

The Pension Planner

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PHASES OF RETIREMENT SAVING

A step-by-step retirement planning guide by age.

It's generally understood by most workers that retirement planning is not something that's done once early in your career and then put on the back burner. Rather, retirement planning is a process that should be reviewed and revised over the decades that you're working and leading up to retirement.

While the basic retirement planning advice doesn't change much from generation to generation, there are certain key steps workers should take based on your age and how many years you are from your desired retirement date.

In a nutshell, the sooner you start planning, saving, and investing for your future, the better. Saving and investing for retirement should begin the moment you start working — if not before — and continue throughout your working life. However, *how* you save or invest will be different throughout every stage in your life.

Kiplinger offers the following retirement planning guidelines for each phase of your career:

YOUR 20S TO 30S: EARLY-PHASE RETIREMENT PLANNING

Yes, retirement is a distant thought at this stage of life, but developing good financial habits at this early phase can make a difference in how and when you retire. Because you're just starting out in your field and may have student loans to pay off, you may not be able to put aside much for savings in your 20s.

However, do not underestimate the power of compounding interest. Putting just \$100 into a retirement account every month starting at age 20 is more effective (and realistic) than putting \$100,000 into a retirement account at age 65. Just think, that \$100 a month could be worth more than \$200,000 45 years in the future.

Just a little bit of regularly-scheduled savings can go a long way to supplement your future pension benefit. It might be wise to start a Roth IRA if you can afford the additional expense.

By the time you reach your 30s, your earnings potential typically increases as you advance in your career but you're also likely to be settling down and perhaps starting a family. These demands may steer you toward putting any supplemental retirement savings on the back burner as you buy a

home or raise your children.

Keep in mind, you can finance a home or college, but not retirement. Continuing to invest money at this phase frees up the need for additional funds in the future.

YOUR 40S TO 50S: THE MIDDLE YEARS

As you move through middle age, if you aren't maxing your retirement savings accounts, now is the time to start that process. Depending on how much (or how little) you've saved for retirement in the previous decades, now is the time to save as aggressively as you can manage. You're probably making more in your career than ever before, but don't get caught in the trap of spending more. *Save more* if you're making more.

You should also think about diversifying your retirement portfolio with more bonds rather than stocks to reduce your risk. The closer you are to retirement, the harder it will be to recover from market downturns.

YOUR 60S: THE END OF ACCUMULATION

By the time you reach your mid-60s you should be setting realistic retirement goals, taking an honest look at your finances, and preparing a budget for your retirement years.

You will also need to consider your:

- **Social Security.** Will you take reduced payments early or delay beyond full retirement age to receive a larger benefit?
- **Medicare.** You must sign up for Medicare by age 65 or when you retire, whichever comes later. Failure to enroll at the correct time can cost a good deal of money in penalties throughout retirement.
- **NYSNA Pension Plan.** Access the Plan's Pension Calculator at rnbenefits.org/Pension-Plan/Pension-Calculator to get an estimate of your future annual and monthly pension benefits. See "Online pension calculator gives an estimate of your future benefit" on Page 2 of this newsletter for more information or call the Pension Plan at (877) RN BENEFITS [762-3633] to speak with a Pension Plan analyst about your pension eligibility and benefit. •

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ONLINE PENSION CALCULATOR GIVES AN ESTIMATE OF YOUR FUTURE BENEFIT

It's a given fact that most workers have found themselves at one time or another imagining what they'll be doing and where they'll be living once they retire from full-time employment. If you've done this, these thoughts have likely lead to questions regarding how much money you'll need in order to live the type of lifestyle you're dreaming of for your retirement years.

Online retirement calculators can be a helpful tool for anyone nearing retirement – or even those with several decades yet to work and save. These simple tools provide a general idea of what you'll need to save and invest in order to afford the retirement lifestyle you desire.

The NYSNA Pension Plan's Pension Calculator provides you with an estimate of your future annual and monthly pension benefits and may assist with your long-range retirement planning. The calculator can be accessed by visiting our website at rnbenefits.org/Pension-Plan/Pension-Calculator or you may click on the "Pension Calculator" link located under the Pension Plan heading in the main menu.

SIMPLE CALCULATION

The Pension Calculator conducts the simplest of calculations. It uses the Plan formula to determine an annual and monthly benefit based on information you enter. In addition, it will provide an expected lifetime benefit amount based on the number of years of expected retirement.

The calculation derived through this tool is provided

as a convenience since it's based solely on the information *you* enter and doesn't access any of the salary or service information used by our pension analysts when they calculate an "official" estimate of retirement benefits. It doesn't include calculations where past service credit is involved, however it does take into consideration the unreduced early retirement option at age 60 (past service credit may be earned if you already were employed when your facility joined the Plan, provided the employer made contributions to cover this past service credit). In addition, the calculator doesn't factor in other criteria that may ultimately affect your actual benefit such as breaks in service, time worked in a non-covered position, your current age, or your marital status.

BE PREPARED

Once on the Pension Calculator page, you should be prepared to answer a few questions in order to complete the calculation, including:

- Your estimated retirement age;
- Your estimated years of service with your employer;
- Your estimated final average earnings; and
- Your estimated number of years of retirement.

We've provided some guidance on how best to answer these questions in the form of a question and answer resource on the Pension Calculator page. Check it out! ●

YOUR MONEY:

SOCIAL SECURITY ROUND-UP

Here's a few important things everyone should know about Social Security, even if you're years away from retirement.

Should I set up an account on the Social Security website even if I'm many years away from retiring?

Yes, it's a good idea to create an online Social Security account at any age by going to ssa.gov. According to financial sources, creating an account will help to prevent identity thieves from setting up a phony account and potentially claiming benefits in your name. In addition, having an account early on in your career gives you an easy way to ensure your earnings record is accurate.

After setting up an online account, you can also view your Social Security statement any time you like. It's a good idea to view your statement at least annually to verify the earnings information.

Statements provide your estimated benefits should you elect to take Social Security early at age 62, at your full retirement age, or at age 70. Annual statements now also show your benefits if you become disabled, plus they include information about spousal and survivor benefits.

What happened to paper statements, for those of us who remember them? Beginning in 2017, paper statements are now sent only to people age 60 and older who aren't receiving benefits and haven't created an account on the Social Security website.

Does Social Security base my benefit on my highest five years of earnings?

No. Social Security uses an "average wage index" for your lifetime earnings. It then averages your income from your 35 highest earning years. If you've worked less than 35 years, zero-income years are included in that average. To find a detailed explanation on how Social Security benefits are calculated, go to ssa.gov/policy/docs/statcomps/supplement.

Will my NYSNA Pension Plan benefit reduce the amount of my Social Security?

No. Your pension benefit does not affect your Social Security benefit payment. Any pension disability benefits you may be receiving also are not affected by Social Security. In either case, your pension benefit is totally separate and will not be affected by your Social Security benefit.

Can I receive Social Security payments living in another country?

If you're a U.S. citizen, you can continue receiving Social Security payments outside the United States as long as you're eligible for payment and are in a country where Social Security can send payments, according to the Social Security Administration. "Outside the United States" means you're not in one of the 50 states, Washington D.C., Puerto Rico, U.S. Virgin Islands, Guam, Northern Mariana Islands or American Samoa for at least 30 days in a row. Once you return to the U.S. and stay for 30 consecutive days, you're no longer considered being located outside the U.S. In addition, the U.S. Treasury Department prohibits making payments to people residing in Cuba or North Korea.

Please note: Social Security benefits are calculated in U.S. dollars. The SSA doesn't increase or decrease benefits based on international exchange rates.

What's the best way to get information and questions answered about Social Security?

The Social Security website at ssa.gov allows individuals to apply for benefits; request an original or replacement Social Security card; find information; and get answers to frequently asked questions.

Call (800) 772-1213. The SSA suggests calling early in the day (between 8 am and 10 am) or later in the day as well as later in the week and later in the month. ●

Ask the Pension Plan



Can I borrow from the NYSNA Pension Plan?



No, you can't borrow money from the Plan because it's a defined benefit plan to which only the Plan's contributing employers make specific, monetary contributions on your behalf. Participants cannot add to, withdraw from, roll over, or conduct any other type of change to the Plan. This also includes rolling over money from a 401(k) or 403(b) into your pension plan benefit.

Have a question for the NYSNA Pension Plan that you'd like to see answered in this column? Email the Editor at 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.



What is the Joint & Survivor benefit from the Pension Plan?



If you're married when you retire, the normal form of payment is the 50% Joint & Survivor pension. This type of payment provides survivor protection for your spouse should you die first. The Joint and Survivor pension reduces your monthly pension benefit to ensure that when you die, your spouse will receive either 50 percent or 75 percent of your pension (percentage selected by you at retirement) for the rest of their life. The amount of the reduction is based on your age and your spouse's age when your payments begin.

The 75% Joint and Survivor works the same way as the 50% Joint & Survivor benefit payment form except that your monthly payments are further reduced to provide for your surviving spouse receiving 75 percent of your payments each month after you die. Like the 50% Joint & Survivor, the reduction is based on your age and your spouse's age when your payments begin.

If your spouse waives their right to receive the Joint and Survivor form of payment, you can opt instead for the Five Year Certain or Ten Year Certain form of payment. Spousal consent is not required for any of the Contingent Annuitant options if your spouse is the designated beneficiary. (For more information on these payment options, please refer to pages 15-16 of your Pension Plan Summary Plan Description or call the Plan office at (877) RN BENEFITS [762-3633].)

MARITAL STATUS AFFECTS PENSION PAYMENT CHOICES FOR PARTICIPANTS

Several forms of pension benefit payments are available from the NYSNA Pension Plan depending on your marital status upon retirement. Therefore, it's important to keep the Plan updated on your marital status throughout the years and especially before you're ready to retire.

Here are the payment options available to you if you're:

SINGLE – The normal form of payment is the Five Year Certain & Life. The optional forms of payment include the Ten Year Certain & Life or Contingent Annuitant form of payment.

MARRIED – The normal form of payment is the 50% Joint & Survivor. Or, you can elect the 75% Joint & Survivor form of payment. If your spouse wishes to waive the Joint and Survivor benefit in writing with the Plan office, you can elect an optional form of payment including the Five Year Certain & Life, Ten Year Certain & Life, or Contingent Annuitant form of payment.

DIVORCED – If you divorce prior to receiving your first pension benefit payment, you're eligible for the same payment forms as a single participant. If you're married when you retire and begin receiving your pension, then get divorced, your spouse is entitled to your pension if you die unless you and your spouse waived the Joint and Survivor benefit in writing with the Plan when you retired.

WIDOWED – You're considered single by the Pension Plan if your spouse predeceases you before retirement and you don't remarry.

At retirement, the Plan office requires copies of your birth certificate – and that of your spouse, if applicable – and any marriage or divorce decree. If you're widowed, we require a certified original death certificate for your spouse, which will be returned to you. If you have any questions regarding how your marital status may affect your benefits from the Plan, please contact a Pension Analyst at (877) RN BENEFITS [762-3633] and notify us as soon as possible when your marital status changes as the option you choose can impact your monthly benefit. ●

THE PENSION PLAN OFFICE WILL BE
CLOSED MONDAY, MAY 27 FOR
MEMORIAL DAY, WEDNESDAY, JUNE 19
IN OBSERVANCE OF JUNETEENTH AND
THURSDAY, JULY 4

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.

Chief Executive Officer
Ronald F. Lamy, CPA, CEBS

Chief Operating Officer
Christopher J. Rosetti
CPA, CFE, CFF

Pension Department Manager
Timothy M. Antoniak, ACS

Senior Communications Specialist/*The Pension Planner* Editor
Tricia E. Cupp

Communications Specialist
Meighan C. Rask

Communications Representative
Sharron Carlson, CEBS

NYSNA Pension Plan
PO BOX 12430
Albany, NY 12212-2430
(518) 869-9501
(877) RN BENEFITS
(800) 342-4324
rnbenefits.org

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PO Box 12430
Albany, NY 12212-2430

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PLAN BUZZ

PLAN IN SOLID FINANCIAL STANDING

The NYSNA Pension Plan is pleased to report that our actuary has certified the Plan is not in “endangered, critical, or critical and declining status” for 2024. The Plan’s 2023 Plan Year Funding Notice, which provides more detailed information regarding the solid financial standing of the Pension Plan, has been published and posted to our website at rnbenefits.org/pension-plan/required-disclosures for participants to review.

PLAN SEEKS EMERGENCY CONTACT INFO

Here at the NYSNA Pension Plan office, it’s important that we receive updates any time you have a change to your personal information, such as a telephone or address change, marriage, divorce, or death of your spouse. It’s also important to provide us with an emergency contact person for situations where we can’t locate you in the future when you or a loved one (in the event of your death) are eligible to collect a retirement benefit.

There are various instances in which we need to locate participants but are unable to do so because there are no living dependents or beneficiaries; the participant has moved or relocated to a nursing home without leaving a forwarding address; or the participant is severely incapacitated and was unable to notify the Plan prior to being incapacitated.

Therefore, to ensure that you or your beneficiary(ies) will receive the pension benefit you worked so hard for, please contact us at (877) RN BENEFITS with the name and number of an emergency contact we can reach out to if we can’t find you.

MOST AMERICANS EXPECT TO LIVE LONGER, YET STILL RETIRE IN THEIR 60S

A recent 2023 study from Corebridge Financial and the Longevity Project, which surveyed US adults ages 22 to 75, found that:

54% of respondents want to live to age 100

72% of respondents want to live longer and healthier lives in order to spend more time with friends and family

40% of respondents plan to stop working full-time around age 65 to 69

26% of respondents will need to work past age 72

Only **27%** of respondents were very confident or extremely confident that they will not outlive their retirement savings

36% of respondents were very confident or extremely confident in their ability to manage their retirements savings to provide income for as long as they live