



# FREQUENTLY ASKED QUESTIONS

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## **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 1<sup>st</sup> or the 2<sup>nd</sup> 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<sup>nd</sup>, your first advance payment will be on January 31.

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

**Example:** If you retire on January 3<sup>rd</sup>, 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 10 - 12 weeks after your last day paid. 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 1<sup>st</sup> 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  
646-376-0123

TBTA-Benefits Division  
646-252-7935

**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.