CONTRIBUTIONS

As a Tier 4 member you are required to contribute 3% of your gross wages until the earlier of attaining 10 years of Credited Service or upon reaching your tenth anniversary of membership. These contributions are referred to as Basic Member Contributions (BMCs) and they are held in the Member Contribution Accumulation Fund (MCAF).

Participants in the 55/25 Plan with a membership date on or after July 1, 1993 are also required to contribute Additional Member Contributions (AMCs) for ALL Credited Service according to the following schedule:

- 1.85% of gross wages for all Credited Service rendered subsequent to December 2, 2001
- 2.85% of gross wages for all Credited Service rendered after January 01, 1998 and prior to December 2, 2001
- 4.35% of gross wages for all Credited Service rendered prior to January 01, 1998

Participants in the 55/25 Plan with a membership date before July 01, 1993 are required to pay AMCs on all Credited Service rendered after January 01, 1995 at the rates specified above.

The only exception to this rule applies to 55/25 participants who were members of the Transit 25/55 Plan prior to participating in the 55/25 Plan. Such participants are not required to pay AMCs for any service rendered while they were a participant in the Transit 25/55 Plan. In addition to the BMCs and AMCs described above, participants employed in “Physically Taxing Positions”* must contribute an additional 1.98% of gross wages on ALL Credited Service (participants with a membership date before July 01, 1993 contribute this rate on all Credited Service rendered after January 01, 1995).

Participants must contribute AMCs (including physically taxing AMCs, where applicable) until they attain 30 years of Credited Service.

AMCs are maintained in the Retirement Reserve Fund (RRF), which is an account maintained separately from the MCAF account. Fifty percent of the AMCs are considered employee contributions; the other fifty percent of the AMCs are considered employer contributions. This distinction becomes significant particularly in refunds and loans (See the Refunds and Loans sections of this brochure).

* A Physically Taxing Position is a position in City service included in the official List of Physically Taxing Positions.
ons established and maintained by the NYC Office of Labor Relations. Members in the 55/25 Plan employed in such positions are required to contribute more for the right to retire as early as age 50 provided they have 25 years of Credited Service in a Physically Taxing Position.

All contributions are Federal tax deferred, meaning that you do not pay Federal taxes on the contributions, only New York State and local taxes. Contributions made while on Union leave are not Federal tax deferred.

**DEFICITS**

Failure to pay any of the required BMCs or AMCs will result in a deficit. If a deficit is identified prior to retirement, steps will be taken to resolve the deficit. In the event of a deficit at retirement, an actuarial reduction will be applied to pension benefits.

**LOANS**

In addition to the ability to borrow up to 75% of the BMCs held in the MCAF account, 55/25 Plan participants may borrow up to 75% of the **employee portion** (50%) of AMCs in the RRF. Any loans taken are subject to the same terms and conditions applicable to Tier 4 members. Please consult the Tier 4 62/5 Summary Plan Description (SPD) booklet or Brochure #911 for additional information.

**REFUNDS**

55/25 Plan participants who have rendered less than 10 years of Credited Service and who leave City service may apply for a refund of BMCs, plus accrued interest at a rate of 5% compounded annually, effectively terminating their membership. Members with between five and 10 years of Credited Service must also waive their right to a Vested Retirement Benefit. Refunds of BMCs are not possible for members with 10 or more years of Credited Service.

**Only the employee portion of AMCs (50%) can be refunded, and only in the event of:**

1. The death of the participant
2. The service retirement of the participant at age 62 or later, provided that such participant was in active service for a total of at least six months out of each of the two 12-month periods immediately preceding his or her retirement for service
3. The disability retirement of the participant
4. The transfer of a participant to another public employee retirement system in New York State, other than the Board of Education Retirement System
5. The termination of the participant’s employment for economic reasons

For participants in Physically Taxing Positions, the **employee portion** (50%) of the 1.98% AMC rate will be refunded if they have credit for 25 or more years of Physically Taxing Service and they are at least age 55 when they retire for service, provided that they were in active service for a total of at least six months out of each of the two 12-month periods immediately preceding their retirement for service.

**VESTED RETIREMENT BENEFIT**

Vesting is about your right to receive future benefits from NYC-ERS even if you leave City service. You are vested when you have met the minimum service requirements of your plan.

There is no specific vesting provision in the 55/25 Plan. However, participants who have five or more years of Credited Service, at least two years of which are Membership Service, are entitled to receive a Vested Retirement Benefit at age 62.

The Vested Retirement Benefit is computed in the same manner as the Vested Retirement Benefit in the 62/5 Plan.

Please consult the Tier 4 62/5 SPD for additional information.

**SERVICE RETIREMENT**

Participants in the 55/25 Plan who have 25 or more years of Credited Service, at least two years of which are Membership Service, are eligible to receive a Service Retirement Benefit at age 55.

Participants employed in Physically Taxing Positions are eligible to receive a Service Retirement Benefit as early as age 50 if they have at least 25 years of Credited Service in a Physically Taxing Position.

In both cases, participants must apply for service retirement while in active service.

The Service Retirement Benefit payable under the 55/25 Plan is calculated as follows:

- **For a Participant with between 25 and 30 years of Credited Service:**
  - 2% times Final Average Salary* (FAS) times years of Credited Service
- **For a Participant with more than 30 years of Credited Service:**
  - 1.5% times FAS times 30 years of Credited Service, PLUS
  - 1.5% times FAS times years of Credited Service in excess of 30.

*Final Average Salary is defined as the greater of:
- the average of wages earned during any three consecutive calendar years, OR
- the average of wages earned during the 36 months immediately preceding the member’s retirement date.

**NOTE:** Wages earned in any year used in the FAS computation cannot exceed more than 10% of the average of the previous two years. See Brochure #929 for a detailed explanation.

**BASIC TIER 4 BENEFITS**

Participants in the 55/25 Plan are entitled to other benefits applicable to Tier 4 members such as death benefits and disability benefits. Participants should refer to the Tier 4 62/5 Summary Plan Description for details on these benefits.