



What To Do If You Want to Retire On July 1, 2013 Kit

Prepared by:

Geoff Strauss

November 2012

Dear Colleague,

Congratulations! You've made the big decision to retire. That's terrific! You are about to enter a world where you get paid to get up late, where you are able to visit Disneyland when there are no lines and when every school day is a snow day and most importantly where the stress level is greatly reduced.

Are there any obstacles in your way? Not really, there are some dates that have to be met, and some forms that must be filled out. But, the steps to retire are easy, few and are outlined below.

However, before we get into the actual procedures, let me make a suggestion. PLEASE sign up for an interview with a NYSTRS representative. You can have an interview in one of several ways. In my opinion, the best way is to sign up for a retirement workshop, called a Pension & Retirement Education Program (PREP), held by the New York State Teachers' Retirement System. Going to one of these day-long workshops is very informative and helpful. They cover such topics as the differences between Tiers 1, 2, 3, 4 & 5, explanations of retirement options, how to make the transition to retirement and how to invest and preserve your savings. You may use a personal day to attend a retirement workshop or sign up for one scheduled on a weekend. Your spouse/significant other should have a full understanding of how your retirement benefits will affect them and have a chance to ask their own questions, so take them along, they are more than welcome. Make a day of it. During the noon break, take your companion out to lunch and perhaps when the meeting is over, dinner too so you can talk about what you've just learned. For dates, locations (the closest being Owego, Ithaca and Syracuse) and how to sign-up, go to the New York State Teachers' Retirement System website (www.NYSTRS.org). Look under the "Active Member " tab, then click on Retirement Planning and finally click on Pension & Retirement Education Program (PREP). But do it soon for these sessions fill up quickly. If you are unable to schedule one don't despair. You can have your own personal consultation with a Retirement rep via telephone/TV over at the District office (sign up at the NYSTR website - Under "Active Members" click on Retirement Planning and then click on Benefits Consultation) or arrange a personal interview up in Albany at the NYSTRS office. Even if you decide not to meet with a rep, the interview is not necessary to make the retirement process easy and successful.

Assumptions: Most of the information in this kit assumes that you will be eligible for either the retirement "benefit" (Articles 64.1.1) or "option" (Article 64.2) contained in our contract. However, there are always some people in unique situations. If you fall into that category, OR have any questions what-so-ever, contact Donna Powell, (Ext. 2131) or Geoff Strauss (748-6783).

CHECKOFF LIST (stick on your refrigerator):

Important Dates: (Write the date accomplished on line next to each date)
See the “How to do it” section below for details.

_____ (1) July-August of 2012– Check with your physicians, dentists, eye care specialists, etc. and find out what medical procedures you must have before you retire. File estimates with insurance companies to determine how much insurance **WILL NOT** pay.

_____ (2) September 1-September 30, 2012 - Sign up for as much flexible spending as needed using the estimates you obtained during the summer as a guide.

_____ (3) September – November 2012– (3a). Obtain an up-to-date “Estimate of Annual Retirement Benefits” printout from NYSTRS.

_____ (3b). Read the contract provisions about the retirement benefit and retirement option.

_____ (3c). Call the district personnel office to find out the percentage of unused sick time you have.

_____ (4) January 15, 2013 – Letter of retirement must be **RECEIVED** by the personnel office to be eligible for benefit or option.

_____ (5) April 2 – July 1, 2013 - Send in your NYSTRS “Application for Retirement”. **July 1st is the *LAST DAY* to get your “Application for Retirement” form literally *in the hands* of the NYSTRS without the possibility of losing July’s pension check.**

_____ (6) May 1 – June 1, 2013– Contact the Personnel Office (658-7155) and sign up for substituting. If you sign up **BEFORE** you retire, you will not need to be fingerprinted or have a background check.

_____ (7) September 30, 2013 – Last day to use any monies in your flex account.

The “How to’s” for an easy retirement:

Obtain a folder and keep all of your retirement papers in it.

1. Flexible Spending :

Your last year of teaching is also the last year for flexible spending. The IRS only permits EARNED INCOME to be put aside pretax for medical purposes. IMPORTANT: To use the monies in your flex account, you must have the medical procedures performed by **September 30, 2013** or you will lose it. (If you retire early in the year, before your last flex deduction, you have the option of continuing payments through COBRA to maintain your status through the end of the plan year.) So make the most of this tax saving device.

This is also your last year for FREE dental insurance. This is why it is so important to know your dental needs before the school year begins and have them attended to before September 30, 2013. Once you retire, you can maintain your dental insurance coverage, but it will cost you about \$120/ yr for an individual plan or \$300/yr for a family plan. Dental insurance is NOT part of the 10 years of 95% health under the retirement “option”.

2. If you participated in flexible spending during the prior school year, you will automatically receive an enrollment form for the 2012-2013 school year. Make sure you fill out and submit this form by the deadline. Notification of the deadline for submitting the enrollment form will be in a Personnel posting. If you have any questions contact the Benefits Office.

3a. Obtain an up-to-date retiree print out from the retirement system :

You will be provided with an up-to-date retiree printout (which contains estimates of your maximum retirement benefit and all the other retirement options) if you attend one of the day-long seminars or have an interview at the district office or Albany. Otherwise, you can obtain one by calling the NYSTRS at 1-800-348-7298 Ext. 6020 or apply on line on the NYSRS website (a. click on the Active Members tab; b. click on Retirement Planning; c. click on Retirement Planning Services and Tools; d. click on “benefit estimates” in the last paragraph on the page.)

What you’ll need:

1. Social Security number or NYSTRS number.
2. Contract salary for 2012-2013.
3. Any “extra salary” such as coaching, extra curricular activities stipends, etc.
4. If a Tier 1 member, amount of any retirement incentives (we get \$18,000 under the “option”).
5. Gender and age of person who will receive any survivor benefit.

It takes about a week to 10 days to get the print-out. Getting this information is essential. You’ll want to have time to decide which retirement option would be

best for you. You will probably want to discuss this with your spouse or other designated survivor/ beneficiary as well as your financial/tax advisor.

The retirement option choice you make is probably the most important financial decision you will make upon retirement! Once it's chosen, you will have until the last day of month in which you retire to change it (for most, that's July 31, 2013). After that, it's written in stone, no changes, no matter what, so you obviously must make an informed decision! **DO NOT LEAVE THIS DECISION UNTIL THE LAST MOMENT!** If you need a comprehensive explanation about each of the choices available to you, talk with a representative from the NYSTRS. As I've mentioned, you can attend a day long seminar; have a "face-to-face" meeting via video-phone in the UE District offices; or travel up to Albany for a person-to-person meeting--your choice. Call: 1-800-348-7298 (Ext. 6100) for any of these appointments.

3b. Read the contract provisions about the retirement benefit and retirement option. There is a difference between the "benefit" and the "option". They are located in Article 64 of the contract, beginning on page 51. In addition, there is a contract provision about health insurance in Article 64.1.1.1 for those not eligible for either the benefit or option. **IF THERE IS ANYTHING YOU DO NOT UNDERSTAND, CONTACT YOUR BUILDING REPRESENTATIVE OR DONNA POWELL, THE CHIEF NEGOTIATOR.**

3c. Call the Personnel Office (658-7155) to find out how much unused sick time you have. The percentage will determine how much of your health insurance premium you will have to pay immediately upon retirement under the benefit, or, under the option, how much you'll have to pay after ten years. Ask the secretary for a written copy and put it in your folder.

4. Write your letter of retirement (sample attached). Some people want to add a "thank-you" to the District and that's fine, but what's in the sample is all you need and should be included in any letter you send. Your date of retirement will be **July 1, 2013**. It must be in the school district's possession by the end of business on **January 15, 2013** in order to be eligible for the benefit *or* the option. We **STRONGLY** recommend that you:

1. Make **TWO** copies of your letter.
 2. **HAND** deliver both copies to the personnel office.
 3. Get **BOTH** copies time stamped.
 4. Give one to the secretary.
 5. **KEEP** the other in your folder.
- 5.** Fill out and mail your NYSTRS "Application for Retirement". Even though you've handed in your retirement letter to UE, the retirement system **will not** send you your pension **unless** you send in the application.

We've attached the application form to the end of this kit (unless you've obtained this kit from the ETA Web page, in which case these forms are NOT included but can be downloaded separately from the Retiree section of the ETA web page) and you can also "download" the application from the New York State Teacher's Retirement

system website (www.NYSTRS.ORG) or call them and have one sent to you.. Chances are the personnel office will have the forms as well.

You have until the effective date of your retirement (July 1, 2013) to submit both pages 1 and 2 of the retirement form but you can file the form up to 90 days (April 2nd) before your retirement date. However, not being a person who likes to wait until the late moment, I recommend that you send in your form as early as you can. The forms for Direct Deposit and Federal Tax Withholding Election must be received by the 10th of the month in which you expect your first payment (July). But make life easy and send in everything at the same time. In any case, July 1st is the LAST day for the NYSTRS to be **in receipt** of your application in order to get a check on July 31st. As far as the retirement system is concerned, you have not retired until they RECEIVE your application. So if they get it on July 15th, you'll lose a half month's pension. If they get it on August 1, you'll lose all of July's pension. **Pension checks are not retroactive!** So remember: **send it in as early as possible.**

You must fill out the application, sign it and have your signature **notarized**. Then, make a copy of it and put it in your folder. DON'T WAIT FOR THE LAST MINUTE TO DO THIS.

I strongly recommend that you SEND THE APPLICATION CERTIFIED MAIL, RETURN RECEIPT REQUESTED. (Save the certified receipt and the return receipt when you get it and put it in your folder).

You will receive a letter from the NYSTRS between one to two weeks after submitting your application which will verify receipt. Put this letter in your folder.

Just as a point of information, sometime in the spring after you have handed in your letter of retirement, there will be a group meeting of those retiring. Susan Quain (757-2177) will make a presentation explaining everything you need to know about insurances and your \$18,000 incentive. You will receive a folder with all the forms you'll need and will be given a date by which they must be returned to the District. Don't be afraid to ask questions.

If you are retiring under the "Option", your \$18,000 is considered a "non-elective" contribution (legal mumbo jumbo for "you don't have a choice") into a 403(b) account. You must have a 403(b) account with an approved vendor with the OMNI Group (if you don't have one already, then it's your responsibility to open one), UE 's third party Administrator. Finally, you must indicate the name of the vendor on your retirement paperwork in the appropriate place. This information is explained in greater detail at the retirement benefits group meeting. Again, don't be afraid to ask questions.

Two things are extremely important to remember: 1) be timely and 2) make and keep copies of everything.

Honestly, it's not complicated, and each step just takes just a few minutes. Congratulations and have a long, healthy and happy retirement.

Finally, I'd like to thank Ron Fisher and Susan Quain for their careful review of this kit. Their corrections and recommendations helped make this a more useful tool for us all.

Geoff Strauss

Date

Union-Endicott Board of Education
Main Street
Endicott, NY 13760

Sirs:

This letter is to inform you of my intent to resign for the purpose of retirement from my _____ (*Fill the blank in with one of the following: teaching, teaching assistant or nursing*) position in the Union-Endicott School district effective July 1, 2013.

I do so with the understanding that I will receive the benefits of _____ (*Fill the blank in with one of the following: a) Article 64.1 Retirement Benefit for Teachers; b) Article 64.2 Retirement Option for Teachers; c) Article 64.3 Retirement Benefit for Teaching Assistants and Registered Nurses*) of the contract between the Superintendent of Schools and the Endicott Teachers' Association.

Sincerely,

Name
Address

Frequently Asked Questions:

- 1. If I've been getting my health insurance through my spouse's employer or other source, can I still get the 10 years of 95% District paid health insurance through UE?**

Yes. You can sign up for your UE insurance during your "exit" process.

- 2. If I have individual health insurance, can I get a family plan when I retire?**

Yes. Just choose the family plan during your "exit" process.

- 3. When filling out the NYSTRS retirement application, where do I put my salary? My teacher center course payments ; coaching; club; etc. stipends, summer school pay? My retirement incentive?**

All of this information should go on page one. Your base salary goes in the box entitled "Contract Salary". All stipends and other non-salary income goes in the box entitled "Extra Salary..." and your retirement incentive is placed in the box entitled "Other compensation..."

- 4. What is the best NYSTRS retirement "option"?**

I cannot answer this for you. Everyone's situation is unique. If you need advice, please contact a tax or financial advisor. However, **DO NOT LEAVE THIS DECISION TO THE LAST MOMENT!** Either you or both you and your beneficiary will have to live with this decision for the rest of your lives.

- 5. Can I change my Election of Retirement Benefit once I send in my application?**

Yes. You may change your "election" within 30 days of your retirement date by filing an "Election of Retirement Benefit" form (form RET 54.6) available on the NYSTRS website. After the 30 days, your choice is "written in stone".

- 6. If I change my mind about retiring, can I withdraw my application from the NYSTRS?**

Yes. Call the NYSTRS and tell them you want to withdraw your retirement application. This **MUST** be followed up by a letter which is postmarked **NO LATER** than 14 days after your retirement date.

- 7. If I've changed my mind about retiring, what should I do about getting my old position back at UE?**

Once the NYSTRS has accepted your retirement application, your position at UE is technically gone. As far as your actual retirement is concerned, your letter of retirement to the school district is for all intents and purposes, a formality. However, it is necessary to hand in your letter by January 15th in order to receive your health insurance benefits. If you want your old teaching position back, you'll have to ask the UE School Board for reinstatement keeping in mind that **THEY ARE UNDER NO OBLIGATION TO DO SO.**

(FAQ's continued on next page)

8. Can I work after retirement without affecting my pension?

Service retirees can have unlimited earnings in the following cases: a) in private employment; b) in federal employment; c) in public employment outside New York State; d) as an elected official, inspector of elections, poll or ballot clerk, commissioner of deeds, juror or notary public; or, e) in all employment (including NYS public employment) beginning in the calendar year they turn age 65.

Sections 211 and 212 of the Retirement and Social Security Law govern NYS public employment by service retirees under age 65. The Section 212 earnings limit, determined by the State Legislature, is currently \$30,000.

If you expect to earn more than the limit in calendar year 2013, you may a) suspend your retirement benefit, or b) work under Section 211 if your employer receives approval from the state entity with jurisdiction over your employment. (Under Section 211, the New York State Department of Education generally will not approve your returning to work for your former school district until one year from your date of retirement. This restriction does not exist under Section 212.)

Section 211 earnings are limited if you work for an employer you received pay from in the two years prior to retirement and those salaries were used in your final average salary (FAS). In that case, your earnings during a calendar year are limited to the difference between your FAS (or, if greater, the salary you would now be receiving had you continued in service) and your maximum retirement benefit.

You can find more information about post-retirement earnings, including the rules governing work as a consultant, in the pamphlet ***Working in Retirement*** and in the ***Retired Members' Handbook***.

9. If I decide to drop out of the UE health plan, can I rejoin the plan at a later date?

NO! At present, once you drop out of the UE health plan, you ***may not*** rejoin at a later date.

10. I want to move to another state when I retire, will my NYS teacher's pension be taxed?

As most of you know, if you stay in your New York, your pension will NOT be subject to NYS income tax. *Federal income taxes*, yes; NYS income tax no. BUT the state exemption is NOT true in every state. By the way, this is also true of your Social Security benefits.

So how do you know BEFORE you make the big move which states to look at? There is a great web site provided by the Retired Public Employees Association that will give you that information: www.rpea.org/Tax_Info/tax_info.php. It has tax information on all 50 States.

For example:

State	Has an Income Tax	Taxes NY pen	Taxes SS
FL	No	No	No
GE	Yes	Yes	No
NC	Yes	Yes	No
PA	Yes	No	No
SC	Yes	Yes	No

So before loading up the U Haul, take a gander at the Retired Public Employees Association website.

11. When I retire, I'll have to start withdrawing funds from my 403(b) and/or Traditional IRA. Are these funds subject to income tax?

Once again, this depends upon the state in which you live. New York does NOT tax the FIRST \$20,000 of withdrawals from these accounts each year. Any amounts OVER \$20,000 will be subject to NYS income tax. All of your withdrawals will be taxed by Uncle Sam. If you're planning on moving, check with authorities or tax people in that state.

Questionnaire

How are we doing?

We want this kit to be useful as well as easy to use. Is there something we should have done differently? Let us know if we omitted something you needed or should delete something you didn't. Was the presentation OK? HOW CAN WE MAKE THIS BETTER FOR YOU? Please e-mail or send this page with your suggestions to either Donna Powell at AGM or to Geoff Strauss, 350 Bean Hill Road, Endicott, NY 13760.

(Updated 11/30/2012)