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Who am I allowed to list as a beneficiary for my NYS Pension payout?

Dear Kelly,

I'm retiring next year and trying to determine if I should select the Single Life monthly payout option for my NYS Pension or the option that allows for a beneficiary to receive a monthly payment after I should pass away. For the 2nd option, who am I allowed to list as my beneficiary? Anyone?

-Thoughtful



Dear Thoughtful,

To those who aren't fully aware of the specifics of using a beneficiary option (also called Joint Allowance or Pop-Up Joint Allowance) on your NYS Pension payout, here is how it works:

- 1 You opt for a beneficiary** option when selecting your pension payout option.
- Upon retirement, **you receive your NYS Pension benefit** per usual, at a rate that is reduced*** (compared to your Single Life payout option).
- Upon your passing, **your beneficiary now receives the NYS Pension** payout for the rest of their lives.

In terms of *who* can be listed as your beneficiary, the rule is simple. You can list *any natural entity*. This means any human. You *cannot* list a trust, or an estate.

***There are several options for NYS Pension beneficiary payouts, each one changes the amount of money you'll get per month. To see a list of all of the payout options, [click here](#).

The age of your beneficiary matters.

Since NY will be paying this person for the remainder of their life after you pass, NYS will severely cut your monthly benefit if the person you choose as beneficiary is young (with a full life ahead of them). If you choose a beneficiary that is in your same age range such as a spouse or sibling, the benefit you and your beneficiary receive will be higher (but still not as high as the Single Life payout option).

What happens if my beneficiary passes away before me?

There is a type of benefit option called POP-Up Joint Allowance that allows you to list a beneficiary (therefor taking a cut in your monthly pension benefit) but then 'pop-up' to your full, Single Life benefit amount if your beneficiary passes away before you. This perk comes with a cost: you'll noticed an even more reduced initial monthly benefit starting off.

In summation, it is worth fully understanding each of your NYS Benefit payout options so you can make the right choice. Your decision is one that cannot be reversed once you are retired! You cannot change beneficiaries; you cannot change your payout option. This is a decision that is worth a meeting with your financial professional to weigh out the pros and cons of each option.

Sincerely,

Kelly



Kelly DeMay is a Financial Advisor with Equitable Advisors. Equitable Advisors 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.

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.