This information is intended for use by: (1) members of the Uniformed Force of the NYC Department of Correction who joined the New York City Employees’ Retirement System (NYCERS) between July 27, 1976 and March 31, 2012, and (2) members of the Uniformed Force of the NYC Department of Correction, members of the Uniformed Force of the NYC Department of Sanitation and investigator members employed in a District Attorney office (DA Investigators) who first became subject to Article 14 (Tier 3) on or after April 1, 2012 or first join NYCERS on or after April 1, 2012 (22-Year Plan members).

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 for 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 basic Tier 3 plan, the 20-Year Retirement Program for Correction Members Below the Rank of Captain, etc.)
► the amount of service to your credit in NYCERS
► your Final Average Salary
► 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

OPTION 1
(100% Joint-and-Survivor)

Option 1 is intended for the retiree who wishes to insure that after his or her death, a designated beneficiary will continue to receive a fixed annual lifetime benefit.

Option 1 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 1, the retirement allowance is paid to you no matter how long you live. Then upon your death payments continue to your surviving designated beneficiary for as long as he or she lives.
Because Option 1 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 1, 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.

**Note:** Option reduction factors are based on the ages of the member and the designated beneficiary at retirement. The examples herein are for illustrative purposes only, and are given to show the relative cost of the various options. They are not intended to represent your actual retirement allowance.

**To Illustrate:**

| $20,000 | Maximum Retirement Allowance |
| $16,918 | Annual retirement allowance payable under Option 1 |

In this illustration, the retiree would receive a lifetime retirement allowance of $16,918 per year. When the retiree dies, the surviving designated beneficiary will be paid the same retirement allowance for his or her lifetime.

If the designated beneficiary predeceases the retiree, all payments would then end upon the death of the retiree.

**IN SUMMARY:**

The Option 1 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 designated beneficiary

**OPTION 2**

**10%-90% Joint-and-Survivor**

Option 2 is intended for the retiree who wishes to insure that after his or her death a designated beneficiary will continue to receive a fixed annual lifetime benefit. Option 2 provides a reduced Maximum Retirement Allowance. A retirement allowance of 90% or less (in increments of not less than 10%) of the amount paid to the retiree is continued to his or her surviving designated beneficiary for life. The Option 2 reduction is not as great as the Option 1 reduction, because the surviving beneficiary receives a lesser percentage of the retiree’s allowance.

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.

**To Illustrate:**

| $20,000 | Maximum Retirement Allowance |
| 0.8578 | Option 2 reduction factor |
| $17,156 | Annual retirement allowance payable under Option 2 |

In this illustration, the retiree would receive a lifetime retirement allowance of $17,156 per year. When he or she dies, the surviving designated beneficiary will be paid $13,725 per year (80% of $17,156).

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 a percentage 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 3**

**Five-Year Certain**

The retiree receives a reduced monthly lifetime benefit. If the retiree dies within five years from the date of retirement, the reduced monthly retirement benefit will continue to be paid to the surviving designated primary beneficiary for the unexpired balance of the five-year period. If the designated primary beneficiary predeceases the retiree, then upon the death of the retiree the balance of the payments due for the remainder of the five-year period is paid in a lump sum to the retiree’s contingent beneficiary. If none exists, it is paid in a lump sum to the estate of the retiree.

Should a designated primary beneficiary die after having started to receive payments, the remainder of the five-year period will be paid in a lump sum to the designated contingent beneficiary. If none exists, the lump-sum balance is paid to the estate of the primary beneficiary.

Options for Tier 3 Members including 22-Year Plan #925 - Page 2
IN SUMMARY:
The Option 3 retirement allowance:
1. is a reduced benefit
2. pays your beneficiary a reduced monthly benefit, if you should die within five years from the date of your retirement. Payments continue until the five-year period is expired.
3. allows payment to your contingent beneficiary, if your designated primary beneficiary predeceases you
   or
   if there is no contingent beneficiary, a lump sum will be paid to your estate
4. pays a lump-sum balance to your contingent beneficiary, if your primary beneficiary begins to collect your retirement benefit and then dies within five years from the date of your retirement
   or
   if there is no contingent beneficiary, the lump-sum balance will be paid to the estate of your primary beneficiary

OPTION 4 (Ten-Year Certain)
The retiree receives a reduced monthly lifetime benefit. If the retiree dies within 10 years from the date of retirement, the reduced monthly retirement benefit will continue to be paid to the surviving designated primary beneficiary for the unexpired balance of the 10-year period. If the designated primary beneficiary predeceases the retiree, then upon the death of the retiree the balance of the payments due for the remainder of the ten-year period is paid in a lump sum to the retiree’s contingent beneficiary. If none exists, it is paid in a lump sum to the estate of the retiree.

Should a designated primary beneficiary die after having started to receive payments, the balance of the payments due for the remainder of the 10-year period will be paid in a lump-sum to the designated contingent beneficiary. If none exists, the lump-sum balance is paid to the estate of the primary beneficiary.

IN SUMMARY:
The Option 4 retirement allowance:
1. is a reduced benefit
2. pays your beneficiary a reduced monthly benefit, if you should die within ten years from the date of your retirement. Payments continue until the 10-year period is expired.
3. allows payment to your contingent beneficiary, if your designated primary beneficiary predeceases you
   or
   if there is no contingent beneficiary, a lump sum will be paid to your estate

OPTION 5
(Pop-Up Option - 100% or 50%)
Option 5 is known as the “Pop-Up” option. Option 5 is the 100% or 50% Joint-and-Survivor Option with an added feature -- if the retiree elects Option 5 and the designated beneficiary dies before him or her, the retiree’s benefit will “pop up” to the Maximum Retirement Allowance.

To Illustrate:

<table>
<thead>
<tr>
<th>$20,000</th>
<th>Maximum Retirement Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>x 0.8200</td>
<td>Option 5 reduction factor</td>
</tr>
<tr>
<td>$16,400</td>
<td>Annual retirement allowance payable under Option 5</td>
</tr>
</tbody>
</table>

In this illustration, the retiree will receive a reduced lifetime retirement allowance of $16,400 per year. If the retiree dies before the designated beneficiary, the beneficiary will continue to receive either the same (100%) lifetime annual retirement allowance ($16,400) or one-half (50%) of the lifetime annual retirement allowance ($8,200), depending on the retiree’s selection. However, if the designated beneficiary dies before the retiree, the retiree’s annual retirement allowance will “pop up” to the Maximum Retirement Allowance of $20,000. All payments will then cease upon the retiree’s death.

Under Option 5, you cannot change your beneficiary after your option selection is in force.

IN SUMMARY:
The Option 5 retirement allowance:
1. is a reduced benefit
2. is payable to you for life
3. pays your beneficiary either the same (100%) or reduced (50%) lifetime benefit, if he or she survives you,
   or
   increases your retirement allowance to pop up to the Maximum Retirement Allowance, payable for the rest of your life, if your beneficiary predeceases you.