

# TRS Retiree's Companion



Teachers' Retirement System of the City of New York



# Table of Contents

Letter from the Executive Director	.2
About TRS	3
Your TRS Retirement Benefits	5
How to Read Your EFT Quarterly Statement and Check Stub	19
TDA for Retirees	23
Post-Retirement Finances	31
Death Benefits and Beneficiaries	43
Legal Matters	53
TRS Services for Retirees	61
Contacting TRS	67
Glossary	69



TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK  
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Dear Retiree:

The Teachers' Retirement System of the City of New York (TRS) congratulates you on your retirement.

The *TRS Retiree's Companion* has been prepared as a guide for your retirement. This publication provides information about TRS services, retirement benefit payments, post-retirement finances, post-retirement employment, and other topics specifically geared toward TRS retirees. Please use it as a reference for your questions and concerns related to your retirement benefits.

Retirement brings with it many changes and opportunities for a new chapter of life. As TRS observes our 100th year, we are also entering a new era of serving New York City's working and retired educators by expanding the services and transactions available to you online. Ultimately, our goal is to allow you to manage your TRS accounts entirely through the website—"greenly"—if you so choose. However, we realize that web-based self-service is not the right service for everyone. So, even as we expand our online services, we will maintain excellent personal service when you call, visit, or write to us.

TRS has been here for you during your career, and we're pleased to continue serving you throughout your retirement. We trust that the *TRS Retiree's Companion* will prove useful, and we hope we can assist you in meeting the exciting opportunities and challenges that await you.

Wishing you the best of everything throughout your retirement!

Sincerely,

A handwritten signature in black ink that reads "Patricia M. Reilly". The signature is written in a cursive, flowing style.

Patricia M. Reilly  
Executive Director



## About TRS

The Teachers' Retirement System of the City of New York (TRS) is a public pension fund that provides its members with retirement, disability, and death benefit services. TRS was established on August 1, 1917 and has since grown into one of the largest pension funds in the United States. This year the agency celebrates its centennial, in August 2017.

Among the many services we provide our members, TRS' primary responsibility remains managing and distributing retirement benefits. In order to receive a retirement allowance, all TRS members participate in the Qualified Pension Plan (QPP), a retirement plan administered under Section 401(a) of the Internal Revenue Code.

Supplementing the QPP is the Tax-Deferred Annuity (TDA) Program. The TDA Program is a significant benefit for TRS members because it permits them to conveniently save additional funds for their retirement. Established in 1970, the TDA Program is a voluntary defined-contribution Section 403(b) plan. This type of plan is available only to education and health professionals and certain other employees of nonprofit organizations.

All TRS members belong to one of five tiers, which were established by New York State law. Membership in a particular tier determines the specific retirement benefits a member receives. However, a hallmark of our system is the financial stability we offer our members—regardless of their tier.





# Your TRS Retirement Benefits

As a retired member of TRS, you are eligible to receive a monthly retirement allowance from the Qualified Pension Plan (QPP). Participants in the Tax-Deferred Annuity (TDA) Program may also receive continuing payments if they choose to annuitize their TDA funds.

The following section reviews the process of collecting your retirement funds, and addresses other relevant topics related to your retirement benefits.



## Retirement Benefit Payments

**W**ithin three weeks of TRS' receipt of your QPP retirement application, you will receive a **Letter of Prospective Retirement\*** acknowledging that TRS has received and reviewed your retirement application. It will also confirm which forms were filed in conjunction with your application, the payment option you chose, any TDA elections, and your prospective date of retirement.

### Advance Payments

In order to provide you with retirement income as quickly as possible, TRS may issue advance payments of your retirement allowance approximately one to two months following your effective retirement date. You will receive a letter from TRS notifying you of this before you receive your first advance payment. Advance payments are not estimates of your retirement allowance benefit; they are conservative calculations designed to be smaller than your retirement allowance payments. Your first advance payment will be retroactive to your effective retirement date (or initial payability date, if you retired under deferred payability). Dues for certain unions, health insurance, and other applicable deductions will be taken from your advance payments beginning with the second or third payment. You will continue to receive advance payments every month until your regular retirement allowance is processed.

### Retirement Allowance Payments

You will generally receive your first regular QPP retirement allowance payment approximately three to five months after your retirement date. You will also receive a letter from TRS that notifies you in advance of your first retirement allowance payment.

The amount of your QPP retirement allowance depends on various factors, including your tier, Total Service Credit, QPP fund balances, age, **Final Average Salary (FAS)**, and the payment option you selected. Your first regular payment will contain the amount you are due from the date of retirement, minus any advance payment(s) you have received, plus 5% annual interest.

*\* Please see the Glossary for definitions of terms that are bolded in **BLUE***

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This first regular payment could be delayed if the salary or service information provided to us by your employer(s) or other agencies is not complete. In that case, you would continue to receive advance payments until that information is supplied to TRS and your retirement allowance is processed. If TRS cannot finalize your retirement allowance within three months of your retirement date, we will generally increase the amount of your advance payments, so that they will be closer to the amount you will receive once your retirement is finalized.

If you will be receiving your retirement allowance payments via **Electronic Fund Transfer (EFT)**, TRS will transmit your payment into the designated account of your financial institution by the last day of each month. You will no longer receive a check stub, but you will receive an EFT Quarterly Statement detailing your monthly payments (see Electronic Fund Transfer, page 15). If you choose to receive your retirement allowance payments by check, please note that payments are usually mailed three days before the last day of each month. For projected mailing dates, consult “Calendars” on the TRS website at [www.trsnyc.org](http://www.trsnyc.org).

Please note that, if you retired during the summer months, your pay for that period may have included deductions for the following: QPP contributions, TDA contributions, QPP and/or TDA loan payments, and service credit purchase payments. TRS cannot accept pension-related deductions on or after your retirement date. Therefore, TRS generally prepares refund checks, and these payments are automatically mailed to you. However, members who elected TDA Deferral status at retirement would not receive a refund of their TDA contributions.



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In some cases, TRS may need to recalculate your retirement allowance after you have started receiving your regular retirement allowance payments. This may occur for various reasons, such as the following:

- You change your tier in conjunction with retirement.
- Union contracts or other factors affect your Final Average Salary.
- Legislative changes are enacted that affect your retirement payments.
- Upon audit, discrepancies are found in your service records.
- There are delays in receiving multiple employment information.

If these changes result in an increased retirement allowance, you would also receive 5% annual interest on the increased amount retroactive to the date that each retirement payment was due.

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### Deferred Payability

The retirement payment plans for Tier I/II members provide for either immediate or deferred payability. In general, your payability date occurs when you meet all the criteria to receive payment of your retirement allowance. If you retired under deferred payability and do not meet the requirements as of your retirement date, your payments would be delayed until a later date when you meet the requirements.

### Helpful TRS publications:

 *Advance Payments*

## Taxes and Your TRS Retirement Benefits

**Y**our QPP retirement allowance is exempt from New York State and New York City taxes. However, it is generally subject to federal taxes. If you live outside New York State, your retirement allowance may also be taxed by the state and city in which you live; please check with your tax advisor.

Federal taxes will be withheld from your first advance payment at the rate for a married person with three dependents; this default rate is required by the Internal Revenue Service (IRS). This withholding rate would continue for all advance payments and for your regular retirement allowance payments until you elect a new withholding rate. You may elect a new rate by filing a **“Withholding Certificate for Pension or Annuity Payments” (W-4P)** form. Alternatively, you may make a withholding election online by accessing the secure section of our website. You may choose to have your withholding amount computed based on marital status and the number of allowances claimed, or to have no federal income tax withheld. In the latter case, you may be responsible for paying estimated taxes. For more information about estimated taxes, you should contact your tax advisor.

You may make a withholding election with TRS at any time. Your withholding election would generally take effect approximately two to six weeks after TRS receives your online W-4P filing, or approximately two months after TRS receives your form in the mail. TRS mails W-4P forms to all retirees annually. (If you have a permanent home address outside of the United States, IRS regulations prohibit you from electing to have no federal income tax withheld from your retirement benefits.) Payments for which you may file withholding elections online include advance payments, QPP retirement allowance payments, and TDA annuity payments.

Amounts distributed to you as an annuity will generally be federally taxable and may be subject to state and local taxes; please check with your tax advisor. Generally, TRS does not withhold taxes from TDA annuity payments. However, you can elect to have federal taxes withheld by filing a separate withholding election form with TRS.

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TRS is required to report retirement allowance distributions to the IRS and reports these distributions to you each year on a **1099 form**.

Separate 1099-R forms are issued for QPP retirement allowance payments, advance payments, and TDA annuity payments. Any interest payments associated with the above distributions would be reported on a separate 1099-INT form. You would receive your 1099 form(s) by January 31 of the following tax year. When you file your federal tax return, you must report the amounts that your 1099 form(s) designates as taxable distributions and as taxes withheld, as well as the amounts that are designated as interest.

Most questions concerning 1099 forms are answered in the TRS brochure *1099 Forms*, a copy of which is sent to all recent retirees. You may request duplicate 1099 forms by filing a “1099-R/1099-INT Inquiry Form” (code GA5) with TRS. You should also file this form if you have any questions about your 1099-R or 1099-INT forms.

### Helpful TRS publications:

 *1099 Forms*

## Understanding Your Benefits Letter

In conjunction with your first regular retirement allowance payment, you will receive a **Benefits Letter**. Your Benefits Letter details your monthly and annual retirement benefits under the QPP and explains how your benefits are calculated. The following review will help you understand the different sections of your QPP Benefits Letter. (If you chose to annuitize funds in the TDA Program, you would also receive a separate Benefits Letter concerning your TDA benefits.)

### Monthly and Annual Retirement Allowance Amounts

This section provides a breakdown of your retirement allowance payment, including the monthly and annual amounts you will receive. Your retirement allowance may consist of more than one component, as described below. Here you will also notice some personal information used to calculate your retirement allowance, such as your Total Service Credit, retirement date, and Final Average Salary (FAS).

**Tiers I/II** – A Tier I or II retirement allowance consists of a fixed portion (your regular pension as well as any funds invested in the Fixed Return Fund) and may include a variable portion if you have funds invested in the variable-return Passport Funds. Although the number of variable units listed will generally remain the same, you will see a change in the variable portion of your retirement allowance each month that is based upon the monthly fluctuation in unit values.

**Tiers III/IV/VI**– A Tier III, IV, or VI retirement allowance consists of a regular pension (partially funded by your **Member Contributions Accumulation Fund (MCAF)** and may also include an **Annuity Reserve Accumulation Fund (ARAF)** portion if you had an **Annuity Savings Accumulation Fund (ASAF)** balance at retirement. The annual retirement allowance payable to you, if your beneficiary predeceases you, will also be shown in this section if you selected a “**pop-up**” **continuing payment option** (*i.e.*, Option 5-1 or 5-2).

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### **Payment Breakdown (Tiers I/II members only)**

This section shows the Pension and Annuity components of your retirement allowance. Your regular pension is fixed. The annuity portion may be paid from any combination of the Passport Funds, depending on your investment allocations, and is made up of the following elements:

1. Annuity Reserve—based on your **Annuity Savings Fund (ASF)** balance at your retirement or payability date.
2. Pension Reserve—based on your **Increased-Take-Home Pay (ITHP)** balance at your retirement or payability date.

If you elected a “pop-up” continuing payment option (*i.e.*, Option IV-2, IV-3, or IV-4), this area would also show the retirement allowance payable to you if your beneficiary predeceases you.

### **Payment Option**

This section describes the terms of the payment option that you elected for your retirement allowance and indicates the benefit payable to your beneficiaries after your death.

### **Death Benefit #2 (Affected Tiers II/III/IV/VI members only)**

This section appears only if the provisions of Death Benefit #2 apply to you. This election provides that a lump-sum, post-retirement death benefit be payable to your designated beneficiaries; this benefit is independent of any death benefit payable under a retirement payment option. Both the death benefit payable at retirement and the amounts that may be payable subsequently are indicated.

### **Tax Information**

New York State and New York City taxes are not applied to your retirement allowance; but, if you live outside New York State, your retirement allowance may be taxed by your home city and state. Your retirement allowance is generally subject to federal taxes. However, a portion of your retirement allowance would not be taxable if you made contributions that were previously taxed. These amounts are shown here.

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## **Investment Elections (Tiers I/II members only)**

This section shows how the ASF and ITHP portions of your QPP funds were allocated among the Passport Funds based on the investment elections you made at retirement. Those investment elections are also listed here.

## **Calculating Your Retirement Allowance**

The different components of your retirement allowance are shown here.

### **Regular Pension**

Your regular pension is based on a formula using the personal information indicated in the “Monthly and Annual Retirement Allowance Amounts” section of your Benefits Letter. The formula varies depending on your tier and produces your “unadjusted pension.” Some retirement options and elections made at retirement may have resulted in deductions from the unadjusted pension, resulting in an “adjusted pension.”

**Annuity Portion (Tiers I/II members) or ARAF Portion (Tiers III/IV/VI members)** In addition to your regular pension, there may be another component to your retirement allowance. Tier I or II members’ retirement allowances also consist of an annuity portion, which is based on the balances in their ASF and ITHP accounts as of their retirement date. And, as indicated earlier, certain Tiers III/IV members have an ARAF portion based on their ASAF balance at retirement.

The balances noted above (known as “initial reserves”) are adjusted to reflect any outstanding or new QPP loans at retirement. For Tiers I/II members, excess withdrawals are also considered. At retirement, these reserves are divided by an annuity factor to produce a maximum amount. If you elected a payment option that provides a death benefit for beneficiaries, an option factor was applied, reducing this portion in order to fund that benefit.

### **Post-Retirement Employment**

This section of your Benefits Letter explains the restrictions involved for those members choosing to work in public employment in New York State or any of its political subdivisions.



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## Beneficiary Designations

This is an attachment to your Benefits Letter and shows the following QPP beneficiary information:

- The person(s) designated under your payment option, if applicable.
- The person(s) designated to receive your fractional payment.
- The person(s) designated under Death Benefit #2, if applicable.

It is important that you save the Benefits Letter for your records. If you disagree with any of the information presented in your Benefits Letter, you should file a “Benefits Letter Inquiry Form” (code RC1) with TRS, describe the discrepancy, and include any supporting documentation. You can receive a duplicate copy of your Benefits Letter by sending a written request to TRS. Be sure to include your name, address, and [TRS Retirement Number](#).

A few weeks after receiving your Benefits Letter, you will receive a Retiree Identification Card listing your TRS Retirement Number, retirement payment option, and other retirement information.

### Helpful TRS publications:

 *Understanding Your Benefits Letter: Tiers I/II*

 *Understanding Your Benefits Letter: Tiers III, IV, and VI*

## Electronic Fund Transfer

**E**lectronic Fund Transfer (EFT) enables you to avoid the problem of lost or stolen checks. With EFT, you can have your monthly QPP and/or TDA payments electronically transferred directly to a designated savings or checking account at a participating financial institution. Under EFT, TRS transmits funds to your financial institution by the last day of each month for posting to your account. The date that your funds will be available may vary based on your financial institution's banking schedule and may be affected by weekends and holidays.

Retirees are eligible to use EFT for all retirement benefit payments, including advance payments. Retiring members who are paid on the City of New York payroll through direct deposit would automatically have their retirement benefits deposited to the same account via EFT, unless they indicate otherwise at retirement. Retiring TRS members who are not currently paid on the City of New York payroll through direct deposit *must* file either an "EFT Election at Retirement Form" (code BK66) or an "Opt Out of EFT at Retirement Form" (code BK67) in order to receive their advance and/or regular retirement allowance payments. Failure to file one of these forms would result in a delay in the payment of benefits. TRS encourages all retiring members to speak with a Member Services Representative about this issue before filing their retirement applications.

If you elect to receive retirement allowance payments by check at your home address, you may later elect EFT by filing an "EFT Authorization Form" (code BK58) with TRS. Payment by EFT would begin within 15-45 days after TRS receives the correctly completed form.

You may cancel your EFT at any time by filing a separate notarized "EFT/Direct Deposit Cancellation Request Form" (code BK19) with TRS for each EFT account. Please note that, if your payment cannot be credited because your account is closed, your EFT would automatically cease. TRS would attempt to reach you by telephone to discuss this matter, but you must file a new "EFT Authorization Form" to resume receiving monthly electronic fund transfers. In addition, TRS would mail you a check for any

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missing payments. If you know you will change accounts or financial institutions and wish to remain on EFT, you should file an “EFT Authorization Form” with updated information and allow 15-45 days for processing of the form before closing your existing account.

TRS sends EFT participants quarterly statements. They provide the same information as a check stub and include a breakdown of your payments as well as a summary of your deductions (see pages 20 and 21 for more information). Your EFT information can be reviewed by accessing the secure section of our website. You may also want to refer to electronic statements made available by your bank or financial institution.

### **Helpful TRS publications:**

 *Electronic Fund Transfer*

## Replacing Missing Checks

**Y**ou may have chosen to receive your retirement allowance payment by check, or you may be receiving checks in lieu of receiving EFT payments due to cancellation of your savings or checking account. In either case, if you haven't received your check by the 10th business day of the month, you should contact TRS' Member Services Center at 1 (888) 8-NYC-TRS (1-888-869-2877). For lost or missing checks, TRS will send you either an "Affidavit for Missing Check (and Authorization to Stop Payment)" (code BK2) or an "Affidavit for Check Lost After Receipt (and Authorization to Stop Payment)" (code BK3) to complete and return to TRS. In the case of stolen checks, if we determine that your check was cashed and you dispute the signature on the back of the check, please file an "Affidavit for Forged Check" (code BK1). (Each of these forms may also be accessed through our website). Once TRS receives your form, we will investigate the matter and issue you a new check, if necessary.

If you have not cashed your TRS check within the 90-day time period allowed, you may request to have a new check issued by filing a "Check Reissue Request Form" (code BK6) with TRS.

TRS can usually issue a replacement check within 15 business days after receiving your completed form.

Please note that, if you have not received several checks, it may be due to a name and/or address change that has not been forwarded to TRS. To prevent any future problems with your payments, you should make the appropriate change(s) by filing the applicable form below.

- For change of name—"Retiree's Change of Name Form" (code RP1)
- For change of address—"Member's Change of Address Form" (code DM13)\*

*\*Address changes may also be made by accessing the secure section of our website.*

## Changing Information on File with TRS

**R**egardless of whether you receive your benefit payment by check or EFT, it is important that TRS has your most up-to-date information on file. If you move or change your email or phone number, you should notify TRS of the change. The quickest way of submitting any of these changes is by accessing the secure section of TRS' website.

You may access the secure section of our website or file a "Member's Change of Address Form" (code DM13) to register any changes to your contact information with TRS. Please do not give a temporary or secondary address. TRS will update our records with your new permanent home address and/or phone number. Please note that the change may not be reflected until after your next monthly payment.

If you choose not to change your address, email and/or phone number online, you may instead file a "Member's Change of Address Form." In addition, you may inform us of a change in your name by filing a "Retiree's Change of Name Form" (code RP1).

In all cases, TRS will send you a written confirmation of the change(s) you submit.



# How to Read Your EFT Quarterly Statement and Check Stub

This section of the *TRS Retiree's Companion* is dedicated to helping you understand two of the most important items you will receive from TRS as a retiree:

- The EFT Quarterly Statement for your QPP retirement allowance payment and/or your TDA annuity payment
- The check stub accompanying your QPP retirement allowance payment and/or your TDA annuity payment

Helpful TRS publications:

 *Reading Your EFT Quarterly Statement*

 *Reading Your Retirement Allowance Check Stub*



# EFT Quarterly Statement

	TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK				PENSION NO: <b>B</b>				DATE PRINTED: <b>C</b>			
<b>A</b>	STATEMENT PERIOD:				FEDERAL WITHHOLDING:				EXEMPTIONS: <b>D</b>			
	PAYMENT	Month #1			Month #2			Month #3			YTD	
<b>E</b>	GROSS											
	TOTAL DEDUCTIONS											
<b>F</b>	NET PAY											
<b>G</b>	PENSION1											
	FIXED RETURN											
<b>H</b>	INTEREST											
	RETRO PAY											
	TOTAL VAR PAY											
	VARIABLE FUNDS	NO OF UNITS X	UNIT VALUE =	APRIL AMOUNT	NO OF UNITS X	UNIT VALUE =	MAY AMOUNT	NO OF UNITS X	UNIT VALUE =	JUNE AMOUNT		
<b>I</b>	DIVRS EQTY BOND											
	INTL EQTY											
	INFLTN PROT											
	SOC RSP EQTY											
	CONVERSION SOURCE	CONVERSION DESTINATION			PERCENTAGE		DURATION		INSTALLMENTS REMAINING			
<b>J</b>												
	DEDUCTIONS	Month #1			Month #2			Month #3			YTD	
<b>K</b>	FEDERAL TAX											
	G-CBP-EMPE										GOAL/#INS	BAL/INS RM
	G-CBPBC EE											
	TRSLAN#											
<b>L</b>	NYSUT MBT											
	UFT											
	PM CT REGU											
	COST RECOVERY											
	IRS LIEN											
<b>M</b>	ABA/BANK ACCT:											
PLEASE CONTACT YOUR PENSION SYSTEM BEFORE CHANGING BANK OR ACCOUNT NUMBER												

The table below illustrates the information reported on your EFT quarterly statement.

A	EFT quarterly statement period
B	Your TRS pension number
C	EFT quarterly statement issue date
D	Federal withholding elections
E	Gross amount paid per month
F	Total deductions per month
G	Net amount paid per month
H	Breakdown of fixed payments
I	Breakdown of payments from variable-return funds (Tiers I/II only)
J	Fund conversions (Tiers I/II only)
K	Federal tax withheld (based on withholding elections)
L	Breakdown of deductions for this period
M	Your bank's routing number/bank account number

# Retirement Allowance Check Stub

TEACHERS' RETIREMENT SYSTEM				PAYMENT DETAILS		PENSION PAYROLL MANAGEMENT SYSTEM			
ITEM NO.	PAY PERIOD		PAY DATE		AGENCY			CHECK NUMBER	DIST
PENSION NO.				FEDERAL		RECIPIENT NAME			
				MS	EX				
PAY INFO NO.		GROSS		FEDERAL TAX		TOTAL DEDUCTIONS			
THIS PERIOD									
YEAR TO DATE						NET AMOUNT			
PAYMENT DESC		AMT THIS PERIOD	PAYMENT DESC		AMT THIS PERIOD	PAYMENT DESC		AMT THIS PERIOD	
PENSION1 FIXED RETURN ARAF			COLA INTEREST RETRO PAY			TOTAL VAR PAY			
PAYMENT DESC		NO. OF UNIT	UNIT VALUE		AMOUNT				
DIVRS EQTY BOND INTL EQTY INFLTN PROT SOC RSP EQTY									
CONVERSION SOURCE		CONVERSION DESTINATION	PERCENTAGE	DURATION	INSTALLMENTS REMAINING				
DEDUCTION DESC	AMOUNT THIS PERIOD	GOAL AMOUNT/ TOTAL INSTALLS	BALANCE DUE OR INSTALLS LEFT	DEDUCTION DESC	AMOUNT THIS PERIOD	GOAL AMOUNT/ TOTAL INSTALLS	BALANCE DUE OR INSTALLS LEFT		
G-CBP EMPE G-CBP/BCEE TRSLOAN# NYSUT MBT UFT				FM CT REG COST RECVERY IRS LIEN					

The table below illustrates the information reported on your retirement check stub.

A	Monthly pay period
B	Gross amount of payment
C	Date of payment
D	Federal tax withheld (based on withholding elections)
E	Federal withholding elections
F	Shows payment originated from TRS
G	Check number
H	Method chosen to receive payment
I	Your TRS pension number
J	Total deductions for this period
K	Net amount of payment
L	Breakdown of fixed payments
M	Breakdown of payments from variable-return funds (Tiers I/II only)
N	Fund conversions (Tiers I/II only)
O	Breakdown of deductions for this period





## TDA for Retirees

At retirement, you are required to make an election regarding the distribution of your TDA funds. Many retirees choose to defer the distribution of their funds.

On the other hand, you may choose to withdraw all or part of your TDA funds or to receive them as a monthly **annuity**.

This section will review each of those options and what you can expect based on the election you make.

Helpful TRS publications:

 *TDA Program Summary*

 *TDA Options at Retirement*

## TDA Deferral Status

Most TRS retirees initially elect **TDA Deferral status** at retirement. This allows them to defer distribution of their TDA funds past the initial payability date of their QPP retirement allowance. Taxes on your TDA funds (and any investment return) will be deferred until those funds are distributed to you. The distribution method elected will determine which taxes apply. Members with TDA Deferral status are afforded some of the same TDA benefits as in-service members. As a member with TDA Deferral status, you may:

- Make TDA investment elections, on a quarterly basis, via the TRS website or by filing a “TDA Investment Election Change Form” (code TD45).
- Remove your TDA funds at any time by accessing the secure section of our website or filing a “TDA Withdrawal Application” (code TD32); you may direct your TDA withdrawal to an eligible successor program. Please note that, if you withdraw all of your TDA funds, you would lose TDA Deferral status. However, if you elect a partial withdrawal of any TDA funds, your TDA Deferral status would not be affected.
- Maintain an existing TDA loan or take a new TDA loan by accessing the secure section of our website or by filing a “TDA Loan Application” (code LO15). In either case, you would be required to make monthly payments directly to TRS. Members with TDA Deferral status may borrow from their TDA funds if they have participated in the TDA Program for at least one full year. If you are eligible, the minimum amount you may borrow is \$1,000; if you have an outstanding TDA loan, that minimum is \$250. The maximum amount you may borrow is generally \$50,000. The amount you borrow would be deducted from your accumulated TDA funds. Please note that retirees with TDA Deferral status may apply for a loan online, provided they have registered for secure access on TRS’ website and are not currently in default on a TDA loan.
- Repay a TDA loan through automatic deductions from your monthly retirement allowance, or instead make monthly payments to TRS.

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- Annuitize your remaining TDA funds at a later date by filing a “TDA Annuitization Election Form” (code TD6). (See “TDA Annuitization,” page 29.) Please note that, if you initially elect TDA Deferral status and subsequently decide to annuitize your remaining TDA funds, you may not revert to TDA Deferral status after your effective annuitization date.

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Members with TDA Deferral status receive a TDA Quarterly Statement every three months. This account statement reports the following information:

- Your balance in each of TRS’ Passport Funds at the beginning and end of the quarter
- Any credits given, conversions made, and investment returns posted during the quarter
- The performance of TRS’ Passport Funds during the past quarter
- The status and balance of any outstanding TDA loan(s)
- The amount you have available for a new TDA loan
- Your beneficiaries under the TDA Program

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In most cases, members with TDA Deferral status can maintain their status as long as they have funds in TRS’ TDA Program. If you have TDA Deferral status at age 70½ or older, you would be subject to the IRS’ **Required Minimum Distribution (RMD)** rules and must begin receiving an annual distribution of your TDA funds. (See the “Required Minimum Distribution (RMD)” section on page 27 for more information.)

Helpful TRS publications:

 *TDA Deferral Status*



## TDA Withdrawals

Some members choose to remove all or part of their TDA balance by receiving a Direct Withdrawal or by making a Direct Rollover to an eligible Individual Retirement Arrangement (IRA) or other successor program.

If you elected to withdraw, or roll over, all or part of your funds at retirement, your request would have been processed on the first payroll that occurred at least 60 days from the end of the month of your retirement date. The unit value used to value TRS' variable-return Passport Funds represents the unit value in effect for the month of your retirement.

If you are a retiree who elected TDA Deferral status, you may withdraw all or part of your TDA funds at any time by accessing the secure section of our website or filing a "TDA Withdrawal Application" (code TD32). You may also directly roll over all or part of your TDA funds by filing a "TDA Direct Rollover Election Form" (code TD22) with your withdrawal application. The processing time for your distribution would be as follows:

- For partial withdrawals drawn only from your balance in the Fixed Return Fund, TRS would issue your distribution generally within 15 days of our receipt of your withdrawal request.
- For all other withdrawals, your distribution would be issued generally within 45 days of TRS' receipt of your withdrawal request.

TDA distributions generally are federally taxable and may be subject to state and local taxes; please check with your tax advisor. The IRS requires that TRS withhold 20% of any taxable amount you withdraw that you do not instruct TRS to directly roll over or directly transfer to an eligible successor program(s). In certain cases, an additional IRS-imposed 10% tax may also apply.

Please note that additional amounts may be withheld from your TDA withdrawal/disbursement if a TDA loan balance was deemed a distribution earlier in the same year. (The additional withholding would be applied toward the taxes due on the deemed distribution.) Please refer to our website or TRS' forms such as the "TDA Withdrawal Application" for details.

## Required Minimum Distribution (RMD)

All taxes on TDA contributions and subsequent earnings are deferred until participants receive their funds. However, IRS regulations dictate how long participants may postpone receipt of tax-deferred funds and establish the minimum amount that participants eventually must receive each year. This amount is generally known as a Required Minimum Distribution (RMD). If you are a retiree with TDA Deferral status and still have a TDA balance in the year in which you reach age 70½, distribution of a portion of your TDA funds is mandatory; an RMD based on your life expectancy must be paid to you for every year that you maintain a TDA balance. RMDs are not eligible for rollover or transfer.

The IRS applies different distribution requirements to Pre-1987 and Post-1986 TDA funds. Post-1986 funds are all TDA contributions and earnings accumulated after December 31, 1986 (including earnings on Pre-1987 funds). Distribution of these funds must begin by April 1 of the year after which you separate from service or reach age 70½ (whichever is later). The IRS allows the balance of your Pre-1987 funds to be “grandfathered” (*i.e.*, exempt from distribution requirements) until the year in which you reach age 75. Then, distribution based on the total balance must begin.

TRS will contact you each year that you are subject to RMD requirements and will provide an “RMD Election Form” (code TD39) on which you can choose how you will meet RMD requirements for the year. You can also access the “My TDA” feature in the secure section of our website to file RMD elections online. The same feature will also allow you to view the status of an RMD submission for the current year.

The following payment methods are available:

- Receiving payment from TRS in the amount of your RMD
- Receiving a Direct Withdrawal(s) from TRS in an amount equaling or exceeding the amount of your RMD. (Withdrawals of lesser amounts would be applied toward your RMD.)
- Receiving payment from another Section 403(b) Plan that meets distribution requirements (if you maintain more than one 403(b) account)
- Annuitizing your TDA balance

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If you do not make an election by October 31, TRS will automatically make a payment to you to satisfy the distribution requirement. (The IRS imposes a 50% excise tax on any amounts that are required to be distributed for a given year but are not.)

Any RMD payments would be paid to you via the same method used for your QPP retirement allowance payments: If you receive your monthly benefits electronically, you would receive your RMD electronically in the same account; if you receive a paper check each month, you would receive your RMD by check as well.

#### Helpful TRS publications:

 *Required Minimum Distributions for Members*

## TDA Annuitization

Some members choose to annuitize their TDA funds at or after retirement in order to receive their TDA funds as a monthly annuity separate from, and in addition to, their QPP retirement allowance. Members who elect to annuitize their TDA funds may choose payment options similar to those offered under the QPP, including options that provide benefits for one or more beneficiaries.

Your TDA annuitization date must be the same as or subsequent to your QPP retirement date, and you would begin receiving TDA annuity payments once your QPP retirement payments begin (unless you elected TDA Deferral status). You would not receive advance payments of your TDA annuity, and your first check would be retroactive to your annuitization date. You would receive a separate TDA Retirement Number and Benefits Letter for your TDA annuity (see “Understanding Your Benefits Letter” on page 11 for further details). As with QPP retirement payments, you may choose to have your TDA annuity payments deposited via EFT.

Once you elect to annuitize your TDA balance, you would have no further TDA distribution options. Amounts distributed to you as an annuity will generally be federally taxable and may be subject to state and local taxes; please check with your tax advisor.

Please note that you may not maintain an outstanding TDA loan balance once you annuitize your TDA funds. You may roll over an amount equivalent to all or part of any outstanding balance to an eligible IRA or other successor program within 60 days of notification by TRS. Alternatively, you may repay any outstanding balance before the date of annuitization. Any outstanding loan balance that you do not repay would reduce your TDA annuity and would be deemed a distribution, which may have tax consequences; the distribution information would be provided to the IRS.





## Post-Retirement Finances

Your QPP retirement allowance may be the cornerstone of your retirement income. However, there are also some other related financial matters you should be aware of. This section addresses some of those topics.

## Earnings After Retirement

Confirming a trend seen throughout the country, a number of TRS retirees return to work at least part-time during their retirement years. Some re-enter the workforce in order to keep active, while others take the opportunity to explore a new field of interest or pursue a lifelong dream. Still other retirees want to earn additional funds to supplement their retirement allowance, Social Security payments, and savings. If you are thinking of joining the ranks of working retirees, there are some guidelines you should be aware of so that your retirement benefits are not at risk. *Please note that most of the information in this section pertains specifically to service retirees, not those who retired under disability.*

If you return to work in the private sector or as a public employee with another state or the federal government, there are no limits on the amount you may earn. However, the amount of post-retirement income that you may earn in New York State public employment while collecting a service retirement allowance from TRS may be restricted. If you receive an annuity under the Tax-Deferred Annuity (TDA) Program, your monthly TDA annuity payments would not be affected by the amount of your post-retirement income.

Retirees who are 65 years of age or older may continue to collect their service retirement allowance regardless of how much they earn while in New York State public employment. The same is true of retirees of any age who work in private employment, in public service outside New York State, or with a nonprofit organization.



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**Section 212**—Under Section 212 of the Retirement and Social Security Law (RSSL), service retirees under age 65 who work in public employment in New York State or any of its subdivisions may earn up to a designated limit without any consequences to their retirement benefits. You must file with TRS a “Certification of Employment Under Section 212” form (code RP76), included in your post-retirement package, in order to apply Section 212 provisions to your employment. This form must be filed each year until the calendar year in which you reach age 65.

If you earn more than the designated amount during a calendar year while working under Section 212, you must repay the excess earnings; otherwise, your retirement allowance would be suspended, usually for the rest of the calendar year. If earnings information is available, TRS would generally send reminder letters to members before they are projected to reach their earnings limit. For more information, including current Section 212 earnings limits, please refer to the *Earnings After Retirement* brochure.

**Section 211**—If you anticipate that your earnings will exceed your earnings limit, you must comply with Section 211 of the RSSL to continue receiving a retirement allowance. In order to apply Section 211 provisions to your earnings, you must be granted a waiver by your employer, who must then obtain approval for employment from the appropriate source. Your employer supplies you with the form for the waiver, determines when the waiver expires, and may grant a maximum two-year waiver, which is renewable. There may still be earning restrictions under a Section 211 Waiver. If your earnings exceed the limit specified in this waiver, you must repay the excess earnings; otherwise, your retirement allowance would be suspended until the withheld amount equals the excess earnings.

*Please note: You may voluntarily suspend your retirement allowance if you think you will exceed the Section 211 or Section 212 earnings limit.*

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If you are a disability retiree or a service retiree who does not file a Section 211 or 212 Waiver, the total of the pension portion of your retirement allowance payments and your post-retirement earnings must be less than \$1,800 annually. If your earnings equal or exceed this amount, you must repay the excess earnings; otherwise, the pension portion of your retirement allowance would be suspended for a period of time equal to the length of your public employment since you exceeded the \$1,800 limit.

### Helpful TRS publications:

 *Earnings After Retirement*

## Investment Elections

The following retirees may change their investment elections in TRS' Passport Funds:

- Tiers I/II retirees may change the investment mix of the annuity portion of their QPP retirement allowance.
- Retirees with TDA Deferral status may change the investment mix of their TDA account funds.
- TDA annuitants may change the investment mix of their TDA annuity funds.

These retirees may make investment elections at any time; changes would take effect on the next available quarterly start date, as shown below. Changes may occur over periods of 3, 6, 9, or 12 months; a one-month change period is also available for members with TDA Deferral status. (Please note that investment elections cannot be effected for new retirees until the first quarter after their retirement allowance has been finalized.) Investment election changes are optional; if no changes are made, retirement funds would remain as currently invested.

QPP Tiers I/II Retirees: "Retiree's QPP Investment Election Change Form" (code RP8) TDA Annuitants: "TDA Annuitant's Investment Election Change Form" (code RP9)				
<b>Changes Filed By*</b>	November 1	January 31	May 1	August 1
<b>Take Effect On</b>	January 1	April 1	July 1	October 1

Retirees with TDA Deferral Status: "TDA Investment Election Change Form" (code TD45) or online through our website				
<b>Changes Filed By*</b>	December 1	March 1	May 31	August 31
<b>Take Effect On</b>	January 1	April 1	July 1	October 1

*\*If the "Filed By" date falls on a weekend or holiday, the actual deadline for a paper form would be the preceding business day.*

## Cost-of-Living Adjustment

TRS retirees who meet eligibility requirements are entitled to receive an annual **cost-of-living adjustment (COLA)** to their QPP retirement allowance payments. The COLA is a permanent provision of New York State law that takes effect each fall and continues for one full year. Its purpose is to help offset the effects of inflation for those retirees who live on a fixed income. The COLA amount, which ranges from 1% to 3%, is 50% of the Consumer Price Index (CPI) increase for the year ending March 31. Each retiree's adjustment is determined by multiplying the COLA amount for that year by the lesser amount of either \$18,000 or his/her maximum annual fixed retirement allowance. (Please note that the variable portion of a Tiers I/II member's retirement allowance is not used to calculate the COLA.)

Members generally receive COLA information with their September retirement allowance payment or third quarter Electronic Fund Transfer (EFT) statement. For calculations and additional explanations concerning COLA, please consult the retiree FAQs on the TRS website.

### **The following categories of retirees are eligible for a COLA benefit:**

- Service retirees beginning at age 62 and who have been retired for at least 5 years.
- Service retirees beginning at age 55 and who have been retired for at least 10 years.
- Disability retirees at any age who are retired for at least 5 years.
- Recipients of accidental death benefits.

(In addition, surviving spouse beneficiaries receiving lifetime payments would receive 50% of an eligible retiree's COLA.)

## Restoration to Active Service

Some retired members choose to re-enter the workforce full-time and suspend their retirement benefit. If you find employment in a TRS-eligible position, you may reactivate your TRS membership status via the process called “restoration to active service.”

### Service Retirees

To be restored to active service, you and your prospective employer must first file an “Application for Restoration from Service Retirement” (code GA1) with TRS. Upon approval from the Teachers’ Retirement Board, you will be restored to active service and resume your status in your previous tier. This process takes approximately four to six months from the effective date of restoration. At that time, your retirement allowance and any TDA annuity payments would cease.

If you are restored to active service and later want to apply for a service retirement, you must file a new service retirement application with TRS. In general, you must complete at least five years of credited service (four years for Tier I) following your re-entry to effect a recalculation of your retirement allowance. Please refer to the *Information About Post-Retirement* brochure for detailed information specific to your tier.

### Disability Retirees

Members who are granted ordinary or accident disability retirement are required to be re-examined at the discretion of the TRS Medical Board until they reach age 65. Failure to report for re-examination may result in the suspension of the regular pension portion and, if applicable, the ITHP portion of your disability retirement allowance. If, after re-examination, the Medical Board certifies that you are no longer disabled, TRS would notify your employer. If this occurs within 10 years of your retirement date, your former employer must restore you to active employment. If your disability retirement has lasted for 10 years or more, your restoration to service would be at your former employer’s discretion. If your employer is unable to offer you employment, you would be required to find another TRS-eligible

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position. If you are a Tier III member, you would be deemed a “preferred eligible,” and your former employer would place your name on a waiting list for a suitable position at a salary grade not exceeding that from which you originally retired. Regardless of your tier, you would continue to receive your disability retirement allowance until a position in active service becomes available to you.

If you wish to return to active service voluntarily and have found employment in a TRS-eligible position, you must file an “Application for Voluntary Restoration from Disability Retirement” (code DI30) with TRS. You must also file an “Applicant’s Personal Report of Disability” and a “Report of Applicant’s Physician” (code DI32) and send a letter to your employer requesting re-employment in a TRS-eligible position. Consequently, the Medical Board would have to examine you to determine whether you are fit to return to work. If your restoration request is approved, you would be restored to your previous tier and your retirement allowance payments under the QPP (and any TDA annuity payments) would cease.

If, after being restored to active service, you later want to apply for a service retirement, you must file a service retirement application with TRS. The methods for recalculating your retirement allowance are detailed earlier in this section.

### **Helpful TRS publications:**

 *Information About Post-Retirement*

## Social Security and Medicare Benefits

Like your retirement allowance payments, Social Security benefits are an important component of your retirement income. If you have not reached the Normal Retirement Age as determined by the year of your birth (see below), you can create an online account with the Social Security Administration (SSA) at [www.ssa.gov](http://www.ssa.gov) to learn the estimated Social Security benefits you and your family may receive (the SSA has permanently suspended mailing annual statements of estimated benefits). The estimate shows your monthly benefits if you retire a) at age 62, b) at your Normal Retirement Age, or c) at age 70. Your survivor and disability benefits are also provided.

In order to qualify for Social Security benefits, you must have a minimum of 40 credits or 10 years of work. The earliest you can collect Social Security benefits is at age 62. This benefit would be smaller than if you began collecting at your normal retirement age. Normal retirement age is determined by your year of birth as seen in the table below. (Please note: There is a federally-required reduction to the retirement allowance of members who retire under Tier III equal to 50% of the Social Security benefit they accrued in public employment within New York State. This reduction takes effect on the date their payments commence or upon reaching age 62, whichever is later.)

Year of Birth	Normal Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-54	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67



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Social Security benefits are not paid automatically. In order to receive benefits, you must apply for them approximately three months prior to the date you want your benefits to begin. You may apply online at [www.ssa.gov](http://www.ssa.gov) or call 1 (800) 772-1213 to make an appointment for your application to be taken over the telephone or at any Social Security office.

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Medicare is the basic health insurance program for people 65 years of age or older, as well as for many people with disabilities. Even if you have no plans to receive Medicare benefits, you should still sign up for Medicare three months before you reach age 65.

Part A, **hospital insurance**, helps pay for inpatient hospital care and certain follow-up services. If you are receiving a Social Security benefit, your hospital insurance would automatically begin when you reach age 65.

Part B, **medical insurance**, can be used to pay for doctor visits, outpatient hospital services, and other medical expenses. The monthly premium for this optional program is deducted from your Social Security payment.

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Each year the SSA updates information regarding its Social Security and Medicare benefits. The changes can be found by contacting the SSA at the above phone number or by visiting their website.

## Health Information for Retirees

**A**fter you retire, you may continue to receive health coverage. TRS would make deductions for your health insurance from your monthly retirement allowance payment as determined by your employer. However, for any questions concerning your health benefits, please contact:

### **New York City Health Benefits Program**

40 Rector Street/3rd Floor

New York, NY 10006

Tel.: (212) 513-0470

(Monday through Friday from 9:00 a.m. to 5:00 p.m.).

In addition, many new retirees may opt for supplemental health coverage. United Federation of Teachers (UFT) members may be eligible for the Supplemental Health Insurance Program (SHIP) at (212) 228-9060. Members of the Council of School Supervisors & Administrators (CSA) may be eligible for supplementary health benefits through the CSA Welfare Fund at (212) 962-6061 and the CSA Retiree Chapter at (212) 823-2020. Members of the Professional Staff Congress (PSC) may be eligible for supplementary health benefits through the PSC-CUNY Welfare Fund at (212) 354-5230.





## Death Benefits and Beneficiaries

One of TRS' primary responsibilities is to provide death benefits to the beneficiaries of our members. Many TRS retirees elect the Maximum Payment Option when they retire, thereby receiving the highest monthly payments, but providing no payment for their beneficiaries. However, other retirees choose different payment options specifically to provide for their beneficiaries.

Members may also choose to provide death benefits for beneficiaries of their Tax-Deferred Annuity (TDA) Program accounts. This section of the *TRS Retiree's Companion* will outline the basics that retirees need to know about this topic and the steps in processing death benefits.

## Death Benefits

The period following the death of a TRS member can be a very stressful time for his/her loved ones and beneficiaries. Therefore, TRS suggests that you communicate with your beneficiaries and provide them with as much relevant information as possible. Below are some of the most important aspects of the death benefits process to discuss in advance.

### Reporting a Retiree's Death

TRS' death benefits process begins when TRS is notified of the member's death. The individual reporting the death of a retiree must furnish TRS with the following information:

- Member's name
- Member's TRS Retirement Number (found on the monthly retirement check stub or the quarterly Electronic Fund Transfer (EFT) Statement)
- Member's date of birth and date of death
- Member's Social Security number
- Name, address, and phone number of person reporting the death
- Certified or original death certificate

If TRS receives the above information as soon as possible after a retiree's death, this will help expedite receipt of the beneficiary's **Benefits Package**. This Benefits Package consists of forms that a beneficiary must file with TRS in order to claim a death benefit (see "Receiving the Benefits Package," page 46).

Please note: Those members who elected a "pop-up" retirement payment option would also need to inform TRS in the event of the death of their beneficiaries.

Any monthly retirement allowance and/or TDA annuity payments received in or after the month of death must be returned to TRS. Any TRS payments for this period that were cashed, deposited, or credited to the member's account through EFT must be refunded to TRS before any death benefits processing can begin. TRS will inform beneficiaries of the amount due.

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## Calculating Death Benefits

TRS must receive a certified or original death certificate before calculation of death benefits can begin. All death benefits are calculated based on the member's retirement option and account balances as of the date of death (and, if applicable, the unit values for TRS' variable-return Passport Funds for the month of death).

## QPP Beneficiaries

TRS verifies all final retirement payroll information and makes calculations based on the payment option that the member chose for his/her QPP retirement allowance.

Three types of death benefits may be payable under the QPP:

- The first is a benefit under a retirement payment option. To learn what payment option the retiree chose, beneficiaries may refer to the QPP Benefits Letter that TRS previously sent the retiree. Please note that the Maximum Payment Option does not provide for any beneficiary payments.
- The second is a fractional payment. Payments to beneficiaries would represent a portion of the retirement allowance for the month in which the member died. If the member died on the last day of the month, no benefit is payable to any fractional beneficiaries, since the full retirement allowance was paid to the member.
- The third benefit, known as Death Benefit #2, is a lump-sum amount that may be payable to the member's designated beneficiaries if the deceased was a Tier II, III, or IV member.

## TDA Beneficiaries

If the deceased was a member with TDA Deferral status, the benefit payable would equal the member's TDA balance. The benefit would generally be distributed in a lump sum in accordance with the member's most recent TDA beneficiary designation on file with TRS. However, certain beneficiaries of deceased TRS members with TDA Deferral status may defer distribution of TDA death benefits by establishing a TDA account with TRS.

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For members who annuitized their TDA funds, a TDA death benefit would be payable if the member elected to provide for beneficiaries. The benefit would be based on the payment option that was chosen for the TDA annuity.

Regardless of what option was chosen, a fractional installment of the final TDA annuity payment for the month of death may also be payable (see second bullet under “QPP Beneficiaries” on the previous page).

### **Receiving the Benefits Package**

Beneficiaries of retirees should receive a Benefit Package approximately four to six weeks after TRS receives a certified or original death certificate and any TRS payments that were required to be returned. The Benefit Package consists of a benefits letter indicating the amount of money payable to the beneficiaries and also includes the relevant forms that must be filed with TRS in order to claim a benefit. Beneficiaries who are eligible to receive both QPP and TDA death benefits may receive a separate Benefits Package for each benefit.

TRS can only distribute a death benefit once the beneficiary has submitted all the necessary information indicated in the Benefits Letter. Beneficiaries will need to complete and file with TRS a “Claimant’s Statement” (code DB17). The following, which would be included in the Benefit Package, may also be required:

- “Beneficiary’s Election Form for Method of Payment” (code DB12)
- “Claimant’s Affidavit for Benefit Under Section 1310” (code DB14) when there is no beneficiary or estate

Additional items may also be requested in the Benefits Letter. Beneficiaries may receive payment within two months from the date that TRS receives all the necessary items requested in the Benefits Package. (This is only an estimate; the time needed for processing death benefits varies.)



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## Tax Consequences

All death benefits are subject to federal income tax but are generally free from state or local taxes, with the following exceptions:

- TDA benefits paid in a lump sum are subject to state and local taxes.
- TDA benefits distributed as an annuity are fully taxable at the federal level; however, state and city tax exemptions may apply. Please check with your tax advisor.

Beneficiaries residing in a state other than New York should check with their state tax agency about the tax consequences of their benefit.

Please note that any amount distributed through a Direct Rollover is not taxable until it is received as income. In addition, the 20% withholding does not apply to these amounts.

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For lump-sum benefit payments, beneficiaries may choose to do the following:

- Receive all or part of the death benefit directly. The IRS requires TRS to withhold 20% of the taxable portion of any death benefit paid directly to a spouse beneficiary. For fractional payments made to beneficiaries and payments made directly to non-spouse beneficiaries, the amount required to be withheld is 10%, unless the beneficiary elects another withholding rate.
- Roll over all or part of the taxable portion of a lump-sum QPP death benefit to an eligible successor program.

**Spouse beneficiaries** should file a “QPP Direct Rollover Election Form (for Withdrawal/Distribution of Lump-Sum Disability Benefit/Death Benefit)” (code DB32) to roll over their benefit to one or more eligible IRAs or Section 401 Plans. To roll over their benefit to an Inherited IRA, they should file a “QPP Direct Rollover Application for Lump-Sum QPP Death Benefit to an Inherited IRA (for Spouse Beneficiaries Only)” (code DB32b).

**Non-spouse beneficiaries** should file a “QPP Direct Rollover Application for Lump-Sum QPP Death Benefit to an Inherited IRA (for Non-Spouse Beneficiaries Only)” (code DB32c) to roll over their benefit to an Inherited IRA.

- Roll over all or part of a TDA death benefit to an eligible successor program.\*

**Spouse beneficiaries** should file a “TDA Direct Rollover Election Form for Lump-Sum TDA Death Benefit (for Spouse Beneficiaries Only)” (code DB34a) to roll over their benefit to one or more eligible IRAs or other successor programs. To roll over their benefit to an Inherited IRA, they should file a “TDA Direct Rollover Application for Lump-Sum TDA Death Benefit to an Inherited IRA (for Spouse Beneficiaries Only)” (code DB34d).

**Non-spouse beneficiaries** should file a “TDA Direct Rollover Application for Lump-Sum TDA Death Benefit to an Inherited IRA (for Non-Spouse Beneficiaries Only)” (code DB34c).

*\*Any portion of TDA benefits representing a Required Minimum Distribution (RMD) payable for that year is ineligible for rollover. The beneficiary is required to receive the RMD as taxable income.*

## Helpful TRS publications:

 *Guide to Death Benefits for Beneficiaries of Retired Members*

## Updating Beneficiary Information

**M**any retirees have the opportunity to view and change their beneficiary designations under the QPP or TDA Program in the secure section of our website.

### QPP

Certain retired members may change their QPP beneficiaries depending on the retirement payment option they chose at retirement. Retirees who elected options providing lump-sum payments (Tiers I/II only) or a guaranteed number of payments are eligible to make this change since the calculation of their benefits does not take into account the life expectancy of their beneficiaries. Depending on the retirement payment option you chose, you would file one of the following forms:

- “QPP Change of Beneficiary Form Under Option IV-d or IV-e (Tiers I/II) or Option 3 or 4 (Tiers III/IV/VI)” (code EN18)
- “QPP Change of Beneficiary Form Under Option I (Modified or Unmodified) or IV-b” (code EN19)

Please note that retirees may also change their beneficiaries for:

- The fractional installment of the final retirement allowance payment for the month of death
- The lump-sum amount payable under Death Benefit #2 (if applicable)

### TDA Program

Retired members with TDA Deferral status can change their TDA beneficiaries by filing a “Designation of TDA Beneficiary Form” (code EN8). TDA beneficiary designations are shown in the secure section of our website and on the TDA Quarterly Statement that is mailed to you.

For those retired members who chose annuitization for their TDA funds, TDA death benefits would be paid through the payment option elected on their “TDA Annuitization Election Form” in accordance with their most

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recent TDA beneficiary designation. Retired members who annuitized their TDA benefits and selected a lump-sum or guaranteed number of payments option can change their TDA beneficiaries by filing either a “TDA Change of Beneficiary Form Under Option I (Modified or Unmodified) or IV-b” (code EN20) or a “TDA Change of Beneficiary Form Under Option IV-d or IV-e” (code EN21). All retirees receiving TDA annuities can change their fractional TDA beneficiaries by filing a “TDA Change of Beneficiary Form” (code EN25).

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It is always important for you to keep information concerning your beneficiaries up to date so that TRS can pay benefits in accordance with your wishes in the event of your death. We recommend that you review your beneficiary designations regularly, especially after life changes such as births, marriages, divorces, and deaths. If you have no designation on file with TRS, payment would be made to your estate.

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## Records

**M**any people have vital personal and financial information scattered among several locations. The “Record of Important Documents” below should help you to centralize that information. After you complete the form, we recommend that you make a separate copy, keep it in a safe place accessible to your beneficiaries, and review and update the record periodically.

### Record of Important Documents

Name \_\_\_\_\_ Date \_\_\_\_\_

#### **Personal**

*Indicate the location of each document.*

Birth Certificate \_\_\_\_\_ Marriage Certificate \_\_\_\_\_

Deed/Title to Property \_\_\_\_\_ Automobile Title \_\_\_\_\_

Passport \_\_\_\_\_ Social Security Card \_\_\_\_\_

Divorce Papers \_\_\_\_\_ Military Service Record \_\_\_\_\_

#### **Financial**

*Indicate the bank name, address, and account number for each account.*

Bank Account (Primary) \_\_\_\_\_

Bank Account (Other) \_\_\_\_\_

Mortgage \_\_\_\_\_

Safe Deposit Box/Box Number \_\_\_\_\_

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**Insurance**

*Indicate the insurance company name, address, and policy number for each policy.*

Life Insurance \_\_\_\_\_

\_\_\_\_\_

Health Insurance \_\_\_\_\_

\_\_\_\_\_

Automobile Insurance \_\_\_\_\_

\_\_\_\_\_

Property Insurance \_\_\_\_\_

\_\_\_\_\_

**Legal**

*Indicate the location of each document and, if applicable, an authorized individual.*

Will \_\_\_\_\_

Trust \_\_\_\_\_

Power of Attorney \_\_\_\_\_

**Other**

TRS Designation of Beneficiary Forms \_\_\_\_\_

Extra Keys to Home, Automobile, etc. \_\_\_\_\_

Safe Deposit Box Keys \_\_\_\_\_



## Legal Matters

Retirement is the perfect time to organize your affairs and become familiar with any official documents you may need to prepare. You want to be sure that your wishes concerning your assets and well-being are followed properly. You may also want to use this time to update your records to incorporate life changes such as a change in marital status. The following pages will help you to manage these affairs.



## Important Legal Documents

**M**aking plans in the event of your illness or loss of life can be discomfoting. However, these arrangements are important and helpful for those individuals who will need to care for your affairs. The following documents can be drawn up in advance and are specifically created to ensure that your wishes concerning both your health and wealth are carried out. We suggest that you consult an attorney when preparing any of the following, and keep all documents in a safe place with a trusted individual informed of their whereabouts.

### Will

A **will** is a legal document that, through an executor, transfers your property after you die. If you die without a will, you cannot be sure that your assets will be distributed as you desire. Requirements for a valid will can be complex, and vary among states, so it is advisable to have your will reviewed by a lawyer. At retirement, you may have chosen a payment option that provides payment for your beneficiaries. This provision may also be stipulated in your will, but is not required since TRS death benefits are distributed directly to your designated beneficiaries. Please note that a beneficiary or payment option stated in a will may not be substituted for your TRS designations.

### Trust

A **trust** is a legal arrangement created to hold funds or other assets for the benefit of beneficiaries. You may prefer this process if you do not want to have your assets distributed outright through a will. You can establish a trust during your lifetime (living or *inter vivos* trust) or one that will take effect upon your death (testamentary trust). You may designate a trust as the beneficiary of your QPP funds if you are a Tier I or II member who elected a lump-sum payment option for your retirement allowance. You may also name a trust for your TDA funds if you are a member with TDA Deferral status or if you annuitized your TDA Program funds and elected a

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lump-sum payment option for your annuity. In order to do so, you would need to file the appropriate designation of beneficiary form and a “Verification of Trust Instrument Legality” form (code EN4). You must also provide TRS with a copy of the trust agreement (for a living trust) or your will (for a testamentary trust).

### **Health Care Proxy**

If you become ill or injured, you may not be able to convey your wishes concerning the medical treatment you desire. Completing a [health care proxy](#) allows you to appoint someone you trust as your agent to make certain that your medical wishes are carried out.

### **Living Will**

A [living will](#) is a document in which you state your desires about withholding life-sustaining treatment to prolong your life. The document should express your general wishes, but can also be as specific as you wish. In order for a living will to be valid, it must contain definite proof that your decision was made while you were competent.

## Power of Attorney

**A** **Power of Attorney (POA)** is a legal document granting rights to someone else (referred to as an attorney-in-fact or agent) to act on your behalf. This is often done so that, in the event of your absence, illness, or disability, your financial and legal affairs will be taken care of by someone you have chosen. If you do not have an attorney-in-fact and you become incapacitated, your affairs may be managed by a court-appointed guardian, a process that can be complex and expensive. As a TRS member, you may grant a power of attorney for your TRS transactions. If you decide to limit the authority of your agent, you must specify that in the document.

Generally, there are two types of powers of attorney. A *durable* power of attorney remains in effect if you should become mentally incompetent, while a *general* power of attorney will automatically cease if you are found to be incompetent. Except in the case of incompetence, you may revoke the power of attorney at any time. In addition, all powers of attorney cease when you die.

Please note that the form “TRS Special Durable Power of Attorney” (code BK75) is available on our website. This form is specific to TRS members and membership; the form does not apply to non-TRS matters. You may use this form to grant an agent the authority to take any actions regarding your current or future TRS retirement benefits. However, the authority to change beneficiary designations is excluded from the agent’s power unless you specifically grant such power in the form’s “Modifications” section.

As an alternative to this form, in New York State members may instead complete and submit a statutory “short form” Power of Attorney and a statutory gifts rider to TRS. Both items must be executed simultaneously and submitted together, including the authority to designate or change beneficiaries. It is advisable to consult with a lawyer to make sure that the short form suits your needs or to add any pertinent information to this form.

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To effect any power of attorney at TRS, you must file a valid, notarized power-of-attorney document with TRS. You may submit either an original form or a copy. We also require a yearly confirmation from your attorney-in-fact that the power-of-attorney designation is still in effect.

Please note that each state has its own rules for powers of attorney, and the corresponding forms may vary; therefore, you should obtain the proper documents for the jurisdiction in which you reside. We suggest that you discuss these points with a lawyer.

For more information about Power of Attorney documents, please see our website's FAQs for retirees, and access the "Legal" section.

## Divorce and TRS Benefits

Under New York State law, retirement benefits are considered marital assets and are subject to “equitable distribution” in a divorce.

A **Domestic Relations Order (DRO)** can require that some or all of your retirement benefits be divided between you and your former spouse. This includes your QPP and/or TDA benefits. Under the most common distribution formula for the division of retirement benefits in New York State, your former spouse would receive a percentage (agreed upon by the interested parties) of the monthly QPP benefit you earned during the marriage (*i.e.*, from your marriage date until the date you filed for divorce). Your former spouse may also be entitled to a portion of your TDA funds, in which a one-time distribution would be rolled over into your former spouse’s IRA or eligible 401(k). If your TDA is annuitized, monthly payments to your former spouse would be made in the same fashion as the QPP.

Several qualifications apply to an **Alternate Payee’s** claim on retirement benefits:

- The alternate payee may not receive any type or form of benefit or any payment option not otherwise provided under the plan (*e.g.*, since members receive monthly QPP payments, the alternate spouse cannot receive similar payment in a lump sum).
- QPP benefits to an alternate payee would continue until the date of death of the member or the alternate payee, whichever occurs first. If the alternate payee predeceases the member, any amount payable under his/her apportioned share would automatically revert to the member.

Before TRS can make payments to an alternate payee, we must receive a court-ordered DRO. A DRO may be filed outside of New York State. A draft DRO must be submitted to TRS for review prior to submitting the

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DRO to the court. It is the responsibility of the member or the alternate payee to file the signed order with TRS; otherwise, we cannot administer the instructions concerning the distribution of your retirement benefits.

New York State laws concerning DROs are subject to change. Any further questions about the effects of divorce on your TRS benefits should be referred to your attorney.





## TRS Services for Retirees

While providing retirement benefits is our primary responsibility, we at TRS are also committed to offering exceptional levels of member services and a variety of resources to our members. These include our website, our phone system, a multifunctional Member Services Center, and publications describing our benefits and services. This section looks in detail at member services for TRS retirees.



## TRS' Website

Visiting TRS' website at [www.trsnyc.org](http://www.trsnyc.org) is a convenient and timely method of obtaining information that affects your membership. We've redesigned the website so that it's easier for you to get what you need and perform the online activities you want. Our website has eight main sections:

**Home** is where your visit begins. At our homepage, you can see the latest TRS-related news and log in to the secure, members-only section of our site. With a username and password, you have 24/7 access to some of the website's most valuable benefits, including viewing personalized account information and monthly retirement allowance payment history. If you have elected TDA Deferral status, you can also make investment changes for your TDA funds four times annually, change TDA beneficiaries, apply for loans, and view your latest TDA Quarterly Account Statement.

**Forms** is where you will find all TRS forms, including a special section containing forms for retirees. Some retiree forms can be filled out and submitted online, via the secure section of our website.

**Publications** is where you will find our newsletter for retirees, *Benefits Report*; general guides like this *TRS Retiree's Companion*; brochures on dozens of specific topics; and TRS' annual financial reports.

**Investments** is your resource for information about TRS' investment programs. It includes profiles of each of the Passport Funds, current unit values and investment returns, historical data, and a reminder of the filing deadlines for investment changes.

**News** is the place to read recent news bulletins and review the calendar of upcoming payment and mailing dates and TRS Board meetings.

**FAQs** offers a wide range of commonly asked questions about TRS and its services, including a section devoted to retiree issues.

**About Us** provides information about our mission and our retirement board, as well as an overview of membership benefits.

**Resources** includes instructions and guidelines on how to contact us and use our website, a glossary of commonly used terms, information on member educational programs, and a TDA Contribution Calculator. There is also an "Unclaimed Funds" feature that enables you to check if any unclaimed payments issued by TRS belong to you.

## TRS Member Services Center

When you call TRS at our toll-free phone number, 1 (888) 8-NYC-TRS (1-888-869-2877), you will have the option to speak with a Member Services Representative or to access an automated menu that is available 24 hours a day, seven days a week.

After you call, you'll need to enter your retirement number and your date of birth to verify your identity. As a retiree, you will be able to select from the following:

- Unit Values information
- Monthly retirement allowance information
- TDA Program account options
- Requesting a TRS form
- Options relating to your 1099 form (available January-April)
- Blocking remote access to your account

Many of the above menu options enable you to directly obtain account information without the help of a Member Services Representative. But, if you need more assistance or wish to speak with someone, representatives are available Monday through Friday, 8:30 a.m. to 5:00 p.m.

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## Visiting TRS

You may have visited the Walk-In Center at TRS' headquarters while you were an in-service member. The services of the Walk-In Center, located on the second floor of downtown Manhattan's 55 Water Street, are still available to you as a retiree. Our hours of operation are from 8:30 a.m. to 5:00 p.m. To visit us, you should go to the back of the building on the south side—opposite the **Vietnam Veterans Plaza** (at Coenties Slip), and show official government-issued photo identification with signature (*e.g.*, driver's license or passport) at the entrance. Photocopying services are available for a nominal fee, and copies of TRS publications you may need are prominently displayed and easily accessible.

The Walk-In Center is conveniently located and easily accessible by public transportation. Garage parking is also available for members driving to our facility.



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## Writing TRS

You may also write to TRS at the following address: **TRS Correspondence Unit, 55 Water Street, New York, NY 10041**. The Correspondence Unit can answer questions regarding 1099 forms or missing retirement payments, confirm that documents were received by TRS, or clarify specific facts pertaining to your case and provide you with copies of forms that you have filed.

### Helping Us to Help You

By having the following information available when you visit, call, or write to TRS, you allow us to help you more efficiently:

- TRS Retirement Number
- Official government-issued photo identification that includes a signature (*e.g.*, driver's license or passport) to enter 55 Water Street
- A phone number at which we can reach you during TRS business hours
- An address where correspondence can be sent
- Copies of correspondence or documents about which you are inquiring
- Documentation to support your inquiry, such as retirement allowance
- Payment stubs or copies of forms you have filed
- A clear and concise description of the subject of your inquiry

## Publications

As a retired member, you receive the TRS newsletter *Benefits Report* twice a year. This publication explains the impact of legislative changes on member benefits, provides detailed performance updates on TRS' investment programs, notifies members of newly available TRS services and publications, and includes reminders of important upcoming deadlines. The newsletters are delivered to your home address. For your convenience, the most recent issue of *Benefits Report* can be found on the TRS website.

In addition to our newsletters, TRS also publishes many publications, which are regularly updated to reflect the impact of new legislation and new member services. These materials offer in-depth explanations on a variety of topics, including TRS communications, TDA, distributions, service retirement, disability retirement, post-retirement, and member statements.

TRS also publishes financial disclosure materials. Our *Annual Report* contains TRS' standard accounting statements and summarizes financial and investment information for the previous fiscal year. Also published annually is *Investment Portfolios*, which lists the assets that TRS held in its investment programs as of the previous June 30. Our *Fund Profiles* booklet provides comprehensive information about these investment options, including fund performance, objectives, strategies, investment risk, and expenses. All TRS publications are available through our website.

## Contacting TRS

**R**emember—TRS has several resources available to you when you need information. We hope you'll take advantage of them!

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- Online:** [www.trsnyc.org](http://www.trsnyc.org)
- By phone:** 1 (888) 8-NYC-TRS (1-888-869-2877)
- In person:** 55 Water Street (2nd Floor)  
in lower Manhattan
- In writing:** TRS Correspondence Unit  
55 Water Street (16th Floor)  
New York, NY 10041
- In the mail:** *Benefits Report* (retiree newsletter)
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# Glossary



## Glossary

**1099 form**—An Internal Revenue Service (IRS) statement that TRS sends in January to members who received a taxable distribution from TRS during the previous year. Interest associated with retroactive retirement allowance payments would be reported on a separate 1099-INT form, which is also sent in January. The information on these forms is also reported to the IRS in January.

**Advance payments**—Monthly payments that are issued to new retirees in order to provide them with retirement income as quickly as possible. TRS issues advance payments beginning with the first or second payroll following the effective retirement date. Advance payments are based on conservative calculations, which consider factors such as the member's retirement plan, payment election, salary, and current service credit. These payments are designed to be smaller than actual retirement allowance payments will be.

**Alternate payee**—The status accorded a member's former spouse if a court-issued domestic relations order requires that the former spouse receive a designated portion of the member's retirement benefits.

**Annuity**—A monthly payment members may receive from their Tax-Deferred Annuity (TDA) Program funds that is separate from, and in addition to, their Qualified Pension Plan (QPP) retirement allowance. Members must elect a payment option for these payments.

**Annuity Reserve Accumulation Fund (ARAF)**—One of the two components that may make up a Tier III, IV, or VI member's retirement allowance. At retirement, a member's Annuity Savings Accumulation Fund (ASAF) balance is transferred into an ARAF.

**Annuity Savings Accumulation Fund (ASAF)**—An account containing the monthly supplemental contributions that the Department of Education provides to certain Tiers III, IV, and VI members who reach the maximum of their salary schedule. College employees, Charter School employees, and paraprofessionals do not receive this supplemental contribution.

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**Annuity Savings Fund (ASF)**—An account containing a Tier I or Tier II member's QPP contributions, and reflecting investment results and/or interest and any withdrawals.

**Benefits Package**—A package of information sent to beneficiaries after a TRS retiree's death. The Benefits Package includes a letter indicating the amount of money payable to the beneficiaries and any relevant forms that must be filed with TRS.

**Benefits Letter**—A comprehensive statement that TRS sends to recent retirees, which shows their monthly and annual retirement allowance amounts. It details the calculations used to compute their retirement allowance and includes other important information about their payment option, beneficiary designation(s), investment elections, and taxes.

**Benefits Report**—A newsletter that TRS sends to retirees twice each year.

**Cost-of-Living Adjustment (COLA)**—A permanent adjustment to the QPP retirement allowance of eligible retirees, surviving spouse beneficiaries, and recipients of accidental death benefits. Eligible retirees include service retirees, beginning at age 62 and who have been retired for at least five years; service retirees, beginning at age 55 and who have been retired for at least ten years; disability retirees who have been retired for at least five years; and recipients of accidental death benefits who have been receiving their benefit for at least five years.

**Domestic Relations Order (DRO)**—A judgment, order, or decree of a court made pursuant to the Domestic Relations Law setting forth how a member's benefits are to be equitably distributed between the member and the member's former spouse.

**Electronic Fund Transfer (EFT)**—A method whereby a monthly QPP retirement allowance payment and/or TDA Program annuity payment is electronically deposited into a member's savings or checking account.

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**Final Average Salary (FAS)**—A calculation used to compute the retirement allowance of TRS members. For Tier I members, the FAS is generally the annual salary earnable during the last year of the most recent position they held for at least three years. For Tiers II, III, IV, and VI members, the FAS is generally the average of their highest three (Tiers II, III, and IV) or five (Tier VI) consecutive annual salaries.

**Health care proxy**—A document in which individuals appoint an agent to act on their behalf, if they are unable to convey their wishes concerning medical treatment.

**Increased-Take-Home Pay (ITHP)**—An amount contributed by the City of New York toward a Tier I/II member's retirement allowance. This amount reduces the contributions that the members would have to make to the QPP during their career and thereby increases their take-home pay. Members have the choice of waiving their ITHP, which would reduce their take-home pay, but provide them with a higher benefit upon retirement.

**Letter of Prospective Retirement**—A letter that TRS sends to members within three weeks of TRS' receipt of their QPP retirement application. The Letter of Prospective Retirement acknowledges that TRS has received and reviewed their retirement application. It also confirms which forms were filed in conjunction with their application, the payment option they chose, any TDA Program elections, and their prospective date of retirement.

**Living will**—A document in which individuals state their desires regarding the use of life-sustaining treatment to prolong their lives.

**Member Contributions Accumulation Fund (MCAF)**—An account containing a Tier III, IV, or VI member's base pension QPP contributions with interest, including any contributions that the member paid to obtain optional service credit.

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**Payment option**—A choice that retiring members make regarding their retirement allowance. They may elect to receive the Maximum Retirement Allowance or a lesser allowance calculated under a payment option, providing a benefit for one or more beneficiaries. Members who annuitize their TDA Program funds must also elect a payment option.

**“Pop-up” continuing payment option**—A retirement payment option that allows members to provide lifetime benefits for a beneficiary but enables their retirement allowance to “pop up” to the maximum if their beneficiary predeceases them.

**Power of Attorney (POA)**—A legal instrument that allows one or more persons to act on another person’s behalf. TRS members may have a power of attorney effected at TRS by submitting an original power of attorney document or a notarized photocopy to TRS. The form, “TRS Special Durable Power of Attorney” (code BK75), may only be used to grant an agent the authority to take actions regarding TRS retirement benefits.

**Required Minimum Distribution (RMD)**—The amount that certain participants in TRS’ TDA Program must receive from their TDA funds in a given year to meet the Internal Revenue Service’s distribution regulations. RMDs apply to TDA participants who have separated from service, are at least age 70½, and have TDA Deferral status. RMDs also apply to the QPP funds of inactive, non-retired members age 70½ and older who are not receiving a retirement allowance.

**Retirement Allowance**—The monthly payment members receive under the QPP after retiring from TRS.

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**TDA Deferral status**—An option that enables retirees to delay the distribution of their TDA Program funds past the payability date of their QPP retirement allowance. It is also available to vested members who leave service before they retire. Members with TDA Deferral status continue to accrue investment return without incurring tax liability. This status also enables members to maintain an existing TDA loan, take out a new TDA loan (if they are otherwise eligible), and change their investment elections on a quarterly basis.

**TRS Retirement Number**—An identifying number assigned to all TRS members when they retire. It is also known as a pension number. This number replaces the TRS Membership Number issued to in-service members.

**Trust**—A legal arrangement created to hold money or other assets for the benefit of a beneficiary. Trusts generally fall into the broad categories of living or testamentary trusts. A living trust (also known as an *inter vivos* trust) is a trust established during a person's lifetime. A testamentary trust is a trust that is established within a will to take effect upon a person's death.

**Will**—A legal document indicating the intended distribution of a person's possessions after his or her death.

**“Withholding Certificate for Pension or Annuity Payments” (W-4P)**—An IRS form that retirees may file with TRS to change the amount of federal tax that is withheld for their retirement allowance payments.

*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 will prevail.*



## **Teachers' Retirement System of the City of New York**

55 Water Street, New York, NY 10041

[www.trsnyc.org](http://www.trsnyc.org) • 1 (888) 8-NYC-TRS

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