

# 55/25 Retirement Plan For Tier 4 Members

Tier 4



NYC EMPLOYEES'  
RETIREMENT SYSTEM

March 2024

This brochure outlines the benefits of the 55/25 Retirement Plan for Tier 4 members.

## PARTICIPATION

Anyone who was employed in an Eligible Position on June 28, 1995 and who was a Tier 4 NYCERS member had an option to participate in the 55/25 Plan by filing an election form with NYCERS within 90 days from June 28, 1995. **This option has expired.**

Anyone who was employed in an Eligible Position on June 28, 1995, but was NOT a Tier 4 NYCERS member on that date, had an option to participate in the 55/25 Plan by filing an election form with NYCERS within 90 days from the date of the letter sent by NYCERS advising them of the option to elect the 55/25 Plan.

**Tier 4 members who do not elect to participate in the 55/25 Plan are participants in the basic Tier 4 62/5 Plan.**

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

1. Any Transit Authority member eligible to participate in the Transit 25/55 Plan
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 a District Attorney's office

Anyone who was employed in an Eligible Position on June 28, 1995, but was not a Tier 4 NYCERS member on that date, who subsequently becomes employed in certain special occupational titles (e.g., Emergency Medical Technicians, Deputy Sheriffs, etc.) may be required to participate in special retirement plans (e.g., EMT 25-Year Plan, Deputy Sheriff 25-Year Plan, etc.) available to these titles. However, if a participant in one of these special retirement plans ceases to be employed in a special occupational title, they may be placed in the 62/5 Plan and given the opportunity to elect the 55/25 Plan if they were employed in an Eligible Position.

## Chapter 689 of the Laws of 2023

Eligible Participants pursuant to Chapter 689 are permitted to elect to join the 55/25 Plan at any time following the effective date of Chapter 689 of the Laws of 2023 (March 7, 2024). These participants include: NYCERS members and retirees who were sworn members of the City Council or salaried employees of the City Council (either full-time or part-time), that were in active service (service rendered while the employee is on payroll and being paid by the City of New York or a Participating Employer) in such a position on June 28, 1995 (date of the enactment of the 55/25 Plan) AND

- Who are in active service on March 7, 2024 (effective date of Chapter 689) and elect to join the Age 55/25 Plan while in active service; OR
- Who are retired from active service with 25 or more years of Credited Service.

ONCE AN ELECTION TO PARTICIPATE IN THE 911 COMMUNICATIONS OPERATORS / 25-YEAR PLAN IS FILED WITH NYCERS, IT MAY NOT BE REVOKED.

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## CONTRIBUTIONS

As a Tier 4 member, participants are required to contribute 3% of their pensionable gross wages until they attain 10 years of Credited Service or reach the tenth anniversary of their membership – whichever is earlier.

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:

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

Participants in the 55/25 Plan with a membership date before July 1, 1993 are required to pay AMCs on all Credited Service rendered after January 1, 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. These 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 until they attain 30 years of Credited Service. If they are employed in a Physically Taxing Position, they must contribute physically taxing AMCs until they attain 30 years of Credited Service in a Physically Taxing Position.

AMCs are maintained in the Retirement Reserve

Fund (RRF), which is an account maintained separately from the MCAF account. 50% of the AMCs are considered employee contributions; the other 50% of the AMCs are considered employer contributions. This distinction becomes significant particularly in refunds and loans (See the Refunds and Loans sections on pages 2-3).

\*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. 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.

Members and retirees electing to join the 55/25 as an Eligible Participant pursuant to Chapter 689 must pay all AMCs required by the 55/25 plan with interest. Interest accrues up to the earlier of the date of payment or their retirement date.

## DEFICITS

Failure to pay any of the required contributions will result in a deficit in either the Member Contribution Accumulation Fund (BMCs) or the Retirement Reserve Fund (AMCs). If a deficit is identified prior to retirement, NYCERS will notify the member so they can resolve the deficit. If there is an unresolved deficit at retirement, NYCERS will notify the member of the choice to either pay the deficit in full or apply an actuarial reduction (a lifetime reduction to your pension based on your deficit amount) to resolve the deficit.

## LOANS

55/25 Plan participants may borrow up to 75% of the BMCs held in the MCAF account and 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 Loans Brochure #911 for additional information.

## REFUNDS

55/25 Plan participants with 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 5 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 the participant was 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
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

If a member transfers back or reinstates, they will need to repay refunded AMCs, plus interest. 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

55/25 Plan members who separate from service are vested when they have met the minimum service requirements of their 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 under the basic Tier 4 plan 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:**  
2% *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 Calculating Your FAS Brochure #929 for more information.

## **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.

## **UNDERLYING PLAN**

Retirement from Underlying 62/5 Plan:

Participants in the 55/25 Plan who do not meet the requirements of 25 years of Credited Service may retire from the Basic 62/5 Plan. All requirements and benefits of the Basic 62/5 Plan will apply, including the ability to retire prior to age 62 with a benefit reduction.

If the member reverts to 62/5 plan, the deficit in the AMC must be resolved prior to retirement.

## **LIMITED EXCEPTION TO IRREVOCABILITY OF ELECTION**

Participants who cannot accumulate 25 years of Credited Service by age 62 may withdraw their election within two years of the date they filed their application to participate with NYCERS, or January 30, 1998, whichever is later. Such Participants will, upon application to NYCERS, receive a refund of the employee portion of their Additional Member Contributions (50% of total AMCs).

