



# Tier 6 Special Plans Fact Sheet

Tier 6

March 2018

A new law (Chapter 18 of the Laws of 2012) was enacted amending the retirement benefits of public employees who establish membership in a public employee retirement system **on or after April 1, 2012**. Chapter 18 is commonly referred to as Tier 6. This fact sheet provides answers to frequently asked questions about the obligations and benefits provided to members of a Tier 6 Special Plan. In the event of a conflict between the information provided in this fact sheet and any provision of Chapter 18 and/or applicable law, the provisions of Chapter 18 and/or applicable law shall govern.

## Who is a Tier 6 member?

A Tier 6 member is someone who joins the New York City Employees' Retirement System (NYCERS) on or after April 1, 2012 except for:

- Members of the Uniformed Force of the NYC Department of Correction
- Members of the Uniformed Force of the NYC Department of Sanitation
- Investigators employed in a District Attorney's Office

## If I was a member of a public retirement system in New York City or New York State before April 1, 2012 and that membership has been terminated, can I be reinstated to an earlier tier?

Yes, provided that you meet the eligibility requirements of the "tier reinstatement" law which, among other things, requires that you repay any contributions refunded to you when your membership was terminated (if any) plus 5% compounded interest from the date of the refund to the date of payment.

## If I am employed as a member of the Uniformed Correction Force, Uniformed Sanitation Force, or as a District Attorney Investigator, am I a Tier 6 member if I join NYCERS on or after April 1, 2012?

No. You will be a participant in a Tier 3 22-Year Plan. (See the 22-Year Plan Fact Sheet for more information.)

## I am employed in a special occupational title and am joining NYCERS on or after April 1, 2012. Am I eligible for participation in a Tier 6 Special Plan?

Yes, depending on your title, you will be a participant in one of the following special plans:

- Dispatcher 25-Year Plan
- Transit Authority 25-Year/Age 55 Plan
- Emergency Medical Technician 25-Year Plan
- Triborough Bridge and Tunnel Authority 20-Year/Age 50 Plan
- Deputy Sheriff 25-Year Plan
- Special Peace Officer 25-Year Plan
- Automotive Worker 25-Year/Age 50 Plan
- Police Communications Technician 25-Year Plan

While the Tier 6 law did not eliminate these special plans, many changes were made affecting provisions relating to contributions, vesting requirements, and benefit calculations. The changes are discussed further below.

## Is it possible to opt out of my Tier 6 Special Plan and, if so, which plan would I belong to?

Participants in the Emergency Medical Technician 25-Year Plan, Dispatcher 25-Year Plan, Special Peace Officer 25-Year Plan, and the Police Communications Technician 25-Year Plan who are older than age 30 (age 25 for EMTs) upon being mandated into participation, may elect to opt out of their Tier 6 Special Plan within 180 days after they receive notification that they have this option. In such event, they will be placed in the Tier 6 Basic Plan. For participants in other Tier 6 Special Plans, it is not possible to opt out.

## I am employed in a physically taxing title. Am I eligible for participation in a Tier 6 Special Plan?

No. The Tier 6 law eliminated the Tier 4 55/25 and 57/5 Plans, which provided early retirement for members employed in physically taxing titles. Members in physically taxing titles who join NYCERS on or after April 1, 2012 will be members of the Tier 6 Basic Plan.

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## How much do I have to contribute as a Tier 6 member?

### Basic Member Contributions (BMCs)

Tier 6 Special Plan members who join NYCERS between April 1, 2012 and March 31, 2013 are required to contribute BMCs equal to 3% of gross wages (2% of gross wages for Transit Authority 25/55 participants) until a new contribution structure takes effect on April 1, 2013. Beginning April 1, 2013, the BMC rate for all Tier 6 Special Plan members is dependent upon annual wages earned during a "plan year" according to the schedule in the table below.

Annual Wages Earned During Plan Year	Contribution Rate
Up to \$45,000	3%
\$45,001 to \$55,000	3.5%
\$55,001 to \$75,000	4.5%
\$75,001 to \$100,000	5.75%
Greater than \$100,000	6%

A plan year was defined as the period from April 1st to March 31st. During the first three plan years of membership (or the first three plan years beginning 4/1/13 if you joined NYCERS between 4/1/12 and 3/31/13), NYCERS uses a projection of your annual wages to determine your BMC rate (Projected Wage Method). For your fourth Plan year and each Plan year thereafter, NYCERS uses your gross wages earned two plan years prior to determine your BMC rate (Actual Wage Method). Recent legislation changed the plan year definition to a calendar year (1/1 to 12/31). The chart below illustrates the application of each method based on hypothetical wages. For that reason, if your membership date falls between 4/1/12 and 3/31/14, the Actual Wage Method will be applied for the plan year 1/1/17-12/31/17. The chart below illustrates the application of each method based on hypothetical wages.

PROJECTED WAGE METHOD (FIRST 3 PLAN YEARS ONLY)			
	1st Plan Year	2nd Plan Year	3rd Plan Year
Projected Annual Salary	\$70,000	\$70,000	\$70,000
Rate Based on Projected Annual Salary	4.5%	4.5%	4.5%
Actual Wages Earned in Plan Year	\$72,000	\$72,500	\$76,000
Contributions Made in Plan Year	\$3,240 (4.5% of \$72,000)	\$3,263 (4.5% of \$72,500)	\$3,420 (4.5% of \$76,000)
ACTUAL WAGE METHOD (4TH PLAN YEAR AND THEREAFTER)			
	4th Plan Year	5th Plan Year	
Actual Wages Earned in Plan Year	\$80,000	\$82,500	
Rate Based on Actual Wages Earned Two Plan Years Prior to the Current Plan Year	4.5%	5.75%	
Contributions Made in Plan Year	\$3,600 (4.5% of \$80,000)	\$4,744 (5.75% of \$82,500)	

### Additional Member Contributions (AMCs)

In addition to BMCs, Tier 6 Special Plan members must contribute AMCs. AMCs are required because Tier 6 Special Plan members can take advantage of early service retirement either based on a particular age (younger than age 63) or a minimum service requirement without regard to age. The following table shows the AMC rates for each Tier 6 Special Plan.

Tier 6 Special Plan	AMC Rate
Triborough Bridge & Tunnel Authority 20/50	5.5% (Officers); 6% (Sergeants, Lieutenants)
Transit Authority 25/55	None
Emergency Medical Technician 25	6.25%
Dispatcher 25	6%
Deputy Sheriff 25	6.75%
Special Peace Officer 25	6.25%
Automotive Worker 25/50	4.83%
Police Communication Technician 25	6%

### How long do I have to make contributions?

Unlike Tier 4 members whose BMCs cease after attaining 10 years of Credited Service or 10 years of membership, whichever occurs first, Tier 6 Special Plan members must contribute BMCs until they separate from City service or until they retire.

Tier 6 Special Plan members must contribute AMCs until they attain 30 years of service or retire, whichever comes first, except for Triborough Bridge & Tunnel Authority 20/50 Plan members, who must contribute AMCs until 20 years of service.

### When can I retire for service under my Tier 6 Special Plan?

Tier 6 Special Plan members may retire for service according to the provisions of their special plan which require a minimum age and/or minimum service requirements. The following table shows the minimum requirements for service retirement under each Tier 6 Special Plan.

Tier 6 Special Plan	Minimum Requirement for Service Retirement
Triborough Bridge & Tunnel Authority 20/50	20 years of Credited Service and age 50
Transit Authority 25/55	25 years of Allowable Service and age 55
Emergency Medical Technician 25	25 years of Allowable Service regardless of age
Dispatcher 25	25 years of Allowable Service regardless of age
Deputy Sheriff 25	25 years of Credited Service regardless of age
Special Peace Officer 25	25 years of Allowable Service regardless of age
Automotive Worker 25/50	25 years of Credited Service and age 50
Police Communication Technician 25	25 years of Credited Service regardless of age

### What happens if I leave City Service before I'm eligible to retire?

If you have at least 10 years of Credited Service (or Allowable Service), but less than the minimum requirement for service retirement, your pension vests automatically meaning that you will be entitled to a Vested Retirement Benefit at a later date. **The Tier 6 law defines age 63 as the age by which Tier 6 Special Plan members are eligible to collect a Vested Retirement Benefit.**

If you have less than 10 years of Credited Service (or Allowable Service), you may request a refund of your BMCs, plus 5% compounded interest. Alternatively, you may leave your contributions on deposit with NYCERS for a period of five years. If you do not return to active service within those five years, your NYCERS membership will be terminated. This scenario is commonly referred to as a "five-year out."

## What happens to my AMCs if my pension vests?

Depending on your special plan and your years of service, you may be eligible for a refund of your AMCs plus 5% compounded interest. If you rendered less than 15 years of service (or five years of service for the Automotive Worker 25/50 and Police Communication Technician 25-Year Plans) and cease to hold your special occupational title for any reason whatsoever, you are eligible for a refund of your AMCs, plus 5% compounded interest.

## How is my Service/Vested Retirement Benefit calculated?

The Service/Vested Retirement Benefit formulas for each of the Tier 6 Special Plans are the same as the Tier 4 Special Plans, except for the Vested Retirement Benefit formula for participants in the Transit Authority 25/55 Plan who vest with more than 10, but less than 25, years of Allowable Service. For such participants, the formula is the same as the Tier 6 Basic Plan. Another exception which applies to **ALL** Tier 6 Special Plans is the calculation of Final Average Salary (FAS).

## How is my FAS calculated?

FAS is defined as the average of wages earned by a member during any continuous period of employment for which the member was credited with five years of Credited Service. However, wages earned during any year used in an FAS calculation cannot exceed the average of the previous four years by more than ten percent.

## Are any wages excluded from the FAS calculation?

Yes. The Tier 6 definition of wages includes an “overtime ceiling,” which limits overtime compensation for pension purposes. An overtime ceiling of \$15,000 was established as of April 1, 2012 for Tier 6 members, and by law may escalate annually based on the increase in the Consumer Price Index (CPI-U) published by the United States Bureau of Labor Statistics. The overtime ceiling effective January 1, 2018 is \$16,406. Any overtime compensation earned in excess of the overtime ceiling is excluded from the FAS calculation. Overtime compensation is compensation paid at a rate greater than the standard rate.

The definition of wages also excludes:

1. wages in excess of the annual salary paid to the Governor of the State of New York;
2. lump sum payments for deferred compensation, sick leave, accumulated vacation or other credits for time not worked;
3. any form of termination pay;
4. any additional compensation paid in anticipation of retirement; and
5. in the case of employees who receive wages from three or more employers in a twelve month period, the wages paid by the third and each additional employer.

## If I do not join NYCERS immediately after my employment, can I purchase (buy back) my pre-membership service and how much will it cost me?

You may purchase previous public service rendered anywhere in New York City or New York State. The cost is 6% of the wages earned during the period you are buying back, plus 5 percent interest compounded annually from the date of your previous service until the date of payment. However, depending on the type of service required under your special plan (Allowable or Credited), buying back previous service may not count towards retirement under such plan.

## I served in the U.S. Military prior to my NYCERS membership. Can I purchase my military service?

Yes, if you meet the eligibility criteria specified in Article 20 of the New York State Retirement and Social Security Law (RSSL). The cost to purchase military service under Article 20 of the RSSL is 6% *times* the number of years of military service being purchased *times* the salary you earned during the 12 months prior to the date of your application. Interest is not factored into the cost.

## Did the Tier 6 law affect other benefits of membership such as loans, disability and death benefits?

No. The Tier 4 provisions relative to loans, disability and death benefits remain unchanged and, therefore, apply to Tier 6 Special Plan members in the same manner as applicable to Tier 4 Special Plan members.