circumstances – as well as your health, career changes, early retirement incentives and other factors – may affect your retirement decisions.

### ***Remember the 20-Something Millionaire?***

If you didn't start saving \$2,000 annually at age 20 as discussed in stage one of this series, know that the cost of becoming a millionaire has risen dramatically. If at age 30 you want to achieve seven-figure status at age 67, you will need to save two-and-a-half times more – or \$5,000 annually – to make your goal. Again, this assumes an 8% annual rate of return.

If you saved \$2,000 and earned 8% interest annually from age 30 to 67, you'd accumulate \$400,000 – or a \$600,000 "loss" by starting 10 years later. That's an example of the magic of compounding in reverse!

## Pension & Retirement Education Program (PREP)

Many retirees wish they began focusing on financial and retirement planning much earlier in their lives. No matter how far along you are in your career, careful financial and retirement planning are critical.

NYSTRS' Pension & Retirement Education Program (PREP) is designed to help members of all ages prepare for retirement. A variety of

retirement-related topics are covered during the program, with members able to attend the entire seminar or just certain modules.

This seminar will allow you to focus on the eligibility and calculation rules for a pension, the death benefit coverage that could continue into retirement, the retirement process, the choice of taking a benefit payment option or purchasing

life insurance, the rules for working while receiving a pension, the challenges of adjusting to retirement, and Social Security and estate planning.

Schedules are posted in schools and through the PREP page of our website. You can book a seminar online through the MyNYSTRS area of our website, or by calling NYSTRS at (800) 348-7298, Ext. 6100.

## Self Serve or We Serve?



After you attend a PREP Seminar, it's a good idea to get a more specific estimate of your retirement benefit to help you analyze your financial alternatives. Do this by using the Pension Estimator within MyNYSTRS on our website.

You may also obtain an estimate at an in-person or video consultation with System staff. At a benefits consultation, a representative will answer your questions and produce a printed estimate based on your possible dates of retirement and expected salary increases.

In some locations you will meet with a representative in person. At other sites, you will meet with a System representative in Albany via video conference. Consultation schedules and the numbers to call to make a reservation are posted in your school building and on our website. You can schedule as many consultations as you need.

### What You Get at a Benefits Consultation:

- ✓ **A review of your service history;**
- ✓ **Benefit estimates;**
- ✓ **Information on benefit payment options;**
- ✓ **Information on withdrawing your contributions;**
- ✓ **Your questions answered; and,**
- ✓ **Forms to file.**

## One More to Go!

When retirement is close, see the final installment of the *Looking to the Future* series titled *Stage 3: Retirement is Within Reach*.

### *Saving for Retirement in Your 40s*

- *Make it your #1 goal!*
- *Tighten your budget to free up money for retirement.*
- *Increase contributions to an existing retirement plan by 1-2% every six months.*
- *A \$1 million nest egg at 67 will cost \$11,000 annually in savings.*

(Source: Dee Lee, Certified Financial Planner)

## New York State Teachers' Retirement System

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**NYSTRS.ORG**