The Road to Your NYCERS Retirement Tier 4 & Tier 6

Pension Outreach Programs

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Karen Mazza, Deputy Executive Director
About NYCERS

NYCERS is a Defined Benefit Plan.

The benefits are defined by law and are protected by the New York State Constitution.

You must meet service and contribution requirements to receive a full pension benefit, based on:

Years of Service and
Final Average Salary
About NYCERS

Funding

NYCERS is a cost-sharing multi-employer public retirement system.

The benefits of the system are financed by employer contributions, employee contributions and from earnings on the funds invested by the System.

- **Employer contributions** are determined annually by the Chief Actuary for the City of New York.
- **Employee contributions** are determined based on the plan in which they are enrolled and are paid through payroll deductions.
- **Investment earnings** from the investment portfolio are a significant component in the funding of the System.

The Comptroller of the City of New York is the custodian of the funds.

NYCERS Board of Trustees creates and adopts investment policies under which the funds are invested. The administrative code of the City of New York authorizes the investment of the plan’s assets and the NYS Retirement and Social Security Law establishes the criteria for permissible investments.
What is Your Tier?

Your Tier is generally determined by the date you joined NYCERS:

- 1920
- July 1, 1973
- July 27, 1976
- Sept. 1, 1983
- June 28, 1995
- April 1, 2012

- NYCERS created by an Act of the State Legislature
- Tier 1 Established
- Tier 2 Established
- *Tier 3 Established
- Chapter 96 Law Created 55/25 and 57/5 Plans
- Tier 4 Established
- Tier 6 Established

You are a Tier 4 member if you joined NYCERS after July 27, 1976, but before April 1st 2012, except for Correction Officers, Uniformed Sanitation Force and DA Investigators.

Members that joined between 7/27/76 and 9/1/83 are Tier 4 members who can elect their Tier 3 rights.*
62/5 - Basic Tier 4 Plan

- This is the original Tier 4 plan.

- You joined after 7/26/76, but prior to 6/29/95, and did not elect the 55/25 plan.

- You pay Basic Member Contributions equal to 3% of your gross wages for 10 years.

- You may retire as early as 55 (Tier Equity), but beware of the penalty, AND You MUST be on ACTIVE PAYROLL to retire under Tier Equity.

- You can vest with at least 5 years of service.
62/5 – Basic Tier 4
Early Retirement – Age Reduction

<table>
<thead>
<tr>
<th>Tier Equity</th>
<th>62</th>
<th>No Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>61</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>60</td>
<td>12%</td>
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<tr>
<td>59</td>
<td>15%</td>
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<td>58</td>
<td>18%</td>
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<td>57</td>
<td>21%</td>
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<tr>
<td>56</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>55</td>
<td>27%</td>
<td></td>
</tr>
</tbody>
</table>
55/25 - Chapter 96 (Applicable to Tiers 2 & 4)

- You had to be employed in an eligible position on June 28, 1995 to elect this plan. The 90-day window to opt in was July-September 1995.

- You pay Basic Member Contributions equal to 3% of your gross wages for 10 years.

- PLUS Additional Member Contributions for 30 years (originally 4.35%, then 2.85%, now 1.85%).

- You cannot retire under this plan unless you have at least 25 years of service AND are 55 or older.

- There is no vesting provision with this plan.
57/5 - Chapter 96 (Applicable to Tier 4)

- This was the only plan available to new members beginning June 29, 1995 until March 31, 2012.

- You pay Basic Member Contributions equal to 3% of your gross wages for 10 years.

- PLUS Additional Member Contributions for 30 years (originally 4.35%, then 2.85%, now 1.85%).

- You are eligible to retire at age 57.

- You can vest with at least 5 years of service.
Chapter 96 - Physically Taxing

- Participation is MANDATORY for any member of the 55/25 or 57/5 Plan who is employed in a Physically Taxing Position.
- You pay Basic Member Contributions equal to 3% of your gross wages for 10 years.
- PLUS Additional Member Contributions for 30 years (originally 4.35%, then 2.85%, now 1.85%).
- PLUS Physically Taxing AMCs for 30 years 1.98%.
- Eligible to retire at age 50 with 25 years of Physically Taxing service.

The list of Physically Taxing Positions was created by, and may be amended by, the NYC Office of Labor Relations.
63/10 – The Basic Tier 6 Plan

- Available to members who joined for the first time on or after April 1, 2012.
- You are required to pay basic contributions on all years of service at a rate determined by annual wages earned during a “plan year.”
- You are eligible to retire for an unreduced benefit at age 63, provided you have at least 10 years of credited service.
- You can vest with at least 10 years of service.
- An early retirement provision allows you to retire as early as age 55, but with a penalty.
63/10 – Basic Tier 6

Early Retirement – Age Reduction

<table>
<thead>
<tr>
<th>Age</th>
<th>Reduction</th>
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</thead>
<tbody>
<tr>
<td>63</td>
<td>None</td>
</tr>
<tr>
<td>62</td>
<td>6.5%</td>
</tr>
<tr>
<td>61</td>
<td>13%</td>
</tr>
<tr>
<td>60</td>
<td>19.5%</td>
</tr>
<tr>
<td>59</td>
<td>26%</td>
</tr>
<tr>
<td>58</td>
<td>32.5%</td>
</tr>
<tr>
<td>57</td>
<td>39%</td>
</tr>
<tr>
<td>56</td>
<td>45.5%</td>
</tr>
<tr>
<td>55</td>
<td>52%</td>
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</table>
## Tier 6 Basic Contributions

<table>
<thead>
<tr>
<th>Annual Wages Earned During Plan Year</th>
<th>Contribution Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $45,000</td>
<td>3%</td>
</tr>
<tr>
<td>$45,001 to $55,000</td>
<td>3.5%</td>
</tr>
<tr>
<td>$55,001 to $75,000</td>
<td>4.5%</td>
</tr>
<tr>
<td>$75,001 to $100,000</td>
<td>5.75%</td>
</tr>
<tr>
<td>Greater than $100,000</td>
<td>6%</td>
</tr>
</tbody>
</table>

**PLAN YEAR = January 1st – December 31st (Beginning Jan 1st 2016)**
## Tier 6 Basic Contributions

### PROJECTED WAGE METHOD (FIRST 3 PLAN YEARS ONLY)

<table>
<thead>
<tr>
<th></th>
<th>1st Plan Year</th>
<th>2nd Plan Year</th>
<th>3rd Plan Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Annual Salary</td>
<td>$70,000</td>
<td>$70,000</td>
<td>$70,000</td>
</tr>
<tr>
<td>Rate Based on Projected Annual Salary</td>
<td>4.5%</td>
<td>4.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Actual Wages Earned in Plan Year</td>
<td>$72,000</td>
<td>$72,500</td>
<td>$76,000</td>
</tr>
<tr>
<td>Contributions Made in Plan Year</td>
<td>$3,240 (4.5% of $72,000)</td>
<td>$3,263 (4.5% of $72,500)</td>
<td>$3,420 (4.5% of $76,000)</td>
</tr>
</tbody>
</table>

### ACTUAL WAGE METHOD (4TH PLAN YEAR AND THEREAFTER)

<table>
<thead>
<tr>
<th></th>
<th>4th Plan Year</th>
<th>5th Plan Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Wages Earned in Plan Year</td>
<td>$80,000</td>
<td>$82,500</td>
</tr>
<tr>
<td>Rate Based on Actual Wages Earned Two Plan Years Prior to the Current Plan Year</td>
<td>4.5%</td>
<td>5.75%</td>
</tr>
<tr>
<td>Contributions Made in Plan Year</td>
<td>$3,600 (4.5% of $80,000)</td>
<td>$4,744 (5.75% of $82,500)</td>
</tr>
</tbody>
</table>
Service Credit

All of these types of credit count towards your retirement:

- Membership Service
- Purchased Service
- Military Service
- Membership Reinstatement
- Transferred Service
- Union Leave
- Part-Time (Lifeguard Law)

The more Service Credit you have...

...the higher your pension
Membership Service

Full-time service is considered **1,827 hours per year.**

- 70 hours in a bi-weekly pay period.
- 35 hours in a weekly pay period.

If position has a work week with more hours than 35 hours, then that is the requirement for full service (e.g. TRANSIT).

Anything less is considered part-time service (except for a few titles).

- Service is pro-rated based on the hours actually worked.
- Time is counted per pay period.
- No rollover minutes!

Members CANNOT earn more credit in a week than a week!
Buy-Back Basics

Most previous public service rendered in New York State is eligible for buy-back.

When in doubt: APPLY!!!

Cost:

- 3% Basic Member Contributions (6% for Tier 6 members), plus
- Additional Member Contributions, (If you are a member of 55/25 or 57/5), plus
- Interest: 5 percent, compounded annually

Buy-back should be completed before you retire!!!
Applying for Buy-Back

When we receive your online or paper application, we will:

- Verify the service and salary information for the period claimed.
- Send you a cost letter.

Buy-back can be paid via:

- Lump sum;
- Partial lump-sum and payroll deductions;
- Payroll deductions;
- Rollover from 457 or 403(b); or
- MTA Deferred Compensation Plan: May rollover from 457 or 401(k)

Two-Year Rule: Any time purchased will not be credited to you until you have two years of membership service.
Military Buy-Back

Federal and state laws allow members to purchase service credit for times spent on active duty in the United States military.

1) The Uniformed Services Employment and Reemployment Rights Act (USERRA).

2) Article 20 of the New York State Retirement and Social Security Law.

For more information, visit www.nycers.org for the Military Buy-Back Brochure #902 and Form #244.
Leave Without Pay (LWOP)

Any service rendered during employment that is UNPAID will NOT be Credited Service.

This includes any unpaid periods for:

- FMLA
- Medical Leave
- Parental Leave
- Suspension

Generally, members are not permitted to buy back previous service for time spent off payroll.
Transfers to a different Retirement System

Enable a member to possibly change their Tier or Plan-only way this can occur.

➤ Because they were a member before or currently have another membership.
Transfers and Reinstatements

- NYCERS
- Board of Education Retirement System (BERS)
- NYC Police Pension Fund
- NYC Firefighters Pension Fund
- NYC Teachers’ Retirement System (TRS)

- New York State and Local Employees’ Retirement System (NYSLERS)
- NYS Teachers Retirement System (NYSTRS)
- NYS Police and Fire Retirement System (NYSPFRS)
Union Leave

Members may be given Credited Service for an authorized leave of absence to conduct labor relations activities on behalf of a public employee union.

- Employer needs to adopt a resolution and notify NYCERS with an annual certification.
- Members are still required to pay required contributions-sometimes submitted monthly by the union.
What If I Leave City Service Before Eligibility for Retirement?

**Vest**
If you have put in the service credit required, then you will be entitled to a pension benefit when you reach your plan's payability age, even if you leave City service.

**Refund**
If you have less than 10 years of Credited Service, you can request a refund. If you withdraw you forfeit your right to any future benefits from NYCERS.

**Transfer**
If you become a member of one of the other 7 public pension systems in New York State, you can move your time and money to your new system.
Loans

Members may borrow up to 75% of their account balance.
(Chapter 96 members can also borrow up to 75% of the employee portion of their RRF Account)

- One loan permitted every 12 months
- Member must have at least one year of membership service and be on active payroll to apply for a loan
- Loan must be repaid within five years
- Cost: 6% interest rate, .02% insurance premium, plus a $30 loan processing fee per transaction.
What If I Am Sick or Hurt?

Disability Retirement

Disability is defined as an injury or illness that prevents an employee from performing the routine duties of his or her job title.

**Ordinary Disability**
Members are eligible for a benefit for disability retirement not based on a service retirement benefit formula if they have 10 or more years of *Credited Service*, of which 5 years must be *Membership Service*.

**Accidental Disability**
Members with less than 10 years of *Credited Service*, may be eligible to apply for disability retirement based on a service connected accident which occurred in the performance of City service.
Death Benefit

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Lump Sum* Equals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year but &lt; 2 years</td>
<td>One year’s Salary</td>
</tr>
<tr>
<td>2 years but &lt; 3 years</td>
<td>Two years’ Salary</td>
</tr>
<tr>
<td>3 years and beyond</td>
<td>Three years’ Salary</td>
</tr>
</tbody>
</table>

Plus, Refund of BMCs and accrued interest
Plus, Refund of employee share of AMCs accrued interest

*Benefit is reduced for in-service deaths occurring after age 60 (5% reduction each year beyond age 60). Example: 15% reduction for in-service death at age 63.
What if a member dies and there is no beneficiary on file?

Any death benefit due is payable to the estate. Loved ones will need to go to probate court.

➢ Takes more time!
➢ Possible legal costs!
Death Benefit Process

1) Notify NYCERS:

- File an Online Death Report at [www.nycers.org](http://www.nycers.org); OR
- Call NYCERS so that a representative can file report.

2) Submit an Original Death Certificate:

- Help us pay any benefits as soon as possible.
- Keep your beneficiary data up-to-date. Submit a beneficiary form to update names and or addresses of your beneficiary(ies).
The Retirement Process

- **File a Retirement Application**
  - NYCERS will need your Last Day on Payroll.
  - You can file your retirement application no earlier than 90 days prior to your retirement date. Please note: *(30-day filing requirement for Special Plan Members!)*
  - Change your mind about retiring? You must withdraw your retirement application prior to your retirement date.
  - File NYCERS Form #380 for direct deposit.

- **NYCERS will notify NYC Office of Labor Relations of your retirement filing!!!**
Advance Payments

- If you retire the 1st or 2nd of the month, you will receive an advance payment at the end of the month in which you retire.

- If you retire on the 3rd of the month or later, you will not receive an advance payment until the end of the following month.
How to Calculate Your Final Average Salary Tier 4

Final Average Salary is the greater of:

The average of wages earned in any three consecutive calendar years.

or

The average of wages earned in the 36 months immediately preceding your retirement date.

The majority of NYCERS members fall into this category
The Kingston Limitation (Tier 4)

Wages earned in any year used in the FAS computation cannot exceed more than 10% of the average of the previous two years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Wages</th>
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<tbody>
<tr>
<td>2012</td>
<td>$50,000</td>
</tr>
<tr>
<td>2011</td>
<td>$45,000</td>
</tr>
<tr>
<td>2010</td>
<td>$40,000</td>
</tr>
</tbody>
</table>

Average 2011: $42,500
Average 2010: $37,500
Average 2009: $32,500

Final Average Salary After Kingston Limitation is Applied:

- 2012: $46,750
- 2011: $41,250
- 2010: $35,750

Total: $123,750
Divided by 3: $41,250 (FAS)
Maximum Compensation Limit
Internal Revenue Code (IRC) 401(a)(17)

The Omnibus Budget and Reconciliation Act of 1993 (OBRA ’93) reduced the maximum compensation limit under IRC 401(a)(17) for employees of the private sector. After a transition period the compensation limit was extended to include eligible participants of governmental state and local plans.

NYCRS members who joined the retirement system prior to July 1, 1996 (first plan year beginning after 12/31/1995) are exempt from the OBRA ’93 Compensation Limit reductions and are “grandfathered” in the Compensation Limit rules that were in effect as of July 1, 1993 as escalated to the date of benefit determination.

However, members who first joined the plan on or after July 1, 1996 are not eligible for the “grandfathered” Pre-OBRA ’93 Compensation Limit and are subject to the private sector reduced Compensation Limit under OBRA ’93 as escalated to the date of benefit determination.
Calculating Your Retirement Benefit

Tier 4

**With Less Than 20 Years:**
1.67% x Years of Credited Service x Final Average Salary

**With 20 – 30 Years:**
2% x Years of Credited Service x Final Average Salary

**Over 30 Years:**
1.5% x Years of Credited Service in excess of 30 x Final Average Salary
How to Calculate Your Final Average Salary

Tier 6

Final Average Salary is the greater of:

The average of wages earned in any five consecutive calendar years.

or

The average of wages earned in the 60 months immediately preceding your retirement date.

The majority of NYCERS members fall into this category.
The Kingston Limitation (Tier 6)

Wages earned in any year used in the FAS computation cannot exceed more than 10% of the average of the previous four years

<table>
<thead>
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<tbody>
<tr>
<td></td>
<td>55k</td>
<td>48k</td>
<td>45k</td>
<td>42k</td>
<td>40k</td>
</tr>
<tr>
<td>Four</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Previous</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>AVERAGE</td>
<td>$43,750</td>
<td>$41,750</td>
<td>$39,500</td>
<td>$38,000</td>
<td>$36,250</td>
</tr>
<tr>
<td>Plus 10%</td>
<td>$4,375</td>
<td>$4,175</td>
<td>$3,950</td>
<td>$3,800</td>
<td>$3,625</td>
</tr>
<tr>
<td>MAX Salary</td>
<td>$48,125</td>
<td>$45,925</td>
<td>$43,450</td>
<td>$41,800</td>
<td>$39,875</td>
</tr>
</tbody>
</table>

Salary Data
2007=40k
2006=36k
2005=36k
2004=33k
Governor’s Salary Limit

Reportable Salary Limit for Tier 6:

- Reportable salary may not exceed the salary of the Governor of the State of New York, which is set by law and is currently $250,000.
- If the Governor’s salary changes, the reportable salary limit would change accordingly.
- When a member reaches the reportable salary limit, contributions should not be deducted from any salary paid in excess of the limit.
- All salary paid, days worked and any loan and/or arrears should still be reported.
Reportable Overtime Limit (Tier 6)

- Overtime is compensation paid under a law or policy where employees are paid at a rate greater than their standard rate for additional hours worked beyond those required.
- Tier 6 members have limits on how much overtime can be included in their final average salary calculation.
- Members and employers are not required to make pension contributions on overtime pay that’s above the annual limit.
- Employers shouldn’t report overtime pay that exceeds the limit.
- The overtime reporting period changed from fiscal year to calendar year beginning January 1, 2018.
- The overtime ceiling percentage shall be increased by an amount equal to annual inflation, which will be determined based on the increase in the consumer price index (CPI) in the one year period ending on the September 30th prior to the overtime ceiling adjustment effective on the following January 1st.
Calculating Your Retirement Benefit

Tier 6

With Less Than 20 Years:
1.67% x Years of Credited Service x Final Average Salary

With 20 or more years of Credited Service:
35% x Final Average Salary; plus

2% x each year of Credited Service in excess of 20 x Final Average Salary
Outstanding Loans at Retirement

- An outstanding loan at retirement will *permanently* reduce your annual retirement benefit.

- The average *annual* reduction of your retirement benefit is $70 for every $1,000 of outstanding loan.

Which is better, cash in hand with a lower monthly pension or a higher monthly pension with no cash?
Retirement Options Tiers 4 & 6

MAXIMUM RETIREMENT ALLOWANCE

OR,

- Option 1: 100% Joint-and-Survivor
- Option 2: 25%, 50%, or 75% Joint-and-Survivor
- Option 3: Five-Year Certain
- Option 4: Ten-Year Certain
- Option 5: 50% or 100% “Pop-Up”
Pension Finalization

- After you have selected an option, you are placed on the pension payroll for the full amount of your benefit.

- This will include retroactive amounts for the difference between your advance payment and finalized pension payment.

Note: If you don’t select your option timely, your advance payment could be suspended OR your pension could be finalized under the temporary option selected at retirement!
Taxation

- NYCERS benefit payments are subject to Federal Income Taxes, but are EXEMPT from New York State and local income tax.

  **Beware!** Other states may tax you on your benefits.

- Taxes are generally withheld from all benefit checks based on a member’s direction.

- A 1099R tax form is sent each January to retirees reflecting pension income received and federal income tax withheld from that income during the previous tax year.
What If I Want to Work After Retirement?

Where can I work without being subject to any limits?

For **service retirees**, there are no earnings limitations if you are age 65 and over OR if you are under age 65 and work for:

- The private sector;
- Federal government;
- City or State public service employment other than within New York State; OR
- Public benefit corporations.

What if I am under age 65 and want to work for NYC or NYS?

**Section 212 Limit:**

- You may receive income from public service employment in NYC or NYS; however, your earnings are subject to an annual limit.

  - Annual Limit - $35,000

**NOTE:** Transit retirees can work for a NYC or NYS agency without any earnings limitations.
What If I Want to Return to City Service?...Restored Pensioner

If you return to City service in a NYCERS-eligible position, you have 90 days from the date of appointment to rejoin NYCERS if you wish to become a member again.
Retiree Health Benefits

Health care benefits for retirees are NOT administered by NYCERS.

CONTACT:

- NYC Office of Labor Relations: (212) 513-0470 or www.nyc.gov/html/olr
- NYC Transit Authority: Employee Benefits: (646) 376-0123
- TBTA – Benefits Division: (646) 252-7935
Sign up for a MyNYCERS Account!

Go to [www.nycers.org](http://www.nycers.org)

- Follow the steps to activate your account.
- A PIN number will be sent immediately by text or email.
- Register the PIN for full access to my NYCERS.
NYCERS mobile app is now available for download from Google Play or the App Store.

**NYCERS Mobile App**

Download from Google Play or the App Store

**MyNYCERS Member Website**

www.mynycers.org

Online services are available 24/7 from both the mobile app and the MyNYCERS website.

Register for the MyNYCERS member portal on the mobile app or at www.mynycers.org to file forms online and manage your NYCERS account from the safety and comfort of your home.

Username and password are the same on website and mobile app.
## Online Features for Members

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<th>Feature</th>
<th>Description</th>
</tr>
</thead>
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<td>Apply for a Loan</td>
<td></td>
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<tr>
<td>Benefit Estimator</td>
<td></td>
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<tr>
<td>Service Buyback</td>
<td></td>
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<tr>
<td>Chatbot</td>
<td></td>
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<tr>
<td>Update Contact Information</td>
<td></td>
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<tr>
<td>Disability Retirement</td>
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<tr>
<td>Document Viewing</td>
<td></td>
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<tr>
<td>View Account Data</td>
<td></td>
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<tr>
<td>Guardianship Form (Minors Only)</td>
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<tr>
<td>Manage Beneficiaries (as eligible)</td>
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<tr>
<td>Secure Messaging</td>
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<tr>
<td>Online Payments (e.g. loan after retirement)</td>
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<tr>
<td>Option Election</td>
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<td>Plan Enrollment</td>
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<td>Refunds and Transfers</td>
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<tr>
<td>Set-Up an Appointment</td>
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<tr>
<td>Service Retirement</td>
<td></td>
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<tr>
<td>Knowledge Articles</td>
<td></td>
</tr>
</tbody>
</table>
Online Features for Retirees and Beneficiaries

- Chatbot
- Set-up an Appointment
- Push Notifications (NYCERS to Retiree only)
- Update Contact Information
- Electronic Funds Transfer (EFT)
- W-4P Tax Form
- Document Viewing
- Manage Beneficiaries (as eligible)
- Save for Later (where available)
- Online Payments (e.g. loan after retirement)
- View Retirement Account Data
- Knowledge Articles
Contact NYCERS!

Website: www.nycers.org

Call Center: (347) 643-3000 &

Monday – Friday: 8:00AM - 5:00PM

Mailing Address:
30-30 47th Avenue, 10th Floor
Long Island City, NY 11101