



WHAT'S INSIDE?

BELOW IS A BRIEF DESCRIPTION OF THE ENCLOSED BROCHURES.

FREQUENTLY ASKED QUESTIONS

Quick answers to some of the most frequently asked questions about retirement.

FILING FOR RETIREMENT

What to expect when you start thinking about retiring.

ADVANCE PAYMENT

Calculate your estimated partial pension by following these formulas.

OPTION LETTER

A sample letter demonstrates how the amounts of your pension under the various retirement options are broken down.

OPTION

If you choose a retirement option, you can provide a continuing income to your beneficiary. Learn about the various retirement options available to you.

EARNINGS LIMITATIONS

Legislation that drives the earnings limitations for pensioners returning to NY Public Service.

TAXATION OF NYCERS PAYMENTS

NYCERS benefit payments are subject to Federal income taxes. Learn how IRS regulations may affect your benefit payment.



FREQUENTLY ASKED QUESTIONS

VERSION NOVEMBER 2009

Q: How does the retirement process begin?

The first thing you need to do is discuss your retirement with your employer. You need to inform them of the day you want to stop working. While you may consider yourself retired on that day, you are generally not retired until you have gone off the city payroll (i.e., for most non-managerial employees, exhausted all accumulated leave time).

For managerial employees, this is not an issue because they are generally paid their accumulated time in a lump sum, thus they can stop working and "retire" on the same day!

The day after your last day on the payroll will be your retirement date and that is the date you put on your NYCERS service retirement application. Be sure you know the requirements within your plan for filing a retirement application.

To get a better idea of the retirement process, see the enclosed 'Filing For Retirement' brochure.

Q: How is my pension payment calculated?

The amount of your retirement benefit is based on the Tier and Plan you are in, as well as some, or all, of the following factors:

- Your required contributions, additional contributions, and/or ITHP (Tier 1 and 2 only)
- How many years of service you have
- Some factor of your compensation, as follows:

Tier 1: Final Salary or the average of any three best years.

Tiers 2, 3, and 4: Final Average Salary (FAS)

To help you further, please refer to our easy-to-read brochures available on our website or in our Customer Service Center or our Call Center. Tier 4 members can refer to Brochure #927 "Calculating Your Retirement Benefits", or Tier 4 members in the Transit 25-55 can refer to Brochure #930.

Q: How is my final average salary computed?

Your Final Average Salary (FAS) is the average of the wages earned in the 36 months prior to your retirement; or, the average of the wages earned in any three consecutive calendar years that you wish to use in this calculation. However, there are some important things to consider.

For Tier 2 members (and Tier 1 members with a membership

date after 06/17/71) - any year used in the calculation of the FAS (Final Salary for Tier 1) cannot exceed the average of the previous two years' wages by 20% (the previous year for Tier 1). Any amount in the excess of the 20% is not used in this calculation.

For Tiers 3 and 4 members - any year used in the calculation cannot exceed the average of the previous two years' wages by 10%. Any amount in the excess of the 10% is not used in this calculation.

NYCERS will look at every paycheck for each year used in your FAS calculation and determine where the money was earned, not paid. Tier 4 members who would like additional information on how to determine their Final Average Salary, see Brochure #929, available on our website or in our Customer Service Center or through our Call Center.

Q: What is a partial payment and how is it determined?

A partial payment, or an advance payment, is a reduced pension benefit paid to you until NYCERS can calculate your final pension based on the retirement option you select. The amount of your partial payment depends on your tier and retirement plan. See the enclosed 'Advance Payment' brochure to see how your advance payment is calculated.

Q: How long before I receive a check?

If you retired on the 1st or the 2nd of the month, you will receive an advance payment at the end of the month in which you retire.

Example: If you retire on January 2nd, your first advance payment will be on January 31.

If you retired on the 3rd or later, you will receive an advance payment at the end of the FOLLOWING month.

Example: If you retire on January 3rd, your first advance payment will be on February 28.

Q: How long before I receive an option package?

The option package is the ultimate result of processing your retirement application and the waiting period differs. Usually it takes about 6 - 8 weeks after the date of your retirement. However, if there is an unusually large number of retirement applications filed at one time, such as during an Early Retirement Incentive, or if we have difficulty gathering information, it may take longer.

Q: When will I receive my first full pension check?

You will receive your first full pension check, which will include any appropriate retroactive adjustments, approximately 2 months after we receive your retirement option selection. If NYCERS has an unusually large number of retirement applications filed at one time, the process may take longer.

Q: If I have an outstanding loan at retirement how will it affect my pension?

If you have an outstanding loan at retirement, your pension will be reduced by an actuarial factor based on your age at retirement. This reduction is for the life of the pension, unless you pay it off in a lump sum payment after retirement.

Q: Can I pay off my loan before retirement?

All loans can be fully paid before retirement. At retirement, a partial lump sum loan payment may be made to reduce your outstanding loan balance. Payment must be made before you select a retirement option.

Q: What is excess?

Excess refers to accumulated contributions and interest credited to your member account, for Tier 1 and Tier 2 members, after you have met the minimum required years of qualifying service for your plan. Excess begins to accumulate January 1st of the year following the year the minimum required years of service for your retirement plan has been met.

Being able to withdraw your excess does not mean you have met the required amount needed in your account to avoid a deficit. All excess refund applications must be received by NYCERS before your retirement date in order to be processed. Refunds may be subject to Federal taxation.

If you decide to leave your excess contributions in your account, it will result in a greater pension.

Q: Why would I have a deficit if I were paying into the system?

A deficit may occur because of a loan, withdrawal, transfer, or Social Security offset (Tier 1 and 2 members only). A deficit will result in a reduced pension allowance based on the actuarial equivalent of the deficit.

To find out if you have a deficit before retirement, you may request an estimated benefit letter, which contains estimated calculations based on a variety of options. Each plan and tier has different requirements so be sure to ask our representatives to see if you are eligible.

Q: What happens to my sick time and annual leave when I retire?

In most cases you will receive a lump sum (managerial) or be paid through bi-weekly paychecks (non-managerial); however, NYCERS has no control over this distribution. Sick time and annual leave concerns should be discussed with your human resources or personnel division. Please contact them for further information.

Q: What happens to my health insurance when I retire?

NYCERS does not administer health insurance. You should speak to your human resources or personnel division in regards to health insurance. Once you are retired, you must contact one of the following with any Health Benefit questions:

NYC Office of Labor Relations-Health Benefits Division
212-513-0470

NYC Transit Authority-Employee Benefits
347-643-8550

TBTA-Benefits Division
212-360-2900

Q: What happens when I apply for buy-back at, or right before retirement?

The process for buying back service is as follows: if the claim and verification form is submitted together, the buy-back is processed within about 4-6 weeks and a cost letter is mailed to you. Once payment is received, the service is added to your total service.

Depending on how soon your option letter is generated, it may, or may not, include the buy-back service. If you receive the option package and your buy-back service is not included, please contact NYCERS so a new letter can be generated to include such information.

Q: What happens if I retire before my new contract is settled?

If you retire before your contract is settled with the City, your retirement allowance will reflect your current compensation. However, your retirement allowance will be revised after the contract is approved and the effect of any retroactive payments made to you will be reflected in your new retirement allowance. We do these revisions automatically, however, if after 8 months of having received your option letter you still have not received your revised compensation, contact NYCERS.

Q: How do I have my pension checks go directly to the bank?

You may elect to have your payment directly deposited into your bank account by Electronic Funds Transfer (EFT). NYCERS will arrange EFT by obtaining an EFT authorization form from you. This process will take approximately 60 days from the receipt of your EFT authorization form. Deposits may be made to an individual or joint checking or savings account. Over 60% of NYCERS' pensioners choose EFT. It is the fastest, easiest and safest way to receive your pension check.



Filing For Retirement

VERSION NOVEMBER 2009

The day has finally come. You have decided, or at least are thinking of retiring. To help you make that decision, we want you to have a full understanding of what happens from the minute you turn in your application to the day you receive your first retirement payment.

Filing Requirements

Filing requirements differ in each Tier and Plan. Tier 1 and Tier 2 members who meet all eligibility requirements, and wish to retire, must file an application at least 30, but not more than 90, days before the effective date that they wish to retire. Tier 3 and Tier 4 members (except members in certain special retirement plans who must adhere to requirements identical to Tier 1 and 2) may file up to the day they wish to retire, but no more than 90 days before.

NYCERS considers your retirement date to be the day after the last day you are paid. This may be different than your last day at work. When you inform your employer as to the date you wish to 'stop' working, they will inform you of any unused leave time you have accumulated. Unused leave time may be paid in lump sum (generally, managers) or through paychecks (generally, non-managers). If paid through paychecks, it is especially important to coordinate with your employer to determine when those paychecks will cease. Remember, your retirement date is the day after your last day paid and receiving paychecks means you are being paid.

We encourage all members to hand deliver any applications that are time sensitive to our Customer Service Center. You take considerable risk of undocumented or lost applications when mailing such documents. Our Customer Service Center Express Lane is designated to accept applications and will provide you with a receipt of submission for your records.

Withdrawing An Application For Service Retirement

You may withdraw your application for Service Retirement by filing Form #542 with NYCERS up to the day before your effective date of retirement. If your request is received after your retirement date, it is denied.

Changing Your Retirement Date

If you have filed for retirement and have decided you want to change the date of your retirement, you may extend your retirement date up to 90 days from the original filing date. Any extension longer than 90 days will require you to withdraw your application.

Your First Retirement Payment

If you are eligible for a service retirement, your case is processed for an advance payment, which is a temporary partial pension payment.

If you retire the 1st or 2nd of the month you will receive an advance payment at the end of the month in which you retire. Example: If you retire on January 2, your first advance payment will be on January 31.

If you retire on the 3rd of the month, or later, you will receive an advance payment at the end of the following month. Example: If you retire on January 3, your first advance payment will be on February 28.

Starting with your first advance payment, Federal income taxes will be withheld based on the election you made on your retirement application. To see how your advance payment is calculated, see the enclosed 'Advance Payment' brochure.

Option Letter

An option letter breaks down the amount your pension will be under the various retirement options available to you. Once you receive this letter, you have 60 days to notify NYCERS of the option you choose. If you do not choose an option within this timeframe, your retirement benefit is processed under the Maximum Retirement Allowance or, if applicable, the temporary option you selected on your Tier 2, 3, 4 retirement application. The Maximum Retirement Allowance is payable to you only for your lifetime with no benefits continuing after your death. See the enclosed 'Option Letter' brochure to see an example of what you should expect.

Option

The option you select is important to both you and your beneficiary, should you choose to nominate one. Be sure you understand each option and elect the one that best fulfills your needs. The sooner you file an option selection, the sooner NYCERS can process your case for your full retirement benefit. You MAY NOT change an option once your first full payment has been sent to you. See the enclosed 'Option' brochure to get an overview of the various options available to you and the impact each one may have on your retirement benefit.

Processing Your Case For Full Payment Of Your Retirement Benefit

After you have selected an option (or, by default, one has been awarded to you) your file is processed and you are placed on the pension payroll for the full amount. This payment will include retroactive amounts from your retirement date.

You will then receive a letter that includes the details of the option chosen, as well as information you will need for Federal income tax purposes.

When And Where Your Pension Payments Will Be Sent

Pension checks are dated the last day of each month and are sent two business days before that date. You have various options on how to receive your pension payments.

- You may elect to have your pension checks mailed to your home, a Post Office box or any address you choose, or
- You may elect to have your pension payments directly deposited into your checking or savings bank account by Electronic Funds Transfer (EFT).

Why EFT?

EFT ensures your payment will not be lost or stolen. Funds are automatically available in your bank account on the last day of each month. If you are interested, you must file the appropriate form, enclosed for your convenience.

Some of the reasons that over 60% of NYCERS' pensioners use EFT:

- SAFE:** Eliminates lost or stolen checks
- SURE:** Ensures that you get your retirement allowance every month, even if you're out of town, ill or on vacation
- FAST:** Your account is credited on the payment date - no waiting for a pension check to clear before you can draw on it
- EASY:** Eliminates a trip to the bank and waiting in lines

Lost Check

If you do not receive your check by the 10th day of the following month, notify NYCERS and a lost check affidavit will be sent to you. NYCERS will not take a report of non-receipt of a pension check until the 10th of the month.

Taxes

Taxes are automatically withheld from all pension checks you receive from NYCERS based on the Federal tax table for a person who is married claiming three exemptions, unless you indicate on your retirement application or Form #349 (Application to Change Federal Income Tax Withheld) to have taxes withheld on a different basis, or, for no taxes to be withheld.

Health Insurance

NYCERS does not administer health insurance benefits. If you have any problems with coverage or deductions from your pension payments, you should call one of the following entities:

NYC Office of Labor Relations - Health Benefits Division
(212) 513-0470
NYC Transit Authority - Employee Benefits
(347) 643-8550
TBTA - Benefits Division
(212) 360-2900

Change Of Address

If we do not have your current address, you could experience delays in receiving pension payments, refund checks and other important documents. To prevent this, notify us of appropriate changes.

It is important you notify us, even if your pension payment is sent directly to a bank. NYCERS needs your current address in order to mail you important correspondence, including your annual income tax statement (1099R) and quarterly EFT statements.

If NYCERS sends you correspondence and it is returned, your pension payments may be withheld until we hear from you.

When You've Decided To Retire, Remember:

- If possible, hand deliver your application to NYCERS
Customer Service Center:
340 Jay Street
Downtown Brooklyn
Mezzanine Level At Renaissance Plaza
- The date you retire determines when you will receive your first advance payment, but will not affect your pension in the long run
- Take careful consideration when choosing your Retirement Option, but be sure to make a selection and return it to NYCERS within 60 days.
- The sooner you select your option, the sooner your full check will be distributed
- Make sure you let us know if you move, even during your retirement!



Advance Payments

VERSION NOVEMBER 2009

Below are the calculations used to determine your monthly advance pension payment. This is only a temporary partial pension payment. Once you select an option, NYCERS will calculate and pay your full pension payment. The date of your retirement will determine when you receive your first payment. See the 'Filing For Retirement' brochure to determine when you will receive your first partial payment.

TIER 1

Police 20 Year Plan Sanitation 20 Year Plan Transit 20 Year Plan	40% <i>times</i> earnings <i>divided</i> by 12
Career Pension Plan (Plan A) Dispatchers 25 Year Plan EMT 25 Year Plan Special Officer 25 Year Plan	44% <i>times</i> earnings <i>divided</i> by 12
55 Year ISF Plan (Plan B)	1.2% <i>times</i> full years of service <i>times</i> earnings <i>divided</i> by 12

TIER 2

Police 20 Year Plan Sanitation 20 Year Modified Plan Transit 20 Year Plan	35% <i>times</i> FAS* <i>divided</i> by 12 (* <i>see last page</i>)
Modified CPP (Plan C) CPP-I DA Investigators 25 Year DA Investigators 20 Year Deputy Sheriff 25 Year Plan	44% <i>times</i> FAS <i>divided</i> 12
Modified ISF (Plan D) Modified ISF-I	1.2% <i>times</i> full years of service <i>times</i> FAS <i>divided</i> by 12
MTA Bridges and Tunnels 20/50 (TBTA) Plan Sanitation 20 Year Plan Corrections/Captain 20 Year Plan Dispatcher 25 Year Plan EMT 25 Year Plan Special Officer 25 Year Plan 911 Communications Operators 25 Year Plan Automotive Worker 25/50 Plan	40% <i>times</i> FAS <i>divided</i> by 12

ALL OTHER THAN ABOVE: 80% *times* 1% *times* full years service *times* Final Compensation* *divided* by 12

ACTUARIAL FORMULA

Reduction Factor, to be used in Tier 2 CPP and ISF formulas for members retiring before normal age.

Age	Reductions
62	- none
61	- 6%
60	- 12%
59	- 15%
58	- 18%
57	- 21%
56	- 24%
55	- 27%

TIER 3

Coordinated-Escalator Plan Article 14	80% <i>times</i> 1% <i>times</i> full years of service <i>times</i> FAS <i>divided by</i> 12
Correction Officers 20 Year Plan	40% <i>times</i> FAS <i>divided by</i> 12
Correction Force 20 Year Plan	
Correction Captains 20 Year Plan	
Correction Officer 25 Year Plan	

TIER 4

	Under 20 Years of Service	Over 20 Years of Service
Basic Tier 4 Plan (62/5)	1.2% <i>times</i> FAS <i>times</i> number of years	1.5% <i>times</i> number of years of service
25 Year Retirement Plan (55/25)	of service <i>minus</i> outstanding loan <i>divid-</i>	<i>minus</i> outstanding loan <i>divided by</i> actu-
Age 57 Retirement Plan (57/5)	<i>ed by</i> actuarial factor <i>divided by</i> 12	arial factor <i>divided by</i> 12
Transit 25/55 Plan	40% <i>times</i> FAS <i>divided by</i> 12	
Sanitation 20 Year Plan		
TBTA 20/50 Plan		
Dispatchers 25 Year Plan		
EMT 25 Year Plan		
Special Officer 25 Year Plan		
Automotive Worker 25/50 Plan		
911 Communications Operators 25 Year Plan		
Deputy Sheriff 25 Year Plan	44% <i>times</i> FAS <i>divided by</i> 12	

ALL OTHER THAN ABOVE: 80% *times* 1% *times* full years service *times* Final Average Salary* *divided by* 12

ACTUARIAL FORMULA

Reduction Factor to be used for Tier 3 members retiring before the normal age.

Age	Reduction
62	- none
61	- 6.7%
60	- 13.3%
59	- 16.7%
58	- 20.0%
57	- 23.3%
56	- 26.7%
55	- 30.0%

ACTUARIAL FORMULA

Reduction Factor to be used for Basic Tier 4 members retiring before the normal age.

Age	Reduction
62	- none
61	- 6%
60	- 12%
59	- 15%
58	- 18%
57	- 21%
56	- 24%
55	- 27%

*Below is the strict definition of how your pension is calculated. However, when calculating your advance payment NYCERS will substitute your FAS or Final Compensation with your earnings, or the average of the last three years, as indicated on your W2 form.

FAS- Your Final Average Salary is the average of the wages earned in the 36 months prior to your retirement; or, the average of the wages earned in any three consecutive calendar years that you wish to use in this calculation. However, there are some important things to consider.

Tier 2 members (and Tier 1 members with a membership date after 06/17/71):	Any year used in the calculation of the FAS (Final Salary for Tier 1) cannot exceed the average of the previous two years' wages by 20% (the previous year for Tier 1). Any amount in the excess of the 20% is not used in this calculation.
Tier 3 and Tier 4 members:	Any year used in the calculation of the FAS cannot exceed the average of the previous two years' wages by 10%. Any amount in excess of the 10% is not used in this calculation

Final Compensation- The average compensation earned during the five-year period immediately preceding a member's retirement, or any consecutive five calendar-year period before the member's retirement that would provide him or her with the greatest average compensation.

No advance (partial) pension payment will be sent to you until NYCERS has a copy of your birth certificate on file.



Option Letter

TIER I

VERSION NOVEMBER 2009

Below is a sample Option Letter, which outlines a hypothetical retirement benefit under the various options available. This letter will contain amounts that you, as well as your beneficiary, should you choose to nominate one, will receive under the various options available. Selecting your option is an important decision, so be sure you read the enclosed "Option brochure" to understand each option.

If you are in the process of retiring, an option letter may be sent so quickly that the amount of your excess refund (see Taxation of Payments Brochure #959) and any loan taken at retirement may not have been processed and deducted from your Annuity Savings Fund prior to the time that the retirement allowance amounts are determined.

If an excess and/or loan is processed after your option letter, the amounts stated in that letter will not be correct. Please contact NYCERS immediately if you realize that this has happened in your case. Failure to contact NYCERS will result in an overpayment in your retirement allowance, a future downward revision in your benefit, and a requirement that you return any overpayments.

MS. SMITH
012 AMONA ST
BRKLYN, NY 11012

MEMBERSHIP NUMBER 123456 T1

DEAR MS. SMITH:

SHOWN BELOW ARE APPROXIMATE RETIREMENT ALLOWANCES PAYABLE UNDER VARIOUS OPTIONS AVAILABLE TO YOU. THE RETIREMENT ALLOWANCE, WHICH YOU SELECT, WILL BE PAID RETROACTIVELY TO YOUR RETIREMENT DATE 11/29/20XX.

OPTIONS	ANNUAL RETIREMENT ALLOWANCE
MAXIMUM(NO-OPTION)	\$ 21,801
OPTION #1 UNMODIFIED	\$ 20,272
INITIAL RESERVE	\$ 230,670
OPTION #1 MODIFIED	\$ 19,616
INITIAL RESERVE	\$ 264,642
OPTION #2	\$ 20,859
OPTION #3	\$ 21,319
OPTION #4-2	\$ 20,091
OPTION #4-3	\$ 20,911

OPTION #4 - SETTING ASIDE A LUMP SUM DEATH PAYMENT WILL REDUCE THE MAXIMUM RETIREMENT ALLOWANCE BY \$27.28 PER \$1,000.

123456SMITH
M O D E P S

THE BENEFITS DESCRIBED IN THIS LETTER ARE BASED UPON THE
FOLLOWING INFORMATION:

TYPE OF RETIREMENT PLAN	SERVICE INCREASED SERVICE FRACTION
YOUR DATE OF BIRTH	02/01/19XX
BENEFICIARY UNDER OPTIONS 2, 3, 4-2 AND 4-3	BILL DOE
BENEFICIARY DATE OF BIRTH (DOCUMENTATION REQUIRED)	14/02/19XX

COMPENSATION BASE		
LAST YEARS EARNING		\$29,318.00
TOTAL SERVICE AFTER 6/30/68	32.52 YEARS	

TOTAL SERVICE	32.52 YEARS	
POST BUD ENHANCEMENT	2.00 YEARS	
TOTAL + ENHANCEMENT	34.52 YEARS	
POST BUD INCENTIVE	2.88 YEARS	
TOTAL + ENHANCEMENT + INCENTIVE	37.40 YEARS	
TOTAL ACCUMULATED DEDUCTIONS		\$12,606.47
TOTAL ITHP CONTRIBUTIONS		\$41,711.25



Options for Tier 1 Members

TIER 1

VERSION NOVEMBER 2009

This information is intended for use by members who joined the New York City Employees' Retirement System (NYCERS) prior to July 1, 1973 (Tier 1).

INTRODUCTION

When you prepare for retirement, you need answers to several questions:

- ▶ Do you want to provide continuing retirement income to your spouse, partner or survivor(s) after your death?
- ▶ What is the cost of continuing this income?
- ▶ What is the effect on your retirement allowance?

If you choose, you can provide continuing income to your designated beneficiary by selecting an option. By selecting an option, you accept a reduced lifetime retirement allowance in exchange for the payment of a benefit to your designated beneficiary upon your death.

The following information explains the options available to you. NYCERS cannot tell you which option, if any, you should select. Your retirement needs are unique to your situation. Representatives in NYCERS' Customer Service Center will try to answer your questions regarding options and other matters pertaining to your retirement. However, you, and only you, can make the option choice that's right for you.

If you do not select an option, you will be awarded the Maximum Retirement Allowance.

NO OPTION (Maximum Retirement Allowance)

If you have no spouse, partner or children who depend on you for financial support, you may decide not to select an option. If you cannot afford to receive a reduced pension, you might wish to maximize your retirement income by electing to receive the Maximum Retirement Allowance. There is no reduction in benefit associated with this election.

Your retirement benefit will depend primarily on:

- ▶ the pension plan in which you are enrolled (for example: the Career Pension Plan (Plan A), the Increased-Service-Fraction-Plan (Plan B), the Transit 20-Year Plan, etc.).

- ▶ the amount of service to your credit in NYCERS
- ▶ your earnings
- ▶ your contributions
- ▶ your age

Based on these factors, NYCERS computes the Maximum Retirement Allowance.

The Maximum Retirement Allowance provides the greatest benefit payment to you while you are retired, for as long as you live. However, under the Maximum Retirement Allowance, no further payments will be made after your death.

IN SUMMARY:

The Maximum Retirement Allowance:

1. is the largest amount that is payable to you at the time of retirement
2. is payable to you for life
3. does not permit the designation of a beneficiary
4. ceases upon your death, with no benefit payable to a beneficiary

Note: Under the Maximum Retirement Allowance, you may die before you receive retirement benefits equal to your Initial Retirement Allowance Reserve (Initial Reserve).

The Initial Reserve is the combination of your contributions, plus interest, and the amount the City or Participating Employer contributes to NYCERS to pay your lifetime pension benefit. For example, if your Initial Reserve is \$200,000 and you die after having received only \$50,000 in retirement benefits, \$150,000 remains unpaid. Your beneficiary or estate would have no claim on this amount.

On the other hand, if your annual Maximum Retirement Allowance is \$20,000 and you live 25 years after retirement, you will receive \$500,000 in lifetime retirement allowance payments, far in excess of the Initial Reserve.

OPTION 1 (Return of Reserve)

Option 1 reduces your Maximum Retirement Allowance.

Unmodified Initial Reserve

Option 1 Unmodified Initial Reserve guarantees the full amount of the Initial Reserve (determined at the time of retirement) will be paid to you in monthly payments, and upon your death, the remaining balance, if any, will be paid to your designated beneficiary(ies).

Modified Initial Reserve

Option 1 Modified Initial Reserve is similar to Option 1 Unmodified Initial Reserve, except that the Initial Reserve is larger and the annual retirement allowance is smaller.

For both Initial Reserve Options, each monthly payment you receive will decrease the Initial Reserve by a commensurate amount.

If the death of the retiree occurs shortly after retirement, the majority of the Initial Reserve will be payable to the designated beneficiary(ies). However, if you live long enough to use up the entire Initial Reserve, nothing will be payable to your designated beneficiary(ies) upon your death.

Option reduction factors are based on the age of the member at retirement.

IN SUMMARY:

Both Option 1 retirement allowances:

1. are a reduced benefit
2. are payable to you for life
3. guarantee that an amount at least equal to the Initial Reserve established at the time of your retirement will be paid out by NYCERS
4. provide a death benefit equal to the value of the Initial Reserve less any monthly payments already received by you
5. permit you to change your beneficiary designation at any time

OPTION 2 (100% Joint-and-Survivor)

Option 2 is intended for the retiree who wishes to ensure that after his or her death, a designated beneficiary will continue to receive a fixed annual lifetime benefit.

Option 2 reduces your Maximum Retirement Allowance, with the provision that upon your death the same reduced

retirement allowance is continued to your surviving designated beneficiary for life.

Under Option 2, the retirement allowance is paid to you no matter how long you live; payments then continue to your surviving designated beneficiary for as long as he or she lives. Because Option 2 guarantees two specific people an income for life, the life expectancies of the retiree as well as the beneficiary are taken into consideration. Therefore, under Option 2, once you designate a beneficiary and the option is in force, you cannot change your beneficiary designation. Even if your designated beneficiary dies before you, you may not designate another person. You will continue to receive the reduced lifetime allowance.

All payments cease upon the death of the retiree, if the designated beneficiary predeceases him or her.

IN SUMMARY:

The Option 2 retirement allowance:

1. is a reduced benefit
2. is payable to you for life
3. guarantees that the same lifetime benefit is payable to your designated beneficiary, if he or she survives you
4. ceases after the death of both you and your designated beneficiary
5. does not permit you to change your beneficiary designation

OPTION 3 (50% Joint-and-Survivor)

Option 3 is also intended for the retiree who wishes to ensure that after his or her death, a designated beneficiary will continue to receive a fixed annual lifetime benefit.

Option 3 provides a reduced Maximum Retirement Allowance, with the provision that upon your death one-half of the reduced retirement allowance is continued to your surviving designated beneficiary for life. The Option 3 reduction is not as great as the Option 2 reduction, because the surviving beneficiary receives only one-half of the retiree's allowance.

Because Option 3 guarantees two specific people an income for life, the life expectancies of the retiree as well as the beneficiary are taken into consideration. Therefore, under Option 3, once you designate a beneficiary and the option is in force, you cannot change your beneficiary designation. Even if your designated beneficiary dies before you, you may not designate another person. You will continue to receive the reduced lifetime allowance.



All payments cease upon the death of the retiree, if the designated beneficiary predeceases him or her.

IN SUMMARY:

The Option 3 retirement allowance:

1. is a reduced benefit
2. is payable to you for life
3. guarantees that one-half of your retirement allowance is payable to your designated beneficiary for his or her lifetime, if he or she survives you
4. ceases after the death of both you and your designated beneficiary
5. does not permit you to change your designated beneficiary

OPTION 4 (Lump-Sum Payment)

Option 4 allows you to set aside a specific lump-sum benefit for your designated beneficiary(ies) upon your death after retirement. Your retirement allowance will be reduced from the Maximum Retirement Allowance.

The lump-sum benefit is usually provided in units of \$1,000. For each \$1,000 to be set aside, your Maximum Retirement Allowance is reduced by an actuarially determined amount depending on your age at retirement. The greater the lump-sum amount set aside, the greater the reduction from your Maximum Retirement Allowance.

Your reduced retirement allowance under Option 4 is determined by subtracting from your Maximum Retirement Allowance the annual cost (as actuarially determined) of the lump-sum benefit you elect to provide to your designated beneficiary(ies).

IN SUMMARY:

The Option 4 retirement allowance:

1. is a reduced benefit
2. is payable to you for life
3. ceases upon your death, but guarantees that a lump-sum benefit is payable to your designated beneficiary(ies)
4. permits you to change your designated beneficiary(ies) at any time

OPTION 4-2 AND OPTION 4-3 (Pop-Up Joint-and-Survivor)

Option 4-2 and Option 4-3 are known as the "Pop-Up" options. Like Option 2 and Option 3, they are intended for the retiree who wishes to ensure that after his or her death, a designated beneficiary will continue to receive a fixed annual lifetime benefit.

Option 4-2 and Option 4-3 provide a reduced Maximum Retirement Allowance, with the provision that upon your death either the same reduced retirement allowance (Option 4-2), or one-half of the reduced retirement allowance (Option 4-3), is continued to your surviving designated beneficiary for life.

The Pop-Up feature provides that if the designated beneficiary dies before the retiree, the retiree's benefit will "pop up" to the Maximum Retirement Allowance. All payments cease upon the death of the retiree, if the designated beneficiary predeceases him or her.

Because Option 4-2 and Option 4-3 guarantee two specific people an income for life, the life expectancies of the retiree as well as the beneficiary are taken into consideration. Therefore, under Option 4-2 and Option 4-3, once you designate a beneficiary and the option is in force you cannot change your beneficiary designation.

IN SUMMARY:

Both the Option 4-2 and Option 4-3 retirement allowances:

1. are reduced benefits
2. are payable to you for life
3. guarantee that 100% (Option 4-2) or 50% (Option 4-3) of your retirement allowance is payable to your designated beneficiary for life, if he or she survives you
4. provide that if your designated beneficiary dies before you, your retirement allowance will "pop up" to the Maximum Retirement Allowance
5. cease after the death of both you and your designated beneficiary
6. do not permit you to change your designated beneficiary

THE SPLIT OPTION

Under certain circumstances, you may split your retirement allowance and receive payment of your Pension Reserve (City portion and ITHP) and your Annuity Reserve (your accumulated salary deductions) under different options. If you wish to elect a split option, NYCERS will supply you with figures and the necessary forms, upon request.

*In addition to the options described above, you may elect any form of payment that is the actuarial equivalent of your Maximum Retirement Allowance as certified by the actuary and approved by NYCERS. You are **not** eligible, however, to receive one lump-sum payment of the entire Initial Reserve at retirement.*





Earnings Limitations

For Service Retirees

VERSION NOVEMBER 2009

This brochure only applies to service retirees who are returning to public service within New York City or New York State. The New York State Retirement and Social Security Law (RSSL), Sections 211 and 212, determines earnings limitations based on various factors such as the source of income (public, private, or public benefit corporation).

There are no earnings limitations if you are age 65 or if you work for:

- ▶ The private sector
- ▶ Federal government
- ▶ A public agency in another state or municipality outside of New York State
- ▶ A City or State agency in NYS, but only if you retired from the NYC Transit Authority

There are no earnings limitations if you return to work at public benefit corporations (such as the NYC Health & Hospitals Corporation, the NYC Transit Authority, the NYC Off-Track Betting Corporation, etc.). However, each agency has its own internal policy about re-employing service retirees. For internal re-employment policies, contact the agency directly.

Pensioners who return to City service have 90 days from the date of appointment to rejoin NYCERS if they wish to become members again. If you do not, you will not be eligible to rejoin for the entire period of your post-retirement employment. In addition, you get no credit for any service rendered after returning.

If you join another public retirement system, the pension portion of your retirement allowance is suspended for the entire period of your post-retirement employment and you are not covered by RSSL Section 211 and Section 212 earnings limitations.

The following briefly describes the laws that govern the earnings limitations for pensioners re-employed in NYC or NYS public service. If you decide you want to return to NYC or NYS public service, contact NYCERS' Call Center to see how these laws will affect your pension.

SECTION 211

This law is for service retirees hired for "hard-to-fill" positions to receive income from public service, subject to an earnings limitation. The amount you may earn while employed by the same employer*, without loss, suspension or diminution of your retirement allowance, is the difference between the maximum pension portion of your retirement allowance (plus cost-of-living adjustments) and the greater of the salary on which your retirement allowance was based or the maximum salary which you currently would be receiving in the position from which you last retired if you had not retired. To be covered under Section 211 of the RSSL, the prospective employer must obtain a waiver from the State or City Civil Service Commission or other authorized agency.

***There are no earnings limitations for retirees who are hired by a different employer**

SECTION 212

Under this law you may receive income from NYC or NYS public service, subject to earnings limitations set by the NYS Legislature. The amount you may earn, without loss, suspension or diminution of your retirement allowance, is \$30,000. You must file a form with NYCERS electing to have the provisions of Section 212 apply. The following table shows the earnings limitations in previous years:

Earnings Limitations	
2007	\$30,000
2008	\$30,000
2009	\$30,000

If You Decide To Return To Work, Remember:

- ▶ There may be earnings limitations created by law that affect your pension
- ▶ You forfeit your rights to rejoin NYCERS if you do not rejoin within 90 days from the date of appointment
- ▶ If you rejoin a NYC or NYS public retirement system, your pension will be suspended
- ▶ There are no earnings limitations once you reach the age of 65

Earnings Limitations for Service Retirees #958



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Taxation of Payments Received From NYCERS

VERSION NOVEMBER 2009

General

NYCERS' benefit payments (monthly retirement allowances, loans and excess refunds) are subject to Federal taxes, but are exempt from New York State and local income taxes if your primary residence is within New York State. If you are not a resident of New York State, you should check with your state tax authority to determine the taxability, if any, of the benefit payments you will be receiving from NYCERS.

Pensions

Pension payments received from NYCERS are subject to Federal income taxes, but part of it may be excludable. Shortly after you begin receiving your full pension payment, NYCERS will send you a Retirement Resolution that details the amount of tax-free contributions that are used in the calculation of your retirement benefit. Contributions may be tax-free because they were taxed when deducted from your paycheck, so they are not subject to a second taxing. An example could be voluntary contributions that Tier 1 and Tier 2 members make to enhance their retirement benefit. An example for Tier 3 and Tier 4 members may be the purchase of previous service paid for by payroll deductions or lump sum (other than by rollover from a qualified Deferred Compensation Plan). Each year thereafter, NYCERS will send you a 1099R that will include this same information for that specific tax year.

Because the IRS considers your pension payments to be a source of income, you are required to pay Federal taxes. When filing for retirement you may choose to automatically have these taxes withheld or to make quarterly payments to avoid a penalty at the end of the year.

Once you are retired, if you choose to change the amount of your withholdings please obtain and submit NYCERS Form #349 (Application to Change Federal Income Tax Withholding), which is available on our website, in our Customer Service Center or through our Call Center.

Loans At Retirement

According to IRS regulations, any loan taken at or near retirement must be treated like a retirement distribution and, therefore, is subject to Federal taxation. However, the taxable amount may be rolled over to an Individual Retirement Account (IRA) or Employer Plan in order to temporarily avoid Federal income tax consequences. The taxable distribution is outlined on the Election of Payment Notice sent to you by NYCERS.

For those who choose not to roll over the taxable amount, NYCERS is required to deduct 20% Federal withholding tax on the taxable portion before issuing the check. In addition to being taxable at the member's normal tax rate, if you have not reached the age of 55 and you choose not to roll over the taxable portion, you will also be subject to an IRS early distribution penalty tax of 10% when you file your Federal tax return.

Please note that if you have a prior outstanding loan at retirement on a repayment schedule of five years or less, the balance may also be taxable and eligible for you to roll over on your own. Two to three months after your effective date of retirement, you will receive a letter from NYCERS advising you of the taxable amount of the prior outstanding loan. This letter will remind you that you may defer your Federal tax liability by rolling over the taxable amount to an IRA or Employer Plan. You will have 60 days from the date of notification to roll over the taxable portion of your prior outstanding loan; otherwise, you will have to claim it as income on your Federal return.

Rollover

You should retain any records that identify NYCERS as the source of funds that have been rolled over in order to avoid New York State income tax on future withdrawals. The distribution rules, restrictions, and tax consequences for the institution you choose may differ. NYCERS is a Qualified Pension Plan under §401(a) of the Internal Revenue Code.

Tier 1 and Tier 2 Excess At Retirement

This section is only applicable to Tier 1 and Tier 2 members.

Excess refers to contributions and interest credited to your member account after you have met the minimum required years of service for your plan. Excess begins to accumulate January 1st of the year following the year the minimum required years of service for your retirement plan has been met. Being able to withdraw your excess does not mean you have met the required amount needed in your account to avoid a deficit. All excess refund applications must be received by NYCERS before your retirement date in order to be processed. Refunds may be subject to Federal taxation.

The taxable amount is outlined on the Election of Payment Notice sent to you by NYCERS. You may temporarily avoid the Federal income tax consequences by rolling over the taxable portion of the excess into an Individual Retirement Account (IRA) or qualified Employer Plan.

If you choose not to roll over the taxable amount, NYCERS is required to deduct 20% Federal withholding tax on the taxable portion before issuing the check. In addition to being taxable at the member's normal tax rate, if you have not reached age 55 and you choose not to roll over the taxable portion, you will also be subject to an IRS early distribution penalty tax of 10% when you file your Federal tax return.

When You Receive Payments From NYCERS, Remember:

- NYCERS' benefit payments are exempt from State and local income taxes if you live in the State of New York
- All NYCERS' benefit payments are subject to Federal taxes
- You may temporarily avoid Federal taxes by rolling over the taxable amount to an IRA or Employer Plan
- Keep all records that identify NYCERS as the source of funds that have been rolled over