

# Membership Info

## For Newly Hired Employees

**NYCERS**  
RETIREMENT AND BENEFITS

TIER 4

LAST UPDATE JULY 2009

Membership in the New York City Employees' Retirement System (NYCERS) is available to all New York City employees who are not eligible to participate in the New York City Teachers' Retirement System, the New York City Police Pension Fund, the New York City Fire Department Pension Fund or the New York City Board of Education Retirement System.

NYCERS is a cost-sharing (members and employers contribute towards the member's retirement and other benefits provided by NYCERS), multiple-employer (see the last page of this brochure for a list of NYCERS' *Participating Employers*) public employee retirement system.

- You will be a Tier 4 member of NYCERS if you establish a membership with us after July 26, 1976, unless
- you are employed in the uniformed-force of the NYC Department of Correction, in which case you will be a Tier 3 member, or
- you are an Investigator employed in a District Attorneys' office, in which case you will be a Tier 2 member.
  - ▶ In both of these exceptions, those members are governed by different laws and are enrolled in different retirement plans. Such affected members should contact NYCERS for specific information relating to them.

### MEMBERSHIP

#### MANDATORY MEMBERSHIP

Membership is mandatory for all employees who have completed six months of service in a permanent position in the competitive or labor class.

Permanent employees may voluntarily join NYCERS at any time during the first six months of covered employment.

#### VOLUNTARY MEMBERSHIP

All persons employed by the City of New York who **ARE NOT** appointed from an open-competitive list and **ARE NOT** employed in a labor class position may elect to join NYCERS or not. They **ARE NOT** mandated into membership after six months of service. Such persons can file an application for membership in NYCERS at any time after they start employment with New York City. They must, however, be on the payroll of their employer (either in paid status or leave without pay) when they file their membership application with NYCERS.

A voluntary membership begins only when a properly completed membership application is filed with NYCERS, not with your employing agency.

In general, newly hired City employees who join NYCERS are Tier 4 members, governed by ARTICLE 15 of the New York State Retirement and Social Security Law (RSSL) and they will be enrolled in the Age-57 Retirement Program (see exceptions below). For information on Social Security coverage and participation in the City's Deferred Compensation Plan, see the last page of this brochure.

### SUMMARY OF THE AGE-57 RETIREMENT PROGRAM

#### ELIGIBILITY

Any person who is employed in an *Eligible Position* **AFTER** June 28, 1995, and then later becomes a Tier 4 member of NYCERS, is mandated into the Age-57 Retirement Program.

An *Eligible Position* is any position in City service except the following:

- (1) any *Transit Authority Member* eligible to participate in the 25-Year And Age-55 Retirement Program enacted by Chapter 529 of the Laws of 1994 (whether or not the person employed in such position is a Participant in that Program)

- (2) any position in the uniformed forces of the Department of Correction and the Department of Sanitation
- (3) the positions of Bridge and Tunnel Officer, Bridge and Tunnel Sergeant, Bridge and Tunnel Lieutenant, Assistant Bridge and Tunnel Maintainer, Bridge and Tunnel Maintainer, Senior Bridge and Tunnel Maintainer, and Laborer with the Triborough Bridge and Tunnel Authority
- (4) any position in the Division of Housing and Community Renewal
- (5) any position in the unified court system
- (6) any teaching position with the City University of New York
- (7) any Investigator employed in District Attorneys' offices
- (8) EMT's
- (9) Dispatchers
- (10) Deputy Sheriffs
- (11) Auto Service Worker, and
- (12) Special Officers
- (13) Police Communications Operators

## NO REDUCTION DUE TO AGE

Participants in the 57/5 Program who have five or more years of *Credited Service* are eligible to retire at age 57 with no benefit reduction due to age. Participants employed in a "Physically-Taxing Position\*," and who have 25 or more years of *Credited Service*\*\* in such positions are able to retire at age 50.

\* A Physically-Taxing Position is a position in City service included in the Official List of Physically-Taxing Positions established and maintained by the NYC Office of Labor Relations. See NYCERS' Tier 4 Summary Plan Description for a complete list of Physically-Taxing Positions.

### \*\* *Credited Service*

Includes all of the following types of service:

- Service rendered while a member of NYCERS, and
- Service rendered while a member of another retirement system within New York City or New York State and transferred to NYCERS, and
- Service purchased under applicable laws and rules for Buy-Back, which can include:
  - ▶ Military Service
  - ▶ Part-time Service
  - ▶ Previous Service
  - ▶ Pre-Membership Service
  - ▶ Previous Part-time Service

## SERVICE RETIREMENT BENEFIT

The retirement benefit payable under the 57/5 Program is calculated as follows:

- **For a Participant with less than 20 years of *Credited Service***  
 $1 \frac{2}{3}\%$  times the Participant's *Final Average Salary*\* (FAS) times his or her years of *Credited Service*
- **For a Participant with 20 or more years of *Credited Service***  
 $2\%$  times the Participant's FAS times his or her years of *Credited Service*, up to a maximum of 30 years of such service,  
**plus**  
 $1\frac{1}{2}\%$  times the Participant's FAS times his or her years of *Credited Service* in excess of 30.

\**Final Average Salary* is the greater of:

- the average annual *Wages* earned during any three consecutive calendar-year period, or
- the final 36 months immediately preceding the member's retirement date.

**Note:** If the salary earned during any year included in the calculation of a member's *FAS* exceeds the average of the previous two years by more than 10%, the amount in excess of 10% is excluded from the computation. (Refer to Brochure #929 for details on Tier 4 *FAS*.)

For members who did not work full-time, or who had absences without pay in the 36 months immediately preceding retirement, the *FAS* will be computed by using additional earnings to produce a full three years of earnings.

Refer to NYCERS' Tier 4 SPD for a more detailed explanation of each type of service credit.

## VESTING

Vesting means that you become eligible to receive a retirement benefit from NYCERS at some future date. In the case of Tier 4 members, once you have five or more years of *Credited Service*, including at least two years of service as a member or *Transferred Service*, you become eligible to receive a Vested Retirement Benefit.

If you vest in the 57/5 Program you will be eligible for payment of a Vested Retirement Benefit at age 57. If you vest with 25 or more years of *Credited Service* in "Physically-Taxing Positions" you will be eligible for payment of a Vested Retirement Benefit at age 50.

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NYCERS' Call Center:

(347) 643-3000 or 1-877-6NYCERS  
347-643-3501 - TTY (hearing impaired)

Mail:

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Brooklyn, NY 11201-3724

Visit:

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Web Site:

[www.nycers.org](http://www.nycers.org)

## CONTRIBUTIONS

### BASIC TIER 4 CONTRIBUTIONS

All Tier 4 members (**Except** Participants in the TA 25/55 Program - See Note on Page 3) are required to make basic Tier 4 contributions of 3% of *Wages*, including overtime that is paid by a *Participating Employer*.

Tier 4 members' basic contributions of 3% of *Wages* will cease on the earlier of:

- the member's 10<sup>th</sup> anniversary of membership in NYCERS, or
- the date the member accumulates 10 years of *Credited Service*, (which can include any purchased and/or *Transferred Service* credit)
- but not before October 1, 2000.

**Effective with the first full pay period after December 15, 2000, for all Transit Operating-Force members who are Participants in the TA 25/55 Program, the basic Tier 4 member contributions of 3% of *Wages* were reduced to 2% and their AMC's were eliminated.**

### MCAF ACCOUNT

NYCERS refers to the account in which the basic Tier 4 member contributions are deposited, and the interest earned on those deposits, as the *Members' Contribution Accumulation Fund (MCAF)*. Since January 1, 1977, the interest rate has been fixed by law at 5% per-annum, compounded annually.

### ADDITIONAL MEMBER CONTRIBUTIONS (AMC's)

Participants in the 57/5 Program are required to pay *Additional Member Contributions*, in addition to the basic Tier 4 member contributions of 3% of *Wages*.

All Participants in the 57/5 Program (who become members of NYCERS after July 1, 1993) must contribute AMC's for **ALL** *Credited Service*, including buy-back, transferred, and non-eligible position service, as follows:

- 1.85% of their compensation for all service rendered subsequent to December 2, 2001,
- 2.85% for all service rendered after January 1, 1998 and prior to December 2, 2001, and
- 4.35% for all service rendered prior to January 1, 1998.

Participants employed in "Physically-Taxing Positions" must contribute an additional 1.98% of **ALL** *Credited Service*.

Therefore, in most cases, after December 2, 2001, a Participant's total pension deduction each payroll period will be:

- 4.85% of gross *Wages*, for Participants in non-Physically-Taxing Positions, or
- 6.83% of gross *Wages* for Participants in Physically-Taxing Positions.

The Additional Member Contributions continue until the Participant has 30 years of *Credited Service*.

### RETIREMENT RESERVE FUND (RRF) ACCOUNT

The Additional Member Contributions required to be paid by Participants in the 57/5 Program are placed in an RRF account, separate from other retirement system funds. Upon payment into NYCERS, 50% of the Additional Member Contributions are deemed to be employer contributions, and 50% are deemed to be employee contributions. These contributions earn interest at the rate of 5% compounded annually.

### MEMBER CONTRIBUTIONS ARE TAX DEFERRED

All basic Tier 4 member contributions and Additional Member Contributions made from current *Wages* are deferred for Federal income tax purposes [IRC §414(h)], but not for State and local income taxes.

## LOANS

### LOANS FROM YOUR BASIC TIER 4 MEMBER CONTRIBUTIONS

A Tier 4 member of NYCERS in *Active Service*, who has credit for at least one year of *Membership Service*, may borrow an amount not to exceed 75% of the amount last posted to his or her *MCAF* account (minus any *MCAF* and RRF outstanding loans).

The following restrictions apply to all Tier 4 loans:

- You must be in pay status on the payroll of a *Participating Employer* to be issued a loan
- Only one loan may be issued to you in any 12-month period. **There is no provision in law to allow any exceptions**
- The minimum amount of any loan is \$1,000. (You must have at least \$1,334 to your credit in your *MCAF* and RRF accounts to qualify for the minimum loan amount.)
- A service fee of \$40.00 is charged for processing each loan. You do not have to pay this separately, as the fee is deducted from the loan check. **(For example:** If you take a \$1,000 loan, you will receive a net check in the amount of \$960 after the service fee is deducted from the gross amount of the check.)

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## LOANS FROM YOUR ADDITIONAL MEMBER CONTRIBUTIONS

Participants in the 57/5 Program can borrow only that portion of the Additional Member Contributions credited as employee contributions (plus interest thereon). Participants are eligible to borrow up to 75% of the employee portion of their Additional Member Contributions, under Tier 4 loan rules.

## REFUNDS

### REFUND OF BASIC TIER 4 MEMBER CONTRIBUTIONS

As explained earlier, all Tier 4 members of NYCERS are required to make basic contributions of 3% of their *Wages*. Those contributions are held in the Member's Contribution Accumulation Fund (MCAF) account and earn 5% interest, compounded annually. A Tier 4 member with fewer than 10 years of *Credited Service* can request a refund of the amount in his or her MCAF account, upon termination of covered employment. However, if a member has at least five but less than 10 years of *Credited Service*, he or she must submit a form to NYCERS waiving his or her right to a Vested Retirement Benefit, before the refund can be processed. This is necessary because Tier 4 members who leave City service with at least five years of *Credited Service* have the right to a Vested Retirement Benefit.

### REFUND OF ADDITIONAL MEMBER CONTRIBUTIONS (AMC'S)

**Only the employee portion of AMC's may be refunded, in the case of:**

- 1) a Participant with less than 10 years of *Credited Service* who resigns from City service
- 2) the death of the Participant
- 3) a Participant who retires on a disability retirement
- 4) a Participant who retires on a service retirement at age 62 or later, or
- 5) a Participant who transfers to another public employee retirement system in New York State, other than the Board of Education Retirement System

The employee portion of the 1.98% Additional Member Contributions made while a Participant was employed in physically-taxing positions will be refunded if the Participant has credit for 25 or more years of physically-taxing service, and he or she is at least 57 years old when they retire.

## BUY-BACK

Tier 4 members of NYCERS are allowed to purchase retirement service credit for public service performed before becoming a member. A member is eligible to obtain retirement service credit for previous public service rendered anywhere in New York State. You did not have to join the public retirement system in order to purchase the service credit. However, that service must have been considered "creditable" in that retirement system.

You may file a request to purchase *Previous Service* as long as you are in *Active Service*. The service will be credited only after you have accrued credit for at least two years of *Membership Service* and make the required payment(s). You may elect to purchase all or a part of your *Previous Service*. (see NYCERS Brochure #901 for a thorough explanation about buying back time).

Upon receipt of your application to purchase *Previous Service*, NYCERS calculates the cost and gives you the option of making the required payment in a lump-sum or through payroll deductions. You may cancel your request to purchase your *Previous Service* before payroll deductions are scheduled to begin by filing Form #238 with NYCERS. If payroll deductions have already begun, you may cancel such deductions by filing Form #239. You will receive credit for service you purchased up until the effective cancellation date.

If you are paying for *Previous Service* through payroll deductions and you wish to pay the balance in a lump-sum, you must notify NYCERS by filing Form #240.

The cost to purchase *Previous Service* is equal to 3% of *Wages* earned during the period(s) claimed, **plus** interest from the dates of such service up to the date that full payment is made to NYCERS, at the rate of 5%, compounded annually.

**Note:** *Participants* in the 57/5 Program who were not a member of NYCERS (or the Board of Education Retirement System) on July 1, 1993 must also pay the *Additional Member Contribution* rate of 4.35% for all *Credited Service*, including purchased *Previous Service* and *Transferred Service*, rendered up to December 31, 1997 and 2.85% for all service rendered after January 1, 1998 and prior to December 2, 2001 and 1.85% for all service rendered after December 2, 2001. There is an additional 1.98% *Additional Member Contribution* required if you were employed in Physically-Taxing Positions during any of that service.

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**Payments for Previous Service are not eligible for Federal income tax deferral [IRC Section 414(h)] treatment.**

### **PURCHASED SERVICE DOES NOT CHANGE YOUR NYCERS MEMBERSHIP DATE**

Even though all purchased service will be used in calculating future benefits, the purchase of such service does **not** change your membership date in NYCERS.

### **MEMBERSHIP REINSTATEMENT SERVICE**

A member who was previously a member of any public employee retirement system in NY State, but who lost his or her membership due to:

- insufficient service credit, or
- termination of membership by operation of law (**FOR EXAMPLE:** A former NYCERS' member who was out of City service more than five years), or
- withdrawal of their Accumulated Member Contributions

is eligible to have his/her membership date, and possibly his or her tier status, changed to the date of their previous membership.

#### **In order to restore such membership a member must:**

- file a Membership Reinstatement Form (Form # 181) with NYCERS, and
- upon confirmation of previous membership service,
- repay any amounts previously refunded under the original membership, plus 5% interest from the date of the refund through the date of repayment.

**NOTE:** If you had a deficit and/or an outstanding loan in that previous membership, it must be repaid to NYCERS upon reinstatement of such membership.

### **MILITARY SERVICE**

There are various laws that allow members to purchase service credit for time spent on active duty in the U.S. military. They are sections 242, 243 and 244 of the New York State Military Law, the Federal Veterans Reemployment Rights Act (VRRRA) or its successor, the Uniformed Services Employment and Reemployment Rights Act (USERRA) and ARTICLE 20 of the Retirement & Social Security Law (as added by Chapter 548 of the laws of 2000). Each law has different provisions for granting of service. A member is entitled to receive credit for Military Service under whatever law provides him or her with the greatest benefit. Under all provisions, **Military Service must have been satisfactorily completed and a discharge under honorable circumstances received.**

If you were ever on active duty Military Service, and you wish to purchase credit for that service, you should discuss this matter with one of our Customer Service representatives or write to us to determine which section of law would provide you with the best benefit.

### **USING DEFERRED COMP MONEY TO PAY FOR PURCHASING SERVICE CREDIT**

You may transfer funds from your account in the City's Section 457 Deferred Compensation Plan (Deferred Comp) to purchase prior City service. After you apply to purchase previous service, NYCERS will send you a letter outlining the cost of your buy back. This letter will provide detailed instructions on how to use your Deferred Compensation funds. For more information, please call Deferred Compensation Plan Client Services at (212) 306-7760. **Please note that money in the City's 401k Plan cannot be used for this purpose.**

If you are an employee of the NYC Transit Authority and you participate in their Section 457 or 401k Deferred Compensation Plans administered by FASCorp, please call FASCorp directly at 1-866-682-7567 for detailed information. Please note that NYC Transit Authority employees may use monies from the 401k plan with FASCorp to purchase previous service.

If you are an employee of the NYC Health & Hospitals Corporation and participate in their Section 403(b) Plan administered by Prudential Retirement Services, please call Prudential directly at 1-800-458-6333.

### **SOCIAL SECURITY PARTICIPATION**

#### **MEMBERSHIP IN NYCERS FORCES PARTICIPATION IN THE SOCIAL SECURITY PROGRAM**

Once an employee joins NYCERS, either through a Mandatory or Voluntary membership, the employee must pay FICA tax on covered *Wages* (6.20%). The maximum salary subject to FICA is \$106,800 in calendar year 2009.

However, the **Medicare program deductions of 1.45% of ALL EARNINGS** (no maximum amount set each year like for FICA deductions) **are mandatory for all employees** since 1986.

## AVOIDING SOCIAL SECURITY DEDUCTIONS

Employees not forced into membership in NYCERS may join the DCP and not NYCERS. Such employees who contribute 7.50% or more of their *Wages* to the DCP are not required to pay the 6.20% FICA tax. Keep in mind, however, that Social Security disability, survivor and retirement benefits are determined according to the amount and duration of your FICA contributions.

Again, **all employees in all situations are required to pay the Medicare tax of 1.45% of *Wages*.**

## SOCIAL SECURITY DEDUCTIONS BECOME MANDATORY WHEN YOU JOIN NYCERS:

If you join NYCERS, you will be required to pay Social Security contributions, even if you continue to contribute at least 7.50% of *Wages* to the Deferred Compensation Plan.

## IF YOU DO NOT JOIN THE DEFERRED COMPENSATION PLAN:

If you do not join the Deferred Compensation Plan, you will be required after one month of employment to pay all required FICA contributions, whether or not you are a member of NYCERS.

## DEFERRED COMPENSATION

In addition to NYCERS and the other public employee retirement systems in New York City, there is another Citywide retirement plan, the Deferred Compensation Plan [a Section 457 Plan under the Internal Revenue Code (IRC)] administered by the NYC Office of Labor Relations. It is **a defined contribution plan with employee contributions only**. Members of the Deferred Compensation Plan select vehicles for investing their contributions from among offered choices, and benefits are paid out according to assets available in the individual member's account.

All New York City employees may join the Deferred Compensation Plan (DCP) as well as NYCERS.

## NYCERS IS A MULTIPLE-EMPLOYER PUBLIC EMPLOYEE RETIREMENT SYSTEM

In addition to the City of New York, members of NYCERS are also employed by the following *Participating Employers*:

- ▶ NYC Transit Authority
- ▶ Triborough Bridge & Tunnel Authority
- ▶ NYC Housing Authority
- ▶ NYC Health & Hospitals Corporation
- ▶ NYC Off-Track Betting Corporation
- ▶ NYC Rehabilitation Mortgage Insurance Corporation
- ▶ NYC Housing Development Corporation
- ▶ City University of New York
- ▶ NYC School Construction Authority
- ▶ Municipal Water Finance Authority

Departments of the State of New York which had formerly been departments of the City of New York, where members of NYCERS are still employed, such as the courts.

This brochure attempts to be accurate and complete. However, before making the decision to join NYCERS, if you have any questions, we want to answer them for you.

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