

## Pre-Retirement Planning Information

[Based on the current contract (July 1, 2009 - June 30, 2012)]

Updated December 2011

This sheet is intended as a basic primer on the benefits you can expect as you contemplate retirement. Keep in mind that each person's retirement circumstances will be a little different. Those benefits include:

- New York State Teacher's Retirement System pension
- Canandaigua City School District Benefits
- Social Security
- Medicare

### 1. New York State Teacher's Retirement System (NYSTRS) pension

As a teacher you are a member of the NYSTRS, a defined-benefit (guaranteed) pension program. You will be eligible for a pension based on the Tier you are in, your age, years of service and final average salary.

NYSTRS provides excellent service and information about the potential monthly pension benefit, various payment options, application process, payment schedule, etc. through their office in Albany. They also offer free full day pre-retirement planning sessions through their Pension & Retirement Education Program (PREP), as well as personal consultations by appointment. They can be contacted by calling 1-800-348-7298, or at their website [www.nystrs.org](http://www.nystrs.org)

Your CTA retirement system representatives- Barb Landon and Bill Mehls - have information and experience with the system and are always willing to field questions and point you toward an answer. There is also an informative video available on the NYSTRS website entitled Retirement Countdown which has a timeline planning guide leading to your NYSTRS pension. Go to <http://www.nystrs.org/main/retirement-planning/>

### 2. Canandaigua City School District Benefits

The contract that is in force on the date you retire will determine the benefits that apply to you throughout your retirement. *Keep this in mind when choosing a date for your retirement, especially during a contract renegotiation year.*

Please read about all the specifics of these benefits as outlined in the current contract. (The appropriate page numbers are referenced here.) They include a District contribution toward health insurance premiums and the opportunity to remain part of the Group insurance, a possible payout for unused sick days and a possible incentive-to-retire-early payout.

A brief summary-

#### a. Retiree Health Insurance (page 30)

The District includes retirees as members of the "group" for insurance purposes, provides a contribution toward their health insurance premium, and facilitates the enrollment and payments to the insurance companies through the Human Resources department. They also organize a Retirees Health Fair in late April or early May (with information from the health plan companies on current health plans and rates) to which current and announced retirees are invited. It is important to plan on attending this Fair every year in order to keep up-to-date with the current rates and coverages. For most retirees, teacher employee coverage ends on June 30 and retiree coverage begins July 1.

Health benefits vary from company to company. It is your responsibility to determine which company will provide the benefits that suit your particular circumstances. For instance, as a retiree will you reside in New York State or out of state, do you need long-term prescriptions, etc. Each health plan company provides benefit summary information on each of the eligible health plans for your consideration.

From retirement until age 65, (as noted on page 30, section E, paragraph 2) the District provides a contribution of 80 % of the contribution provided to a working teacher eligible for single coverage or 60 % of the contribution provided to a working teacher eligible for 2-person coverage. (For 2011-2012 the amounts are \$3,835 annually and \$5,828 annually, respectively. The contribution changes each school year.)

This contribution can be applied toward whichever of the approved insurance plans you choose (page 29, Article XX section A). It may not cover the entire monthly premium. You must pay the remaining balance, however the District will assist you with the paperwork involved.

At age 65 health insurance changes. The Board's contribution reverts to 80 % of the BOE contribution to a working single teacher's plan and, because you may now apply for Medicare, you must change to a "65 and over" health plan. The health plan companies offer information through the District on these plans and the HR office assists with the paperwork involved.

Note that the District only participates with Excellus and MVP for "65 and over" health plans and will not contribute to others, such as AARP plans. You must work through the District in order to remain part of the group.

b. Dental Insurance

The District does not contribute toward retiree dental insurance but retirees are eligible to enroll in that insurance as members of the "group" and the District will facilitate the paperwork and payments.

c. Health Reimbursement Fund (pages 31-35)

The monies in a retiree's account remain there and available after retirement until they are exhausted, though no additional contribution is made. Unused balances become part of your estate so your next of kin should be aware of this account.

Health Economics Group administers this benefit and you must keep them, and the District, up-to-date with your current address during retirement. After three years without contact the monies will revert to the District.

d. Early Retirement Incentive (page 37)

A retiree may be eligible for a retirement incentive payment from the District if they retire within three years of reaching eligibility.

See page 37 Article XXII section B 1-1 for the specifics, however for many potential retirees that would be when they are in their late 50's. Check the language and your circumstances. It is a "window of opportunity" that closes at a certain point. (February 15 is an important notification date.)

e. Accrued Sick Day Payout (page 37)

There is a payout for sick days you have not used.

\*Note: The payout for Early Retirement and Accrued Sick Days is made through the New York State Deferred Compensation Special Pay Plan 457(b). (page 37 section B-3) This tax-sheltered account is yours to direct as you see fit. The District will provide detailed information. After the account is opened you will receive a letter with an estimate of the account balance. Following an individual meeting with a Plan representative you will receive a final letter that serves as a binding contract.

3. Social Security

Barring extenuating circumstances, such as disability, the majority of workers are eligible to draw a partial pension from the Social Security Administration starting at age 62 and a full pension at age 65 or higher. (Age 66 for those born between 1943 and 1954, for instance.) You should contact the Social Security Administration at 1-800-772-1213 or through their website [www.socialsecurity.gov](http://www.socialsecurity.gov) for more information on the current procedures for application. Contact them six months in advance of the appropriate birthday. You may also automatically receive a packet in the mail with important information from the Social Security Administration. You will need to review this information and take action to begin your benefits.

4. Medicare

At age 65 you must change your medical health insurance coverage. You are probably eligible for Medicare, basic health insurance for people age 65 and older, through the federal government, and the plans available through the school district, which will change as noted above. For more information on Medicare coverage contact the Social Security Administration Medicare section by calling 1-800-633-4227 or through the websites [www.medicare.gov](http://www.medicare.gov) or [www.socialsecurity.gov](http://www.socialsecurity.gov) If you are receiving Social Security you will automatically be enrolled in Medicare but otherwise make sure to contact them six months in advance since there are specific timelines to follow to apply.

5. Finally

- a. Keeping your retirement addresses up to date with the District Human Resources Department is always a good idea and will ensure your benefits continue uninterrupted.
- b. Keep a copy of the contract that you retire under so that you and your family will have the information about your retirement benefits.
- c. Attached is a Pre- Retirement Checklist, Choosing a Date information and a Sample Letter

Retirement is out there somewhere in the future. Planning ahead will make the transition smoother. Hopefully this information will help get you started.

Best Wishes !

December 1, 2011

**A Pre-retirement Checklist**

- \_\_\_\_\_ 1. Obtain an estimate of your retirement allowance by calling 1-800-348-7298 or visiting the website at [www.nystrs.org](http://www.nystrs.org).
- \_\_\_\_\_ 2. File the paperwork to claim all allowable prior service and/or military service before your effective date of retirement.
- \_\_\_\_\_ 3. Submit satisfactory proof of date of birth for your beneficiary, if you have chosen a joint-life option.
- \_\_\_\_\_ 4. Consult with a TRS representative. You can do this by calling (800) 348-7298.
- \_\_\_\_\_ 5. Discuss your health insurance coverage in retirement with the personnel office. Review current contract language or employer contributions to retiree health insurance. Keep in mind that when you turn 65, you will be required to change your health insurance policy due to your Medicare eligibility. A letter will be sent to you four months prior to your 65<sup>th</sup> birthday.
- \_\_\_\_\_ 6. Attend the District sponsored Retirees Health Fair in late April or early May.
- \_\_\_\_\_ 7. Review state tax structure if you plan to move to another state. Your retirement allowance may be subject to a state income tax if you move out of New York.
- \_\_\_\_\_ 8. Review your Social Security status with the local Social Security office. This is especially important if you are near age 62 or older. You may contact Social Security at 1-800-772-1213.
- \_\_\_\_\_ 9. Submit your retirement application to the TRS 30-90 days prior to your effective retirement date. This form must be notarized and should be sent by certified mail.
- \_\_\_\_\_ 10. Review the retirement incentive program and 457(b) program offered by the district.
- \_\_\_\_\_ 11. Review your life insurance coverage.

## Carefully Choose Your Date of Retirement

(May 14, 2007) – If you are planning to retire soon, you should give careful consideration to your date of retirement. In some cases, the date you choose could impact your benefit for life.

Most NYSTRS members are contracted to work through June 30 and, therefore, select July 1 as their date of retirement, as it's their first date of eligibility. However, you may be entitled to retire earlier.

The upside of retiring before July 1 is that you'd likely receive your first benefit payment sooner, as long as you filed your retirement application with NYSTRS several weeks in advance. The downside, however, is that you'd likely not qualify for any benefit improvement legislation that may be enacted before year-end.

Here's why: Chapter 497 of the Laws of 2005 provides that any legislation affecting benefits provided by NYSTRS will take effect no later than June 30 of the year in which the legislation is enacted (unless the legislation specifically states it does not take effect June 30). Typically, such legislation affects only active members, which, as you'll see, is an important distinction.

So, if you retire July 1 and a law improving System benefits is passed anytime before Dec. 31, you would be eligible for the improvement. Although the law may be enacted as late as Dec. 31, it will be considered “in effect” as of June 30 – or the last day of your active member status.

However, if you retired on or before June 30, you would not be considered an active member as of June 30. As a result, you would not qualify for the benefit improvement.

In summary, forfeiting a few retirement dollars by choosing a July 1 date of retirement could be advantageous in the long run.

Members nearing retirement are urged to discuss this matter with a NYSTRS information representative at a consultation or by calling (800) 348-7298, Ext. 6250. Visit our [Consultations](#) page for a schedule of video and personal consultations.

(Source: <http://nystrs.org/main/headlines.html#DOR>)

## One caveat regarding the date of retirement –

During a contract negotiations year it's important to remember that you retire under the contract that's in force on the date of your retirement. So it is advantageous to look at both the expiring contract and the new contract to see which will have the best terms for you. For instance, health insurance benefits might be better in one than the other.

You may need to balance the information above about potential New York State legislation against the local contract conditions. If the old contract expires on June 30 then retiring on that date means that your retirement will be guided by those conditions while retiring on July 1 means that your retirement will be guided by the conditions in the new contract.

Be aware and weigh the options.

Sample Retirement Letter

Date

Superintendent's Name  
Canandaigua City School District  
143 N. Pearl Street  
Canandaigua, NY 14424

Dear \*\*\*\*\* :

I hereby give notice to the District, pursuant to Article XXII of the collective bargaining agreement that I will retire from my position as a teacher in the Canandaigua Schools as of [*insert date*]. While this notice is provided so that I may obtain the early retirement incentive offered under Article XXII, I wish to be considered for a New York State retirement incentive should one be enacted and offered by the District prior to my actual date of retirement.

Sincerely,

Your name

c: Director of Human Resources  
Building Principal  
CTA President