

# The Pension Planner

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## Important decisions to consider when retirement planning

**Retirement is a multi-step process that evolves over time.**

**Y**ou may believe that retirement begins when you stop working. In reality, retirement is a multi-step process that evolves over time. To have a comfortable, financially secure, and enjoyable retirement doing all the things you've dreamed about, you need to start planning long before you make the final decision to work your last shift.

If you're within 10 or, better yet, five years of retiring, you'll soon be making more crucial choices about how to make the most of your retirement than at any other time in your life. Approximately two million Baby Boomers have retired each year during the past decade – and they've all had to confront the same issues.

Here are five retirement planning decisions that every pre-retiree will have to consider, no matter what your age, in order to prepare a solid retirement plan:

### 1 Exactly when and how to retire.

This includes whether you'll continue to work part-time for a period of time, which many retirees do to fill their time in retirement. If you're not quite ready to put your career completely in the rearview mirror, there are plenty of advantages to working part-time including staying active, social, and contributing further toward your savings.

As a Pension Plan participant, you have several options to consider when it comes to planning your retirement date and starting your pension benefit payments:

- Normal retirement benefits are available for your lifetime starting on the first day of the month in which you turn 65, provided you're vested.
- To receive unreduced early retirement benefits, participants must terminate from active covered employment between the ages of 60 and 64 **and** have at least 20 years of credited service under the Plan.
- Early retirement can be taken any first day of the month following your 55<sup>th</sup> birthday through age 64. Since you'll be retired longer than if you took a normal retirement at age 65, your monthly benefit is decreased by one-half percent for each month that early retirement precedes your normal retirement date.

### 2 When to start taking Social Security benefits.

It's important to determine how to best optimize your Social Security benefits. While many older Americans are aware of the downside of taking their Social Security benefits too early – a reduction in benefits – many don't realize there are benefits to deferring Social Security benefits. In fact, for each year your Social Security benefit is deferred beyond your normal Social Security retirement age, your benefits will increase 8 percent annually. For a married couple, the benefit is even greater since a surviving spouse is able to retain the higher Social Security benefits for their lifetime as well, reports Kiplinger.

### 3 How to build up your retirement portfolio.

This includes contributions to tax-deferred retirement plans such as a 401(k) or 403(b). It's also important to save money in other ways, including stocks, bonds, mutual funds, or a combination of these. Don't forget to include your estimated benefit from being vested in the NYSNA Pension Plan, which will provide you with a monthly benefit for the rest of your life. The Pension Plan offers an online Pension Calculator on our website at [rnbenefits.org](http://rnbenefits.org) that provides an estimate of your future pension benefits and may help you make decisions regarding your future retirement.

### 4 Will you downsize or move in retirement.

Many retirees eventually make the decision to move to be closer to family or for a lower cost of living. But if you're staying put in the city, selling or downsizing could help stretch your savings and allow for more financial freedom.

### 5 How much you want to spend in retirement.

Not surprisingly, research of retiree habits has shown that travel and entertainment spending are typically higher in retirement than in preretirement. However, as they grow older, retirees tend to spend less on housing, food, transportation, clothing, and entertainment and more on healthcare costs, gifts, and contributions. You'll want to consider your plans for retirement including travel, home improvements, or pursuing some other type of passion, and how much these things will cost. ●

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## PLAN BUZZ

### 1099-R TAX FORMS ARRIVING SOON

If you're a retiree or beneficiary who received a NYSNA Pension Plan benefit payment during the 2021 calendar year, be sure to keep an eye on your mailbox for the IRS Form 1099-R tax document that we'll be mailing to you before January 31, 2022. You'll need this form when filing your taxes.

To ensure that you receive this important tax form and other important notices and documents throughout the year, it's very important for Plan retirees and beneficiaries to notify us **in writing** when your address has changed. A retiree change of address form can be downloaded from our Web site at [rnbenefits.org/Pension-Plan/Forms](https://rnbenefits.org/Pension-Plan/Forms). If you've moved and don't receive your IRS Form 1099-R, the Plan office can send another copy to you if you contact us with your updated address.

If you have any questions, please contact a pension analyst at the Pension Plan by calling (877) RN BENEFITS [762-3633], Monday through Friday 7:30 a.m. to 5:30 p.m.

### PLAN'S FINANCIAL DOCUMENTS AVAILABLE FOR VIEWING ONLINE

Pension Plan participants who are interested in reviewing the Plan's annual report may do so by visiting the Plan website at [rnbenefits.org](https://rnbenefits.org). Each year, the Plan publishes its annual report, a comprehensive review of the organization's activities and financial performance for the previous year. If you're interested in viewing this information, click on the Pension Plan "Resources" page.

In addition to the annual report, the Plan also publishes our annual Funding Notice, which includes important

information about the funding status of the Plan. In early 2021, the Plan's actuary certified that the Plan was in good standing and was not in endangered, critical, or critical and declining status for the 2020 Plan Year.

If you have any questions about your pension benefits or any of these financial documents, please contact us at (877) RN BENEFITS [762-3633].

### 2022 FEDERAL TAX WITHHOLDING NOTICE

NYSNA Pension Plan retirees have the opportunity to change their federal withholding election anytime within the year. Each year (usually in February), the Internal Revenue Service publishes new federal tax withholding tables. The Plan is required to update its payment system to reflect these new tables.

If you already have federal tax withheld from your pension benefit, you may experience a change in the amount being withheld.

You can change your federal withholding tax election at any time during the next year by downloading the 2022 form W-4P from the IRS Web site at [irs.gov](https://irs.gov) or from the Pension Plan Web site ([rnbenefits.org](https://rnbenefits.org)). If you don't wish to change your federal withholding election, *no action is required*.

Because this decision is an important, you may want to discuss it with a qualified tax advisor before making any changes. If you have any questions, please call the Pension Plan office at (877) RN BENEFITS. •

## YOUR MONEY:

### HOW TO CREATE A BUDGET YOU'LL ACTUALLY STICK WITH

**E**very solid financial plan starts with an effective budget. If you're trying to build up a nest egg of emergency savings, want to pay off bills, or are saving for a dream vacation once the pandemic is over, creating and sticking to a budget is a good place to start. Successful budgeters do it this way:

**1 –** A good attitude is everything. If you don't think of a budget as *restricting* what you spend, but *prioritizing* what you spend, you're well on your way to creating a lifestyle that is debt-free.

**2 –** Write down your needs, then your wants. Separating the two and having them in writing requires you to focus on what your priorities currently are and what they should be.

**3 –** Add up all sources of *reliable* income. Don't be overly optimistic about overtime or expected raises.

**4 –** Track your expenses by gathering bank statements and bills. Keep a journal for several months so you can be as realistic as possible, as problems arise when people write down what they'd *like* to spend, and not what they actually *do* spend. Tracking your spending using a notes app on your cell phone may be helpful when on-the-go and making purchases.

**5 –** Even if it seems difficult at first, use cash as often as possible. Modern technology makes it too easy to mindlessly swipe a credit or debit card for every purchase, and distances us from our money.

**6 –** Practice mindful spending by taking 24 hours before buying an expensive item or purchasing something on a whim.

Always do your research when making a big purchase by looking for online discounts and coupon codes. And, comparison shop as much as possible.

**7 –** Consider setting up separate accounts for various wants and needs – a vacation, new car, or dining out. If all your money is in one place, you may feel as though you have a lot and wind up overspending.

**8 –** Ignore peer pressure. Compare yourself to yourself and never mind what others have. It's what *you* have that's important, and what you have is money saved, little debt, and peace of mind.

**9 –** If you're a two-income family, practice living on one paycheck and bank the other. You'll have savings and won't face financial ruin if your partner loses a job or makes a career change.

**10 –** Plan to have even a small amount of money automatically deducted from your paycheck to a savings or retirement account. You won't even miss it.

**11 –** Review and revise your budget on a regular basis. It might be difficult to stay on track, especially when you begin. Aim for sticking to your budget by reviewing it approximately once a month and making adjustments as needed or as your circumstances change. Later, you can start reviewing quarterly, every six months, or annually. •

# PLAN MOURNS PASSING OF FORMER COLLEAGUE, JUDY WHITLEY

The NYSNA Pension Plan is mourning the passing of our longtime Pension Plan colleague, former communications representative, Judy Whitley, who passed away on September 3, 2021, at the age of 75 in Zebulon, NC.



Judy joined the NYSNA Pension Plan & Benefits Fund staff in January 1985. She spent her workdays doing onsite visits at our participating facilities, giving presentations, getting to know our participants, and addressing countless questions and concerns about their pension benefits. She was always smiling and as happy to see our RNs as they were to see her. In fact, Judy developed such a fan club over the years that when someone else from our Plan office substituted for Judy and held a meeting, the first question was often a disappointed, “Where’s Judy?”

Judy lived in the Bronx for many years, but a Southern gal at heart, she moved home to North Carolina not long after her 2012 retirement.

In June 2013, just six months after retiring from the Pension Plan, Judy reported back to us that retirement was a blessing, as were the pension and Social Security benefits deposited into her bank account every month. Judy was a valued colleague and well-regarded by our participants.

“Truth be told,” she said in 2013, “sometimes I feel a little guilty that I get paid to do nothing. But that’s short lived! I worked more than 45 years for this reward.” According to Judy, retirement is a time for celebrating one’s accomplishments. ●

# INCREASE IN 2022 SOCIAL SECURITY BENEFITS FOR SENIORS

Approximately 70 million Americans will soon benefit from the biggest jump in Social Security payments in 40 years. The Social Security Administration announced in October that the 2022 cost-of-living adjustment (COLA) will be 5.9 percent. This marks the largest COLA increase since 1982, when benefits increased 7.4 percent.

The latest increase was driven by large increases in a wide variety of energy prices including gasoline and electricity, as well as prices of both new and used cars, appliances, furniture, electronics and many other consumer goods and services. In comparison, the 2021 COLA increased by just 1.3 percent.

Social Security COLAs are calculated using the Consumer Price Index for Urban Wage Earners and Clerical Workers or CPI-W, which is an official measure of the monthly price change in a market basket of goods and services, including food, energy, and medical care, reports AARP.

However, not everyone will see the full increase in your benefit payment, warns AARP. If your Medicare Part B premiums are deducted from your Social Security (as is the case with 70 percent of Part B enrollees), a Medicare rate increase could offset all or part of the COLA. ●



## Q Do I need to contribute to the Pension Plan?

**A** No. Participants in the Pension Plan don’t contribute to the plan. As a defined benefit pension plan, the Plan is funded entirely through thousands of dollars of contributions negotiated by NYSNA on your behalf and paid by our participating employers. Last year, the Plan’s more than 30 participating employers contributed over \$183.9 million to fund their employee’s pensions.

Contributions made by the employers are determined by the Board of Trustees, under the guidance of the Plan’s actuary, who uses a sophisticated mathematical model to forecast contribution levels and investment returns. An annual review is performed by the actuary to make sure the Plan’s goals and obligations are met.

The Employee Retirement Income Security Act institutes funding rules that set the minimum amounts that employers must contribute to plans. This ensures that pension plans have enough money to pay retirement benefits when they’re required down the road.

The Plan’s employer contributions are added to a trust fund that’s used to pay future Pension Plan payments for vested participants and their spouses or beneficiaries. Investment of these assets is overseen by a staff of investment managers and carefully monitored by the trustees and the Plan’s Investment Department, which keeps our investment portfolio diversified and growing at a rate that will allow the Plan to sufficiently meet the future needs of the Plan’s retirees and beneficiaries. Currently, the Plan’s assets are at more than \$5 billion.

Please note, your NYSNA membership dues are not used to fund this Plan. ●

*Have a question for the NYSNA Pension Plan that you’d like to see answered in this column? E-mail the Editor at [communications@rnbenefits.org](mailto:communications@rnbenefits.org). For specific questions about your pension benefit contact a Pension Analyst at (877) RN BENEFITS [762-3633], Monday through Friday 7:30 a.m. to 5:30 p.m.*

# DON’T FORGET TO SIGN YOUR 2022 PENSION VERIFICATION FORM

Early in 2022, at least half of the Pension Plan’s active retirees/beneficiaries will be mailed a pension verification form, which will require your signature. The Plan’s annual pension verification initiative helps:

- Ensure retirees and beneficiaries entitled to a pension benefit are receiving their monthly pension benefit;
- Verify that a retiree is still alive and isn’t currently incapacitated;
- Locate retirees/beneficiaries who have moved and aren’t getting important Plan communications, documents, and reminders such as the annual IRS Form 1099-R, Funding Notice, or the annual tax form W-4P.

If you receive a verification form from us, please sign the form and return it to us in one of the following ways as soon as possible so that you continue to receive your monthly Pension Plan benefit.

1. Through the Plan’s secure upload site. Click the link on our website at [rnbenefits.org/pv](http://rnbenefits.org/pv). Once there, use the “Browse files” link to take a photo of your signed form with your phone and upload it all in one step.
2. Take a picture of the form and e-mail it to [retireeverification@rnbenefits.org](mailto:retireeverification@rnbenefits.org).

3. Fax your signed paperwork to (518) 456-3954.
  4. Mail it to PO Box 12430, Albany, NY, 12212 in the postage paid envelope provided with the letter.
- Please be sure to submit a legible signature. On occasion, the Plan office may reject a form because the signature is illegible.

*Note: Failure to respond to the pension verification request will result in a temporary suspension of your monthly benefit until we hear from you or your legal representative and verify that your pension benefits are continuing to go to the right place.*

If you have any questions, please contact a Pension Plan analyst at (877) RN BENEFITS [762-3633] or visit our website at [rnbenefits.org/PV](http://rnbenefits.org/PV). You should always verify your current address, telephone number, e-mail address, beneficiary, and/or contact person, including any legal power of attorney. It’s helpful that we have updated information in the event you’ve been hospitalized, are incapacitated, are out of the country, or are otherwise unreachable. ●

The Pension Planner

The Pension Planner is published four times a year as a service to participants of the New York State Nurses Association Pension Plan. The information in this newsletter is not intended to be complete Plan information, and is not a substitute for the Summary Plan Description or the Plan’s official plan document. Please address questions about this newsletter to the Communications Department.

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ARE YOU FAMILIAR WITH ANY OF THESE INDIVIDUALS? IF SO, LET US KNOW!

If you’re vested in the NYSNA Pension Plan and decide to stop working at a Pension Plan-participating employer, you’re still eligible to receive your pension benefit from the Plan in the future. Your benefit is payable at your normal NYSNA Pension Plan retirement date (the first day of the month in which you turn 65) or, if you choose, between the ages of 55 and 64, with early retirement reductions applied to the benefit.

You must begin collecting your NYSNA Pension Plan benefit by age 65 even if you’re no longer working at a NYSNA Pension Plan-participating employer. This is true even if you’re not yet eligible to collect your Social Security benefit (depending on when you were born, your full retirement age with Social Security ranges from age 65 to 67). Regardless of these cases, your vested benefit with the NYSNA Pension Plan will start the first day of the month in which you turn age 65.

(To be vested in the Plan, you must have at least five years of credited service, including at least one year of future service.)

There are almost 200 vested Plan participants over the age of 65 who are not getting the benefit owed to them because the participant hasn’t contacted us to begin receiving their benefit. In addition, despite our continued best efforts to locate them, their family members, or their beneficiaries, we simply don’t have current contact information to reach them. While the average monthly pension benefit available to these “missing” participants is around \$500, some are eligible for up to several thousand dollars monthly.

If possible, we want to get these payments to the participants who worked hard for their pension benefit – and we need your help. These participants were once your co-workers and friends, so we’re hoping one of our readers may know their whereabouts.

Check the list below and if you see anyone you recognize, please reach out to them, their families, or the Plan office at (877) RN BENEFITS [762-3633] as soon as possible and tell them to contact us.

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