



Vesting

FOR TIER 3 AND 4 MEMBERS

APRIL 2013

ABOUT VESTING

Many of the retirement plans in NYCERS contain vesting provisions, which allow you to receive a retirement benefit in the future even if you leave City service before you are eligible to retire. Think of it as freezing your retirement benefit now and thawing it out later. The contributions you have made remain at NYCERS where they will continue to accrue interest at the rate of 5%, compounded annually.

You can vest in your retirement plan if you have met or have exceeded the minimum service requirements of the plan before you have separated from City service. If you had an active Tier 3 or 4 membership on or after July 17, 1998, you must have at least 5 years of service to vest. If your membership was terminated before July 17, 1998, your service requirement for a vested benefit is 10 years except for members of the Uniformed Correction, Uniformed Sanitation, and Transit Operating Force. Those members should check the chart on pages 3 and 4 for detailed vested benefit requirements.

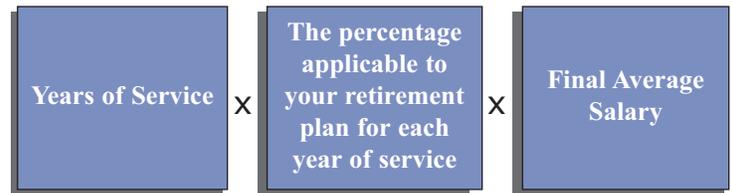
In addition, there are two types of service credit -- *Allowable Service and Credited Service* -- and the type you need to vest in your plan depends on the provisions of that plan. Certain special plans require only *Allowable Service* to vest. If you are a member of a special plan and cannot meet the minimum service requirements to vest with *Allowable Service* alone, you may vest in your underlying plan if you have enough *Credited Service* to meet the minimum service requirements in such underlying plan. Please see the charts on pages 3 and 4 for the vesting requirements of each plan.

PAYABILITY DATE & VESTED RETIREMENT BENEFIT

Upon reaching the age of your retirement plan or, if in a special plan, upon reaching a point in time at which you would have achieved the minimum years of service required of your plan if you had not separated from City service, you are eligible to collect a Vested Retirement Benefit. The date by which you meet either point in time is commonly referred to as your Payability Date. Tier 4 members with Tier 3 rights (joined NYCERS after July 26, 1976 and prior to September 1, 1983) can collect a Vested Retirement Benefit before their Payability Date, but the benefit is subject to a reduction and is offset by 50% of the Primary Social Security Benefit.

Additionally, Correction 25 Year Plan participants can also collect a Vested Retirement Benefit before their Payability Date. The benefit is subject to a reduction, but is not offset by a Primary Social Security Benefit.

The amount of your Vested Retirement Benefit is primarily calculated by multiplying:



Your *Final Average Salary* is determined by the greater of the average annual wages earned during any three consecutive calendar years or the 36 months immediately preceding your retirement date. As a vested member, since you were likely off payroll during the 36 months immediately preceding your retirement date, your *Final Average Salary* will be determined by either the 36 months immediately preceding your Separation Date or the average annual wages earned during any three consecutive calendar years.

Please see the charts on pages 3 and 4 for the Vested Retirement Benefit calculation for each Tier 3 and 4 plan.

LOANS

While you are in active City service you are eligible to take out a loan. Although your contributions remain in your account at NYCERS after you have separated from City service you are NOT eligible to take out a loan after you have left City service.

If you have an outstanding pension loan at the time you separate from City service, there are important consequences you must know.

- First, you are still obligated to pay back the outstanding balance on the loan. A loan on which no payments have been made for over 90 days is considered a non-performing loan and it will be treated as income at the end of the tax year; NYCERS will send you a 1099 tax form.
- Second, any outstanding loan balance continues to accrue interest if left unpaid.
- Third, if the outstanding loan balance is not paid by your Payability Date, your Vested Retirement Benefit will be reduced for your lifetime.

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REQUIRED CONTRIBUTIONS & DEFICITS

The retirement benefits payable from NYCERS are funded through employee contributions, employer contributions and the return on investments of the assets of the retirement system. As an active member, you are required to make *Basic Member Contributions* (until the earlier of your tenth anniversary of membership or ten years of Credited Service, except Transit 25/55 participants, who must pay until retirement) and if a member of a special plan or early retirement plan, you are required to make *Additional Member Contributions (AMCs)*. Failure to make all of the contributions required of your retirement plan can result in a deficit in your accounts and may jeopardize your ability to collect a Vested Retirement Benefit. Some special plans do not allow you to receive a Vested Retirement Benefit unless an AMC deficit has been resolved (see page 4 for details). If your retirement plan allows you to receive a Vested Retirement Benefit with an unresolved deficit at your Payability Date, your Vested Retirement Benefit will be reduced for your lifetime.

PURCHASING SERVICE CREDIT

As an active member, you are eligible to purchase previous public service rendered in New York City or New York State. As a vested member, you may NOT submit an application to purchase previous service credit after you have separated from City service. However, if you are laid off for economic reasons, you may submit an application within 90 days from the date of your separation from City service.

If payments for the purchase of previous service were in arrears at the time you separated from City service, you can pay off the balance of those arrears in a lump sum and receive credit for the service as long as you have completed the purchase prior to making a final option selection (which occurs after your Payability Date has passed). If you decide to wait until you get closer to your Payability Date to complete the purchase, you should know that the payoff amount will continue to grow as interest continues to accrue on the unpaid balance. If you choose not to pay off the balance, you will receive credit for the time you've purchased up to your Separation Date.

DEATH BENEFITS

In the event of your death prior to your Payability Date, a lump-sum death benefit will be paid to the beneficiary(ies) you last designated if you have 10 or more years of *Credited Service* at the time of your death. The death benefit amount is based on 50% of the death benefit that would have been payable if you had died on your last day in active service plus a refund of *Basic Member Contributions* and, where

applicable, either a full refund or a refund of the employee portion (50%) of AMCs. If you did not have 10 or more years of *Credited Service*, only a refund of Basic Member Contributions will be payable to your beneficiary(ies) and, where applicable, either a full refund or a refund of the employee portion of AMCs.

REFUNDS WHILE VESTED

If you have less than 10 years of *Credited Service*, you may receive a refund of your *Basic Member Contributions*, plus interest. By withdrawing your contributions, however, you terminate your NYCERS membership, withdraw from the system, and forfeit the right to a Vested Retirement Benefit and all other benefits from NYCERS.

If you have 10 or more years of *Credited Service*, you are not permitted to withdraw your contributions.

If you are in a special plan, you are eligible to obtain a refund of your AMCs if you have rendered less than a specified number of years of service depending on your retirement plan. Importantly, if you choose to apply for a refund of your AMCs, you cannot vest under the special plan provisions, but rather in your underlying plan.

TRANSFERRING WHILE VESTED

After you leave City service, you are eligible to transfer your NYCERS membership to another New York City or New York State public retirement system. You must be a member of the retirement system to which you are transferring. To complete this transfer, file an Application for Transfer of Member's Accumulated Salary Deductions to Another Retirement System Within New York State (Form #321). NYCERS encourages you to consult with representatives of both retirement systems before you transfer your membership.

HEALTH COVERAGE

IMPORTANT NOTE:

NYCERS does not administer health benefits for employees of NYC mayoral agencies or for employees of any of the participating employers of NYCERS. It is strongly recommended that you visit your agency's personnel office to find out how you can continue your health benefit coverage into retirement.

Office of Labor Relations: 212-513-0470

NYC Transit: 646-376-0123

TBTA: 646-252-7935



PAYMENT OF YOUR VESTED RETIREMENT BENEFIT

To begin receiving payment of your Vested Retirement Benefit, you must file an Application For Payment of a Vested Retirement Benefit (Tier 4 w/Tier 3 Rights - Form #265; Tier 4 - Form #266). You may file the application as early as 90 days before your Payability Date. Your benefit will not start until you file this application; however, you are entitled to a Vested Retirement Benefit as of your Payability Date. If you file your Application for Payment after your Payability Date, your Payability Date is subject to review.

FILING A NOTICE OF INTENT TO VEST FORM

NYCERS encourages members who separate from City service to file a Notice of Intent to Vest Form (Form # 254). By doing so, NYCERS can send you important information regarding your retirement account. For example, you will receive an Annual Disclosure Statement detailing your account balances and designated beneficiaries. Additionally, NYCERS will send you an Application for Payment of a Vested Retirement Benefit approximately 90 days prior to your Payability Date.

Basic Plan & Early Retirement Plans

Plan	Eligibility & Payability	Vested Retirement Benefit
Basic Tier 4 Plan (62/5)	Five or more years of <i>Credited Service</i> Benefit payable at age 62	For members with less than 20 years of <i>Credited Service</i> : Benefit = 1.67% x <i>Final Average Salary</i> x Years of <i>Credited Service</i> For members with 20 or more years of <i>Credited Service</i> : Benefit = 2% x <i>Final Average Salary</i> x Years of <i>Credited Service</i> , up to 30 years Plus 1.5% x <i>Final Average Salary</i> x Years of <i>Credited Service</i> over 30
Tier 4, Age 57 Early Retirement Plan (57/5)	Five or more years of <i>Credited Service</i> Benefit payable at age 57, except if in a <i>Physically Taxing Position</i> , then: Benefits payable at age 50 with 25 years of <i>Credited Service in a Physically Taxing Position</i>	Same as Basic Tier 4
Tier 4, Age 55/25 Year Early Retirement Plan (55/25)*	No Vesting Provisions*	No Vesting Provisions*

Special Plans

Plan	Eligibility & Payability	Vested Retirement Benefit
Tier 3 general members and members of the uniformed force of the NYC Department of Correction who are not in a 20-year plan	Five or more years of <i>Credited Service</i> Full benefit payable at age 62 or Reduced benefit payable as early as age 55	For members with less than 20 years of <i>Credited Service</i> : 1.67% x <i>Final Average Salary</i> x Years of <i>Credited Service</i> . For members with 20 or more years of <i>Credited Service</i> : 2% x <i>Final Average Salary</i> x Years of <i>Credited Service</i> . The benefit for Tier 3 general members is reduced by 50% of the Primary Social Security Benefit.
Tier 3, 20-Year Plan for Correction Members Below the Rank of Captain (C0-20),** 20-Year Plan for Correction Members of the Rank of Captain or Above (CC-20), and 20-Year Plan for Correction Force Members (joined on or after 10/19/04; CF-20)	Five or more years, but less than 20 years of <i>Allowable Correction Service</i> (or <i>Credited Service</i> for certain members).*** Benefit payable on the earliest date the Participant could have retired for service	2.5% x <i>Final Average Salary</i> x Years of <i>Allowable Correction Service</i> (or <i>Credited Service</i> for certain members).

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Plan	Eligibility & Payability	Vested Retirement Benefit
Tier 4 Transit 25/55 Plan (T25/55)	Five or more years of <i>Credited Service</i> , but less than 25 years of <i>Allowable Service</i> in the Transit Authority is eligible to vest under the Basic Tier 4 (62/5) plan. Benefits payable at age 62.	Same as benefit calculation under Basic Tier 4 Plan
	25 Years of <i>Allowable Service</i> in Transit Authority, but not yet 55, eligible to vest under this plan with benefit payable at age 55	2% x <i>Final Average Salary</i> x years of <i>Allowable Service</i> in Transit Authority (up to 30 years) plus 1.5% x <i>Final Average Salary</i> x years of <i>Allowable Service</i> in Transit Authority (for each year in excess of 30).
Tier 4, MTA Bridges and Tunnels 20-Year and Age 50 Plan (TBTA 20/50)**	At least 5, but less than 20 years of <i>Credited Service</i> . The Vested Retirement Benefit becomes payable on the date the Participant could have retired with 20 years of <i>Credited Service</i> , if discontinuance had not occurred, and has reached at least age 50.	2.5% x <i>Final Average Salary</i> x Years of <i>Credited Service</i> .
Tier 4 Sanitation 20-Year Plan (SA-20)**	At least five but less than 20 years of <i>Allowable Sanitation Service</i> .*** Benefit payable on the earliest date the member could have retired with 20 years of <i>Allowable Sanitation Service</i> .	2.5% x <i>Final Average Salary</i> x Years of <i>Allowable Sanitation Service</i> , plus 1% x <i>Final Compensation</i> x Years of <i>Credited Service</i> other than <i>Allowable Sanitation Service</i> .
Tier 4 Dispatcher 25-Year Plan (DIS-25) Tier 4 Emergency Medical Technician 25-Year Plan (EMT-25) Tier 4 25-Year Special Peace Officer Plan (SPO-25)	At least five, but less than 25 years of <i>Allowable Service</i> within their plan. The date the member could have retired with 25 years of <i>Allowable Service</i> , if discontinuance had not occurred.	2% x <i>Final Average Salary</i> x Years of <i>Allowable Service</i>
Tier 4 Deputy Sheriff 25-Year Plan (DSH-25)	At least five, but less than 25 years of <i>Credited Service</i> The date the member could have retired with 25 years of <i>Credited Service</i> , if discontinuance had not occurred	2.2% x <i>Final Average Salary</i> x Years of <i>Credited Service</i>
Tier 4 25-Year/Age 50 Automotive Member Plan (AUT 25/50)	At least five, but less than 25 years of <i>Credited Service</i> The date the member could have retired with 25 years of <i>Credited Service</i> , if discontinuance had not occurred, and has reached age 50.	2% x <i>Final Average Salary</i> x Years of <i>Credited Service</i>
Tier 4 Police Communications Technician 25-Year Plan (PCT-25)	At least five, but less than 25 years of <i>Credited Service</i> The date the member could have retired with 25 years of <i>Credited Service</i> , if discontinuance had not occurred	2% x <i>Final Average Salary</i> x Years of <i>Credited Service</i>

Note:

- * There is no vesting provision in the Tier 4, 25-Year Early Retirement Plan (55/25 Plan). However, members who do not meet the minimum thresholds to retire for service under the 55/25 Plan may vest under the Basic Tier 4 Plan.
- ** Members in CO-20, SA-20, and TBTA 20/50 are not eligible for a Vested Retirement Benefit with a deficit in their Additional Member Contributions (AMCs).
- *** If your membership was terminated before July 17, 1998, you would need 15 years of Allowable Service to vest.