

Deputy Sheriff 25-Year Retirement Plan (6DS-25)



NYC EMPLOYEES'
RETIREMENT SYSTEM

Tier 6

May 2023

This brochure describes the obligations and benefits of the Deputy Sheriff 25-Year Plan for Tier 6 members (6DS-25 Plan). This plan allows participants to retire with 25 years of Credited Service regardless of age and is available ONLY to Deputy Sheriff Members. A Deputy Sheriff Member is a NYCERS member employed by the City of New York as a Deputy Sheriff Level 1, Deputy City Sheriff Level 2, Supervising Deputy Sheriff or Administrative Sheriff. These are the only titles eligible for the 6DS-25 Plan.

PARTICIPATION

Members in a Deputy Sheriff covered title who become a Tier 6 NYCERS member on or after April 1, 2012 is mandated into the 6DS-25 Plan. Participants who cease to be employed in a Deputy Sheriff covered title will no longer be able to participate in the 6DS-25 Plan. However, if you become employed in a covered title at a later date, you will again be required to participate in the 6DS-25 Plan.

BASIC MEMBER CONTRIBUTIONS (BMCs)

Participants in the 6DS-25 Plan who join NYCERS between April 1, 2012 and March 31, 2013, are required to contribute BMCs equal to 3% of pensionable gross wages until a new contribution structure took effect on April 1, 2013. Beginning April 1, 2013, the BMC rate for all 6DS-25 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%

If you joined NYCERS prior to November 20, 2015, 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). Chapter 510 of the Laws of 2015, signed on November 20, 2015, changed the plan year definition to a calendar year (1/1 to 12/31). 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.

See the last page for a chart illustrating the application of each method based on hypothetical wages.

BMCs are held in the Member Contribution Accumulation Fund (MCAF) and must be contributed until you separate from City service or retire. BMCs are not required on **non-pensionable** earnings (see wage exclusions in Final Average Salary section).

* Chapter 56 of the Laws of 2022 (Budget Bill: Part SS), effective April 01, 2022, excludes pensionable earnings above the annual base wages, such as overtime payments, for purposes of calculating Basic Member Contribution (BMC) rates for the period of 4/1/22 through 12/31/24.

ADDITIONAL MEMBER CONTRIBUTIONS (AMCs)

As a member of the 6DS-25 Plan, participants are also required to contribute Additional Member Contributions (AMCs) of 6.75% of their gross wages, excluding **non-pensionable** earnings (see Final Average Salary section). AMCs are maintained in the Retirement Reserve Fund (RRF). Payment of AMCs is required until a participant attains 30 years of Credited Service in a Deputy Sheriff covered title or retires, whichever occurs first.

BMCs and AMCs are Federal tax-deferred, meaning that you do not pay Federal taxes on the contributions, only New York State and local taxes. Note, however, that contributions made while on Union Leave are **not** Federal tax-deferred.

Please note: If participants were previously enrolled in another special plan, AMCs may still be required under the previous plan(s).

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 the 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 in either the MCAF or RRF account, 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. Unpaid deficits may also impact disability and death benefits.



Participants who cease to be employed in a Deputy Sheriff covered title and withdraw their AMCs (and interest) and later become a 6DS-25 participant again, will be charged a deficit, including the 5% per-annum statutory interest.

LOANS

6DS-25 Plan participants may borrow up to 75% of the BMCs in the MCAF account. Loans are subject to the terms and conditions applicable to Tier 4 members. 6DS-25 Plan participants are **not** allowed to take loans from their AMCs held in the RRF account. Please consult Loans Brochure #911 for additional information.

REFUNDS

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, effectively terminating their membership. Refunds will be reduced by the present value of any outstanding loan. Refunds of BMCs are not possible for members with 10 or more years of Credited Service, except in cases of a participant's death.

Participants who cease to hold a Deputy Sheriff covered title for any reason and who have rendered less than 15 years of Credited Service in a Deputy Sheriff covered title have the option to withdraw their AMCs, plus accrued interest and minus the present value of any loan. AMCs may also be withdrawn if a participant with less than 15 years of Credited Service in a Deputy Sheriff covered title changes to a non-Deputy Sheriff covered title and remains in City service. In this case, after receiving the refund of AMCs, such participant will no longer be entitled to a benefit under the 6DS-25 Plan, but may be entitled to a benefit from the underlying Tier 6 Basic Plan (assuming service requirements have been met). Refunds of AMCs are not possible for members with 15 or more years of Credited Service in a Deputy Sheriff covered title.

A participant who ceases to be employed in a Deputy Sheriff title and withdraws their AMCs (and earned interest), and later becomes a participant again, will be charged with a deficit (including 5% per-annum statutory interest) calculated as if such AMCs had never been made. Payment of a deficit can be made in a lump-sum or through payroll deductions.

Participants must be **off payroll** for 30 or more days to qualify for a refund. If your agency records indicate that you are on a leave of absence with or without pay, you are **not** eligible for a refund.

Withdrawal of BMCs or AMCs will trigger a Federal tax liability and may result in an early distribution tax penalty.

BUY-BACK

6DS-25 Plan members 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 they are buying

back, plus 5% interest compounded annually from the date of their previous service until the date of payment. 6DS-25 Plan members will also be charged AMCs, plus interest, for prior service rendered in a special plan title.

MILITARY BUY-BACK

Federal and state laws allow members to purchase service credit for time spent in U.S. Military service – the Uniformed Services Employment and Reemployment Rights Act (USERRA) and Article 20 of the New York State Retirement and Social Security Law (RSSL), respectively. Under Article 20, the cost is 6% *times* the number of years of military service being purchased *times* the salary they earned during the 12 months prior to the date of their application. Under USERRA, the cost is the equivalent of the contributions required if they had never left for military service. No interest is charged on military buy-back.

VESTED RETIREMENT BENEFIT

If participants leave City service with at least five, but less than 25 years of Credited Service (at least two years of which must be Membership Service), and their contributions have not been returned to them, they are entitled to a Vested Retirement Benefit that becomes payable at age 63.

The Vested Retirement Benefit is calculated using the following formula:

2.2% *times* Final Average Salary (FAS) *times* the number of years of Credited Service.

SERVICE RETIREMENT BENEFIT

Participants in the 6DS-25 Plan are eligible to receive a Service Retirement Benefit upon attaining 25 years of Credited Service, regardless of age. The Service Retirement Benefit is calculated using the following formula:

- 55% FAS for the first 25 years of Credited Service, **plus**
- 1.7% of FAS for each additional year (or fraction thereof) beyond the first 25 years of Credited Service, up to a maximum of 30 years of such service.

A member must file a service retirement application at least 30 days, but no more than 90 days, before their effective retirement date, and they must be a participant of the 6DS-25 Plan on the day before their effective retirement date.

When you file your service retirement application, NYCERS strongly encourages you to select an "Interim Option" on the application. This precautionary measure enables you to leave some form of pension payment to a beneficiary should you die before a final option selection is made and your pension is finalized.



UNDERLYING PLAN

Retirement Under 63/5 Plan:

Participants in the 6DS-25 Plan, including vested members who have left City service, who joined NYCERS on or after April 1, 2012, may retire from the 63/5 Plan whether or not the Participant has satisfied the 25 year service requirement. All requirements and benefits of the 63/5 Plan will apply, including, except in the case of vested members, the ability to retire prior to age 63 with a benefit reduction.

FINAL AVERAGE SALARY (FAS)

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 service. However, wages earned during any year used in an FAS calculation cannot exceed the average of the previous four years by more than 10%.

If a participant has less than nine years of service, any year without actual earnings will be calculated using projected salaries, in order to apply the earnings limitations.

Some wages are excluded from the FAS calculation. The Tier 6 definition of wages includes an "overtime ceiling," which limits overtime compensation for pension purposes to no more than \$19,729 for 2023; this amount is indexed annually according to the Consumer Price Index. 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 12-month period, the wages paid by the third and each successive employer.

ORDINARY DISABILITY RETIREMENT

As a 6DS-25 Plan member, participants are eligible for an Ordinary Disability Retirement Benefit at any age if they have 10 or more years of Credited Service and NYCERS' Medical Board determines that they are physically or mentally incapacitated to perform their job duties and were so incapacitated at the time they ceased performance of their duties.

The Disability Retirement Benefit is equal to the greater of:

- 1/3 of your FAS; **OR**
- 1 2/3% *times* FAS *times* years of Credited Service; **OR**
- If you are eligible for a service retirement, your Service Retirement Benefit.

THREE-QUARTERS ACCIDENTAL DISABILITY RETIREMENT (RSSL §605-c)

NYC Deputy Sheriffs who become physically or mentally incapacitated for the performance of duties as the natural and proximate result of an accident, not caused by their willful negligence, are entitled to a disability benefit equal to three-quarters of Final Compensation. Final Compensation is defined as wages earned during any five consecutive years (subject to certain limitations), minus 100% of the annual payment from the Workers' Compensation Board associated with the injury. Participants must be employed in a Deputy Sheriff title specified in the law at the time they file their application for this type of disability benefit.

SURVIVOR BENEFITS

In the event of your death prior to retirement, your NYCERS membership entitles your beneficiaries to a death benefit. There are two primary types of death benefits – Ordinary Death Benefits and Accidental Death Benefits.

An Ordinary Death Benefit (ODB) is a lump-sum benefit payable to your Designated Beneficiary/Beneficiaries if you die while in active service, before retirement, whether or not death occurs as the result of an accident sustained on the job.

An ODB will be paid only if:

- a) You were being paid on payroll at the time of your death; **-- OR --**
- b) You were off payroll or you were on an authorized leave without pay at the time of your death; **AND**
 1. You were on payroll, in service, and paid within the last 12 months before death; **AND**
 2. You were not gainfully employed since last on the payroll; **AND**
 3. You had credit for one or more years of continuous service since you last entered the service of your employer.

The ODB payable is a multiplication of your salary as indicated below:

- If you have at least one, but less than two years of service, a lump-sum benefit equal to one year's current salary
- If you have at least two, but less than three years of service, a lump-sum benefit equal to two times current salary
- If you have at least three years of service, a lump-sum benefit equal to three times current salary.

The benefit is reduced for each year a member remains in active service beyond age 60.

Your beneficiary/beneficiaries will also receive a refund of your BMCs plus earned interest, and a refund of your AMCs if you rendered less than 15 years of Credited Service in a Deputy Sheriff covered title, plus earned interest.



If you have at least 10 years of Credited Service, are awaiting payability of a Vested Retirement Benefit, and die prior to age 63, your beneficiaries will receive a lump-sum death benefit based on 50% of the ODB that would have been payable if you had died on your last day in active service, plus the refund of your BMCs plus interest. If you die prior to having 15 years of Credited Service in a Deputy Sheriff covered title and attaining age 63, AMCs plus interest will be refunded as well.

The annual benefit equals 50% of the wages you earned during your last year of service, or your annual wage rate if you had less than one year of service. Your BMCs are not refunded to your beneficiaries, but your AMCs will be refunded if you died prior to attaining 15 years of Credited Service in a Deputy Sheriff covered title.

An Accidental Death Benefit (ADB) is payable to Eligible Beneficiaries, who are defined in law, if NYCERS' Medical Board determines that your death was the result of an accident sustained in the performance of your duty, not caused by your own negligence.

Projected Wage Method (First 3 Plan Years Only)			
	1 st Plan Year	2 nd Plan Year	3 rd 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 (4 th Plan Year and Thereafter)			
	4 th Plan Year	5 th 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)	

