



EQUITABLE
ADVISORS

YOU ASK, WE ANSWER



Will loading up on paid extracurricular activities at my school close to retirement affect my pension?

Dear Kelly,

Next year my daughter is getting married. I am 5 years within retiring and have taken on many extra-curricular activities at school as a way to earn extra income to put towards the wedding. Will my extra income affect my eventual NYS Pension payout?

-Busy



Tier 4 or 5 members have additional things factored into their Final Average Salary such as:

- Coaching Salary
- After School Club Supervision Salary
- School Sponsored Tutoring Salary
- School Chaperoning Salary
- Summer School Salary

Dear Busy,

Congratulations, that is very exciting. With the modern-day cost of weddings, planning is important. In 2021, the average wedding cost \$28,000. Working to generate additional income to offset wedding costs is a great way to avoid going into debt for a wedding. Even the most minimal wedding plans can quickly become costly.

The short answer to the question is that it depends on which tier of the NYS retirement system you are a part of. A large part of your pension payout depends on something called your Final Average Salary (FAS). If you are in tier 4 or 5, you'll calculate your FAS based on your regular salary, which also covers several types of income (see list to the left). Examples of income typically not counted as part of your FAS include non-regular compensation (like one-time bonuses and payments in lieu of health insurance), termination pay (such as local retirement incentives and payments for unused leave), and certain salary increases in your FAS years.

For tier 6 members, by law the FAS calculation is the highest 5 consecutively paid years, whenever they fall within your career. Salary greater than the NYS governor's salary is also excluded from the Tier 6 FAS calculation. Other restrictions exist for Tier 6 members with multiple employers. This information and more can be found here, on the NYSTRS website.

Extra money today is typically a good thing, both now and in the future. Planning for a large cost is important, and with something like weddings, there is no such thing as planning too early. Those extras may be beneficial to your pension calculation, which will affect you for the rest of your life after retirement. Win-win.

Sincerely,

Kelly

To set up a complimentary meeting with a Financial Professional or submit a *question for Kelly*, please email Kelly.Demay@equitable.com, don't forget to mention your SAANYS membership.



Kelly DeMay is a Financial Advisor with Equitable Advisors. Equitable Financial partners with SAANYS to provide financial articles, seminars, guidance and planning for SAANYS members.

As a SAANYS member, you are able to receive complimentary meetings to review your financial situation and plan for the future.