

enhancing your benefits with pension maximization



Life Insurance Products: • Are Not a Deposit of Any Bank • Not FDIC Insured • Are Not Insured by Any Federal Government Agency • Are Not Guaranteed by Any Bank or Savings Association • Variable Life Insurance May Go Down in Value



agenda

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- NYS TRS Pension Overview
 - Decisions...decisions
 - Pension maximization: points to consider
 - Pension maximization in action



NYS TRS Pension Overview



NYS TRS Pension Overview

How is your TRS Pension Benefit* calculated?

■ 3 Criteria

1. Age at Retirement

- Age 55 with 30 Years of Service
- Age 62 with less than 30 Years of Service

2. Total Years of Service

3. Final Average Salary

- Highest 3 Consecutive Years

*Applicable to Tier 4 members



NYS TRS Pension Overview

NYS TRS Pension Benefits

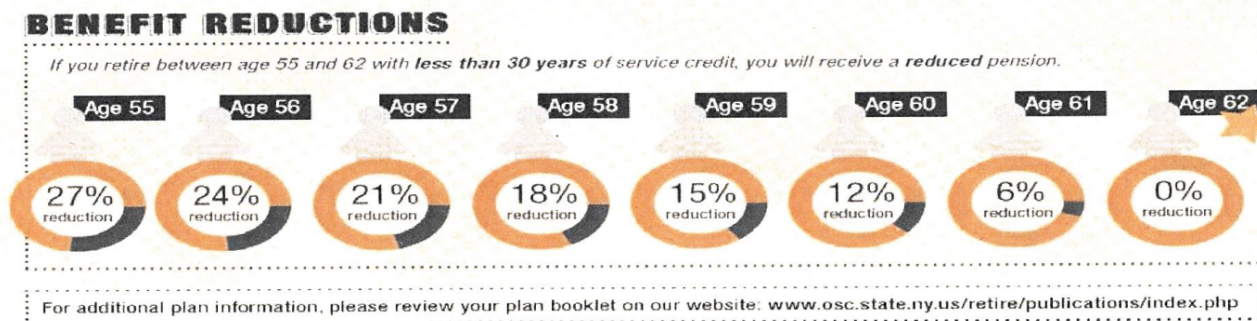
- One of the best funded pension programs in the U.S.
- “Guaranteed” Lifetime Income
- Typically the largest source of retirement income for TRS members who maximize benefits
- Consistency, Stability, Peace of Mind



NYS TRS Pension Overview

NYS TRS Pension Challenges

- Inflexible after 30 days of retirement
- Pension Option and Beneficiaries cannot be changed or altered regardless of personal needs, income needs, family/marital changes, etc.
- Very low Cost-of-Living increases
- Can have 10-20% permanent reduction for providing lifetime income to a spouse/significant other
- No pension if NYS employee passes away before retirement
- Permanent reduction if certain TRS Age and YOS milestones are not met



NYS TRS Pension Overview

NYS TRS Pension Options

- Age 60, Spouse 56, 30 Years Of Service, \$100,000 FAS

<u>Option Name</u>	<u>Percentages</u>	<u>Benefit Amount</u>
Single Life:	100.00%	\$60,000.00
+Joint Allowance Full:	88.26%	\$52,956.00
+Joint Allowance 75%:	90.93%	\$54,558.00
+Joint Allowance Half:	93.76%	\$56,256.00
+Joint Allowance 25%:	96.78%	\$58,068.00
*5 Year Certain:	99.49%	\$59,694.00
*10 Year Certain:	98.20%	\$58,920.00
+Pop-up Joint Allow Full:	87.30%	\$52,380.00
+Pop-up Joint Allow 75%:	90.16%	\$54,096.00
+Pop-up Joint Allow Half:	93.22%	\$55,932.00
+Pop-up Joint Allow 25%:	96.49%	\$57,894.00



**decisions...
decisions**



decisions...decisions

What to do with the assets from your pension plan?*

- Within NYS TRS, you are offered the following choices when you are about to retire:
 1. Take a single life pension benefit with no “survivor benefit”
 2. Take a reduced pension benefit with a “survivor benefit”
 - Joint Allowance
 - Pop-Up

important note

The spouse must sign a waiver to make it clear that a single life pension is acceptable.

decisions...decisions

single life

Single Life Pension Benefit:

- Advantage:
 - You will receive the highest income level as long as you live
- Disadvantage:
 - Once you pass away, your spouse, if still living, is not entitled to any remaining portion of the benefit



decisions...decisions

joint life Joint Life Pension Benefit:

- Advantage:
 - Your spouse will receive a portion of your pension benefit if you should pass away before him/her
- Disadvantage:
 - While you are living, you and your spouse will receive a smaller benefit than if you had elected the single life option

In many plans, if you select the joint and survivor benefit and your spouse dies first, the retiree continues to receive reduced pension benefits. In this circumstance, the retiree and spouse received no benefit from this election.



pension maximization: points to consider



pension maximization: points to consider

objectives

Your objectives:

- Maximize your pension benefit during your lifetime
- Help provide for your spouse's financial independence through individual life insurance coverage
- Use existing savings to supplement your retirement income



pension maximization in action

A hypothetical example:

	Single Life: No Survivorship Benefit	With 50% Survivorship Benefit	
		Carl	Catherine
Carl's Monthly Income at Retirement (Age 60)	\$5,000	\$4,400	\$2,200



pension maximization in action

A hypothetical example:

**\$5,000/month Pension
while Living**

Single Life

TRS Employee Passes
Away

- Nothing to Survivor

**\$4,400/month Pension
while Living**

Survivorship Option

TRS Employee Passes
Away

- \$2,200/month from NYS to Spouse (taxable @ ordinary income) for spouses life



pension maximization in action

Single Life with individual Life Insurance

**\$5,000/month Pension while
Living**

Single Life with Life Insurance

Highest Income Benefit
while both are Living

TRS Employee Passes Away

- Nothing from NYS to Spouse
- Lump-Sum Tax-Free Death Benefit to Spouse/Children
- Proceeds from Death Benefit produce income for spouse/children

Spouse Passes Away

- Change Beneficiaries
- Reduce/Eliminate L.I. Premiums (Single Life)
- Surrender L.I. to receive potential Cash Value



pension maximization: points to consider

advantages

Advantages of pension maximization for Carl and Catherine:

- Carl receives larger pension benefits while he is alive
- If Catherine dies first, Carl can, with proper planning, surrender the policy for its cash value or leave a death benefit to his children
- Catherine controls how the income-tax-free death benefit is invested if Carl dies first. The death benefit is intended to replace the income given up by the spouse under the joint and survivor option.
- A portion of the death benefit proceeds payable in monthly installments will be income tax free if the death benefit is used to buy an annuity that provides guaranteed income for life. Typically, pension income is fully taxable, so the spouse may receive more after-tax income than under the joint and survivor option.
- Loans may be available from the life insurance policy.*
- Flexibility to change the beneficiary under the life insurance policy that they may not have under the pension benefit.
- If Carl dies prior to retirement, Catherine gets the death benefit of the insurance policy.

*Loans will reduce the policy's cash value and death benefit and increase the chance that the policy may lapse.



is pension maximization right for you?

This depends on a number of factors, such as:

- Your financial situation
- Your health
- Your objectives
- The options you have under your employer's retirement plan

It is assumed that this is a Defined Benefit Pension Plan and there is no lump sum distribution option.

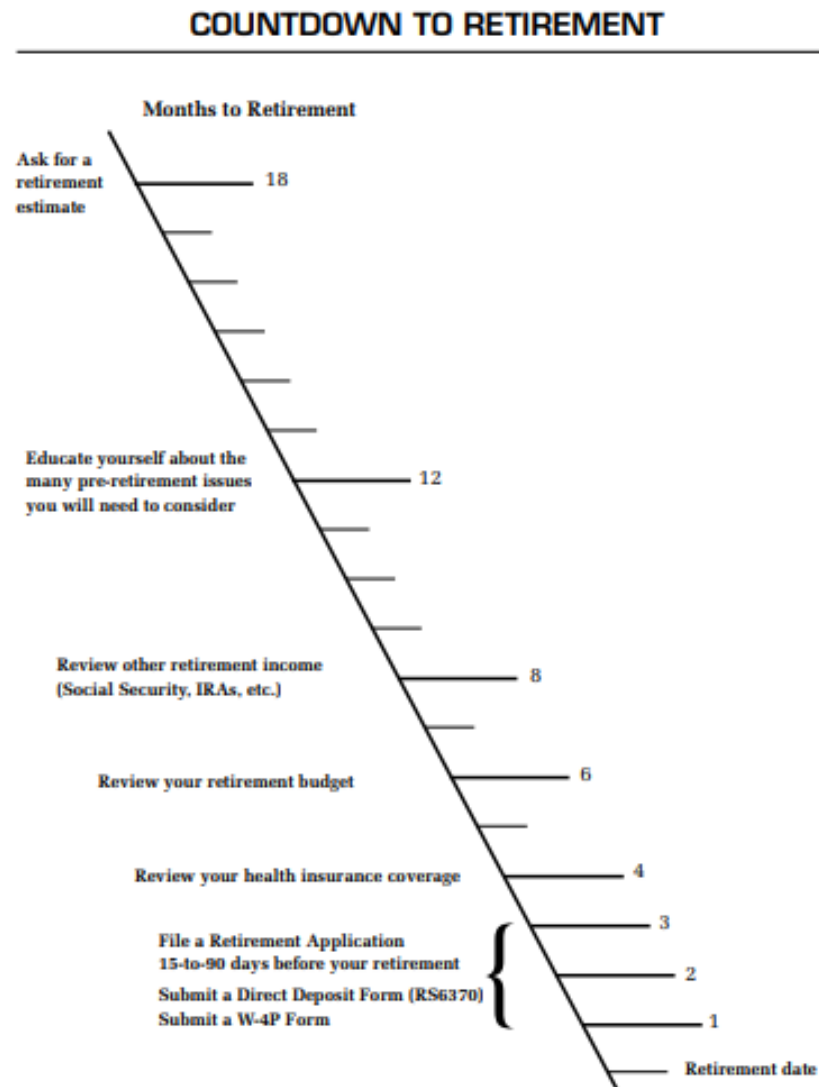


when should I start thinking about pension planning?

Our Recommendation:

- Understand your future benefit expectations now
- Begin exploring spousal benefit or legacy planning
- Implement when the time is right
- Higher chance of financial success with a longer planning horizon

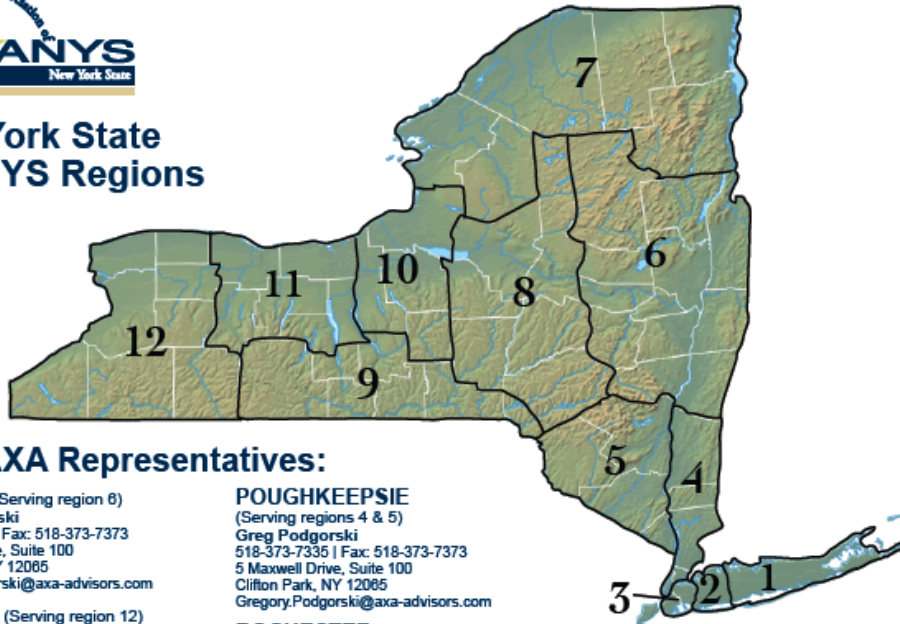
NYS TRS Recommendation



SAANYS member support across NYS



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thank you.

**I will be happy to discuss your
particular situation with you.**



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