

Retirement Payment Options: Tiers III/IV/VI



This brochure summarizes the payment options available to you at retirement. Please read it carefully before electing a payment option on your retirement application.

As a Tier III, IV, or VI member of the Teachers' Retirement System of the City of New York (TRS), you have a variety of choices regarding the distribution of your retirement allowance under the Qualified Pension Plan (QPP). In all cases, you would receive a monthly retirement allowance payment for your lifetime.

You may elect to receive your **Maximum Retirement Allowance**. If, however, you want to provide for one or more beneficiaries, you have choices, each of which would reduce your monthly retirement allowance payment: options that *guarantee* that a certain number of payments will be made to you and/or your beneficiaries and options that provide *continuing benefits* to your beneficiary after your death. You choose a payment option and designate your beneficiary(ies) on your retirement application.

If you are a Tax-Deferred Annuity (TDA) Program participant and would like to annuitize your TDA funds, please refer to the *Retirement Payment Options: Tier I/II and TDA Annuitization Options* brochure. The payment options described in that brochure are also available to TDA participants for payment of their TDA annuity. Members who would like to annuitize their TDA funds may do so by filing a "TDA Annuitization Election Form" (code TD6) at retirement, or (if they elected TDA Deferral status) any time after retirement. Please see the *TDA Options at Retirement* brochure for additional information.

Please note: If you are eligible, you would also receive a permanent cost-of-living adjustment (COLA)

to your retirement payment allowance; however, upon your death, your spouse beneficiary (if (s)he is receiving a joint and survivor benefit) would be eligible for *half* the COLA amount you would have received. Please see the *Service Retirement Plans and Benefits for Tiers III/IV* brochure or the *Service Retirement Plans and Benefits for Tier VI* brochure for additional information.

Regardless of what option you choose, a fractional amount of the retirement allowance payment for the month in which you die would be payable. This fractional payment is based on the number of days that you are alive during that month and would be payable to your designated fractional beneficiary(ies), provided you do not die on the last day of the month.

You may designate your fractional beneficiary on your retirement application. You may change your fractional beneficiary designation at any time by accessing the secure section of our website, or by filing a paper "Designation of QPP Fractional Beneficiary Form" (code EN24).

If you elected Death Benefit #2 (or were deemed to have elected it at enrollment), a lump-sum benefit would also be payable under the QPP to your beneficiary. You may designate your beneficiary for Death Benefit #2 on your retirement application, and change this designation by accessing the secure section of our website or by filing a paper "Change of Beneficiary Form for the Post-Retirement Death Benefit Under Death Benefit #2" (code EN34).

MAXIMUM RETIREMENT ALLOWANCE

If you elect this option, you would receive the highest retirement allowance to which you are entitled. By choosing this option, you elect not to provide for a beneficiary after you die. All retirement allowance payments would cease upon your death, other than the fractional retirement allowance payment for the month in which you die, and the benefit payable under Death Benefit #2 (if applicable).

GUARANTEED NUMBER OF PAYMENT OPTIONS

Under the following options, a guaranteed number of payments of your retirement allowance would be made. If you receive the guaranteed number of payments, you would continue receiving monthly retirement allowance payments until you die, but no benefits would be payable to your beneficiary(ies), other than the fractional payment for the month in which you die, and Death Benefit #2, if applicable. Electing one of these options would allow you to designate primary and contingent beneficiaries, as well as change your beneficiary designation(s) at any time within the payment period.

- **Option 3 (5-year certain):** This option guarantees that, if you die before receiving a total of 60 monthly retirement allowance payments, the remaining monthly payments would be made to your primary beneficiary(ies), if living. If you and your primary beneficiary(ies) die before the 60 payments have been made, any remaining payments would be made in a lump sum to your contingent beneficiary(ies), if living. If you and all of your beneficiaries die before the 60 payments have been made, the remaining payments would be paid in a lump sum to your estate. After your death, once 60 total payments have been made, all payments would cease.
- **Option 4 (10-year certain):** This option is similar to Option 3 in that a guaranteed number of payments would be made, as described above. However, under this option, 120 payments would be guaranteed. To provide this 10-year guarantee period, your monthly retirement allowance payments would be smaller than they would be under Option 3.

If you elect Option 3 or 4:

- These options provide for both “primary” and “contingent” beneficiaries. Payment would be made as follows: After your death, any living primary beneficiaries may receive payment; any contingent beneficiaries may receive payment only if ALL primary beneficiaries predecease you.
- You may change your beneficiary designation(s) in the future by accessing the secure section of our website or by filing a paper “QPP Change of Beneficiary Form Under Option IV-d or IV-e (Tiers I/II) or Option 3 or 4 (Tiers III, IV, or VI)” (code EN18).

CONTINUING PAYMENT OPTIONS

Under the following options, after your death, your beneficiary would receive lifetime monthly payments equaling a percentage of your reduced monthly retirement allowance payments. Electing one of these options would allow you to designate only one beneficiary; this designation would become irrevocable as of your initial payability date. There are two types of options that would provide lifetime payments to your beneficiary: options providing a constant payment amount and “pop-up” options.

Under any of the options providing a constant payment amount, the amount of your reduced monthly retirement allowance payments would not change during your lifetime. If your beneficiary dies before you do, no death benefit would be payable (other than the fractional payment for the month in which you die, and Death Benefit #2, if applicable) and your reduced monthly payment amount would not change.

- **Option 1:** Your beneficiary would receive lifetime monthly payments equal to 100% of your reduced retirement allowance payments.
- **Option 2:** Your beneficiary would receive lifetime monthly payments equal to a percentage that you designate of your reduced retirement allowance payments. If you are retiring under Tier III, you may choose any percentage (in multiples of 10%), up to 90%, of the amount of your retirement allowance payments. If you are retiring under Tier IV or VI, you may choose 75%, 50%, or 25% of the amount of your retirement allowance payments.

Comparison of Retirement Payment Options for Tier III/IV/VI Members

| <u>Option</u> | <u>Payment to Member</u> | <u>Beneficiary(ies)</u> | <u>Payment to Beneficiary(ies)</u> |
|-------------------------------------|--|---|---|
| Maximum Retirement Allowance | greatest monthly retirement allowance | no beneficiaries | no payments |
| Option 1 | reduced monthly payments; no change if your beneficiary predeceases you | one primary beneficiary only; proof of beneficiary's date of birth required | lifetime monthly payments equal to 100% of your reduced monthly retirement payments (if your beneficiary survives you) |
| Option 2 | reduced monthly payments (greater than Option 1); no change if your beneficiary predeceases you | one primary beneficiary only; proof of beneficiary's date of birth required | lifetime monthly payments, equal to a percentage you choose of your reduced monthly retirement payments (if your beneficiary survives you) |
| Option 5-1 | reduced monthly payments; if your beneficiary predeceases you, payments would "pop up" to the maximum amount | one primary beneficiary only; proof of beneficiary's date of birth required | lifetime monthly payments equal to 100% of your reduced monthly retirement payments (if your beneficiary survives you) |
| Option 5-2 | reduced monthly payments (greater than Option 5-1); if your beneficiary predeceases you, payments would "pop up" to the maximum amount | one primary beneficiary only; proof of beneficiary's date of birth required | lifetime monthly payments equal to 50% of your reduced monthly retirement payments (if your beneficiary survives you) |
| Option 3 | reduced monthly payments | multiple beneficiaries (primary and/or contingent) permitted; can change beneficiary(ies) at any time | beneficiary(ies) receives monthly payments only if 60 reduced payments have not been made before your death; payments to beneficiary(ies) would stop after 60th overall payment |
| Option 4 | reduced monthly payments (less than Option 3) | multiple beneficiaries (primary and/or contingent) permitted; can change beneficiary(ies) at any time | beneficiary(ies) receives monthly payments only if 120 reduced payments have not been made before your death; payments to beneficiary(ies) would stop after 120th overall payment |

Note: All payment options provide you with lifetime monthly retirement allowance payments. In addition, a fractional amount of the retirement allowance payment for the month in which you die would be payable.

The “pop-up” options are similar to the constant-payment options. The difference is that, if your beneficiary dies before you do, the amount of your monthly retirement allowance payments would be increased to the maximum to which you are entitled; no benefit would be payable (other than the fractional payment for the month in which you die, and Death Benefit #2, if applicable). For as long as your beneficiary is alive, the reduced monthly retirement allowance payments under these “pop-up” options would be smaller than they would be under the corresponding constant-payment options.

- **Option 5-1:** Your beneficiary would receive lifetime monthly payments equal to 100% of your reduced retirement allowance payments. If your beneficiary predeceases you, your reduced monthly retirement allowance payments would “pop up” to the maximum amount.
- **Option 5-2:** Your beneficiary would receive lifetime monthly payments equal to 50% of your reduced monthly retirement allowance payments. If your beneficiary predeceases you, your reduced monthly retirement allowance payments would “pop up” to the maximum amount.

If you elect Option 1, 2, 5-1, or 5-2:

- These options provide for only one beneficiary; you may not change this beneficiary designation after your initial payability date.
- Your beneficiary’s age is a factor in computing the amount of your reduced monthly retirement allowance payments; therefore, you must submit proof of your beneficiary’s date of birth in conjunction with your retirement application.

The items below are considered acceptable proof of date of birth; photocopies are acceptable. (Any proof of date of birth in a foreign language must be accompanied by a translation.) Only **ONE** of the following items is necessary: birth certificate; passport; or naturalization document.

If none of the above is available, then **TWO** of the following are required: driver’s license; certificate of military record; Form SSA-2458 (Report of Confidential Social Security Benefit Information); or other government-issued identification.

For your convenience, TRS forms and publications are available on our website.
If you require additional assistance, please contact our Member Services Center at 1 (888) 8-NYC-TRS.

This publication should not be solely relied upon, as it is based on currently available information that is subject to change. TRS suggests that you consult with an attorney and/or a tax advisor if you have any specific legal or tax questions concerning this information. In all cases, the specific provisions of the governing laws, rules, and regulations prevail.



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