

Transit Operating Force 25-Year/Age 55 Retirement Plan for Tier 4 Members



NYC EMPLOYEES'
RETIREMENT SYSTEM

Tier 4

October 2022

This brochure outlines the benefits of the Transit 25-Year/Age 55 Retirement Plan (T25/55 Plan). The T25/55 Plan is available only to those employed in a Transit Operating Force (TOF) position.

PARTICIPATION

The T25/55 Plan was created by Chapter 529 of the Laws of 1994. Under Chapter 529, only hourly-paid employees and first-line supervisors of the NYC Transit Authority (NYCTA) were allowed to participate in the T25/55 Plan. However, as of December 15, 2000, participation in the T25/55 Plan is MANDATORY for anyone employed by the NYCTA on or after July 27, 1976 and classified by the NYCTA as working in a TOF position (including upper level supervisors and managers).

Exceptions:

If a person was already a participant of the 57/5 Retirement Plan when they were mandated into the T25/55 Plan on December 15, 2000, they had the option to remain in the 57/5 Plan by filing an election form with NYCERS. **This option has expired.**

Participants who cease to hold a TOF position will no longer be able to participate in the T25/55 Plan.

Participants who cease to hold a TOF position, and later return to a TOF position, will again be required to participate in the T25/55 Plan.

CONTRIBUTIONS

As a participant in the T25/55 Plan, you are required to contribute 2% of your pensionable gross wages effective with the first full pay period after December 15, 2000. Prior to December 15, 2000, the required contribution was 3% of your pensionable gross wages. These contributions are referred to as Basic Member Contributions (BMCs) and they are held in the Member Contribution Accumulation Fund (MCAF). Participants are required to pay BMCs for as long as they remain in service; BMCs do not stop after 10 years as is the case with other Tier 4 members.

Additional Member Contributions (AMCs) are **no longer required** for T25/55 participants as of the first full pay period after December 15, 2000. Prior to that date, participants in the T25/55 Plan were required to pay Additional Member Contributions of 2.3% of pensionable gross wages for all Allowable Service in the Transit Authority rendered between August 28, 1994 and December 15, 2000.

AMCs are maintained in the Retirement Reserve Fund (RRF) which is an account maintained separately from the MCAF account.

Both funds earn interest at a rate of 5%, compounded annually.

All contributions are Federal tax deferred, meaning that you do not pay Federal taxes on the contributions, only New York State and local taxes. Contributions made while on Union leave are **not** Federal tax deferred.

Please note: If participants were previously enrolled in another special plan, AMCs may still be required under the previous plan(s).

DEFICITS

Failure to pay any of the required BMCs will result in a deficit in the Member Contribution Accumulation Fund. If the deficit is identified prior to retirement, NYCERS will certify payroll deductions (where applicable) and notify the member so they can resolve the deficit.

If there is a deficit in the MCAF at retirement, an actuarial reduction (a lifetime reduction to your pension based on your deficit amount) can be applied to resolve the deficit.

LOANS

Participants in the T25/55 Plan may borrow up to 75% of the BMCs held in the MCAF account and up to 75% of their accumulated AMCs held in the RRF account (unless they applied for and received a refund of AMCs). Any loans taken are subject to the same terms and conditions governing loans applicable to Tier 4 members. Please consult the Loans Brochure #911 for additional information.

ALLOWABLE SERVICE IN THE TRANSIT AUTHORITY

Allowable Service in the Transit Authority (Allowable Service) is a special term used in the T25/55 Plan. It is defined as membership service and purchased service while employed by the NYCTA in a Career and Salary title or TOF position. Allowable Service also includes certain Military Service and Union Leave Service.

Allowable Service **does not** include other public service rendered in New York State or New York City, e.g., service rendered in a clerical position in another agency.

Only Allowable Service can be used to qualify for Service retirement from the T25/55 plan.

VESTING

A participant in the T25/55 Plan who leaves City service with at least 25 years of Allowable Service, but who has not attained age 55, is eligible for a Service Retirement Benefit payable when they attain age 55.



A T25/55 Plan participant who leaves City service with at least 5 but less than 25 years of Allowable Service may vest under the Tier 4 62/5 Plan. All future benefits would be payable based on the provisions of such plan. Refer to the Tier 4 62/5 Summary Plan Description for additional information.

REFUNDS

Refund of AMCs

AMCs were required of participants between August 28, 1994 and December 15, 2000. Current and former members of the T25/55 Plan may be eligible for a refund of AMCs due to legislation enacted in 2006 and 2007.

To be eligible for the refund, members must meet the following union membership and account balance criteria:

- ▶ Be a current or former member of the Transport Workers Union, Local 100 with an RRF balance on December 16, 2005,

OR

- ▶ Be a current or former member of the Amalgamated Transit Union with an RRF balance on December 28, 2005.

Please refer to the Application for Refund of Additional Member Contributions for Transit 25 Year/Age 55 Members (Form #336) for more information, including tax consequences and rollover options with this refund.

Refund of BMCs

T25/55 Plan participants who have rendered less than 10 years of Credited Service and who leave City service may apply for a refund of BMCs, plus accrued interest, effectively terminating their membership. Members with between 5 and 10 years of Credited Service must also waive their right to a Vested Retirement Benefit. Refunds of BMCs are not possible for members with 10 or more years of Credited Service. Most public service rendered in New York City or New York State is considered credited service for the purpose of calculating your retirement benefit. Credited Service includes: Membership Service, Transferred Service, all Purchased Service, Military Service, Union Leave Service, Part-time Service and Purchased Service for periods of Child Care Leave.

**WITHDRAWAL OF EITHER BMCs or AMCs WILL
TRIGGER A FEDERAL TAX LIABILITY AND MAY
RESULT IN A TAX PENALTY**

CREDITED SERVICE

Below is a listing of the different types of Credited Service, followed by a brief explanation of each.

Membership Service – Paid full-time or part-time service on the payroll of a Participating Employer rendered after joining NYCERS, including certain military service. Transferred Service also counts as Membership Service for purposes of establishing eligibility and calculating benefits.

Transferred Service – Service credited while a member of another public employee retirement system in New York City or New York State which has not been terminated and which is transferred to NYCERS.

Purchased Service (Buy-back) – Previous full-time or part-time public service rendered in the employ of a public entity anywhere in New York City or New York State that has been fully paid for and credited.

Membership Reinstatement – Service credited after the restoration of a previous membership in a public employee retirement system in New York City or New York State which had been terminated.

Military Service – Service rendered in active military duty which has been purchased pursuant to Federal or state law.

Union Leave Service – Service rendered while on an authorized leave of absence without pay to conduct labor relations activity on behalf of a public employee union.

Part-Time Service – Service (Membership, Purchased and/or Transferred) equal to less than 1,827 hours in a calendar year.

SERVICE RETIREMENT

A Participant with 25 or more years of Allowable Service in the Transit Authority who has reached age 55 will be eligible to receive a Service Retirement Benefit equal to:

2% *times* Final Average Salary (FAS) *times* the number of years of Allowable Service, up to 30 years of such service, **plus**

1.5% *times* FAS *times* the number of years of Allowable Service in excess of 30 years of such service.



Final Average Salary (FAS) is defined as the greater of:

The average of wages earned during any three consecutive calendar years,

OR

The average of wages earned during the 36 months immediately preceding the member's retirement date.

NOTE: Wages earned in any year used in the FAS computation cannot exceed more than 10% of the average of the previous two years.

For additional details on FAS please refer to the Calculating Your Final Average Salary Brochure #929.

RETIREMENT FROM UNDERLYING PLAN

Participants in the Transit 25/55 Plan who do NOT meet the requirements of 25 years of Allowable Service may retire from the Basic 62/5 Plan, assuming service requirements have been met for the underlying plan. All requirements and benefits of the Basic 62/5 Plan will apply, including the ability to retire prior to age 62 with a benefit reduction (except in the case of vested members).

IN-SERVICE DEATH BENEFIT

If a member dies while a participant in the T25/55 Plan, an In-Service Death Benefit will be paid to the beneficiary/beneficiaries on file with NYCERS. If the member did not designate a beneficiary/beneficiaries, payment will be made to their estate. The death benefit payable is equal to that which is payable to the beneficiary/beneficiaries of a non-uniformed member of Tier 4 who dies while in City service. If death occurs after retirement, a Post-Retirement Death Benefit is payable.

BASIC TIER 4 BENEFITS

Participants in the T25/55 Plan are entitled to other benefits applicable to Tier 4 members, in addition to the Vested and Service Retirement Benefits conferred by such plan, e.g., disability benefits. Participants should refer to the Tier 4 62/5 Summary Plan Description for additional information.

