What's Inside?
Below is a brief description of the enclosed brochures.

The Road To Your NYCERS Retirement
An at-a-glance checklist of the important things you need to do once you decide to retire.

Frequently Asked Questions
Quick answers to some of the most frequently asked questions about retirement.

Filing For Retirement
What to expect when you start thinking about retiring.

Advance Payment
Calculate your estimated partial pension by following these formulas.

Option Letter
A sample letter demonstrates how the amounts of your pension under the various retirement options are broken down.

Option
If you choose a retirement option, you can provide a continuing income to your beneficiary. Learn about the various retirement options available to you.

Earnings Limitations
Legislation that drives the earnings limitations for pensioners returning to NY Public Service.

Taxation Of NYCERS Payments
NYCERS benefit payments are subject to Federal income taxes. Learn how IRS regulations may affect your benefit payment.

5@55 Legal Checklist
Five documents you need by age 55 (but no later than retirement).
THE ROAD TO YOUR NYCERS RETIREMENT

1. See Benefit Coordinator at your employer
2. File retirement application with NYCERS
3. Bring retirement receipt to employer
4. File NYCERS Form #380 for direct deposit
5. Receive first advance payment in the mail
6. File Final Option Election
7. Full monthly payments begin

ENJOY YOUR RETIREMENT!
YOUR 7 STOPS ON THE ROAD TO RETIREMENT

Retiring from your City job is an important step and the beginning of an exciting time in your life! On a practical note, it’s a process that will take at least a few months to complete and can go more smoothly if you fully understand what to do and what to expect.

<table>
<thead>
<tr>
<th>Step</th>
<th>Timeframe</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>90-180 days before your target retirement date</td>
<td>SEE YOUR BENEFIT COORDINATOR AT YOUR EMPLOYER. Your payroll department will settle up your leave balances and help figure out what is your last date paid. Your retirement date should be the day after your last date paid. (See #5 below to help determine your optimal retirement date.) Many agencies will give you a letter with this information which you should then provide to NYCERS when you file for retirement.</td>
</tr>
<tr>
<td>2</td>
<td>30-90 days before your last day on payroll</td>
<td>FILE YOUR RETIREMENT APPLICATION WITH NYCERS. Certain retirement plans require that you submit your application at least 30 days before your desired retirement date. Other plans allow later submissions, even as late as the day before your retirement date. It is strongly suggested that you submit your retirement application in-person to NYCERS, where an Examiner can confirm the filing requirement for your plan and address other matters concerning your submission. When you visit also bring: birth documentation such as a passport or birth certificate and photo ID such as your work identification or driver’s license. Also know the address, date of birth, and Social Security Number of your beneficiary for your temporary option election.</td>
</tr>
<tr>
<td>3</td>
<td>Immediately after filing for retirement</td>
<td>BRING YOUR RETIREMENT RECEIPT (FORM #541) TO YOUR EMPLOYER. Retirement receipts are provided to members who submit their retirement application to NYCERS in-person or by mail. The receipt confirms your filing and enables your employer to start certain agency actions such as the processing of your health insurance (if eligible). A copy of your retirement application with the NYCERS date and time stamp also serves as proof of filing. NYCERS does not administer retiree medical benefits. Please direct any questions on this matter to your employer.</td>
</tr>
<tr>
<td>4</td>
<td>3 weeks after retirement date</td>
<td>FILE FORM #380 TO REQUEST DIRECT DEPOSIT. Your first advance payment is always made by check. Submit Form #380 to request direct deposit for subsequent checks.</td>
</tr>
<tr>
<td>5</td>
<td>About 1-2 months after retirement date</td>
<td>YOUR FIRST ADVANCE PAYMENT WILL ARRIVE BY MAIL. If you retire on the 1st or 2nd day of the month, your first advance payment will be at the end of the month you retire. If you retire on the 3rd or later, your first advance payment will be at the end of the following month.</td>
</tr>
<tr>
<td>6</td>
<td>About 10-12 weeks after last day paid</td>
<td>OPTION PACKAGE MAILED. FILE YOUR FINAL OPTION ELECTION. Your option package will arrive in the mail 10-12 weeks after your last day paid. Return your Option Election form within 60 days of receipt of the package. The sooner you file your election, the sooner your final allowance can be calculated.</td>
</tr>
<tr>
<td>7</td>
<td>1-2 months after you have submitted your final option election to NYCERS</td>
<td>YOUR RETIREMENT WILL BE FINALIZED. Your regular pension payment is determined based on your final option election and added to the pension payroll including any retroactive monies that might be payable because the option you elected pays you more than the advance payments you’ve been receiving since your retirement date. This is the final step in the retirement process!</td>
</tr>
</tbody>
</table>

CONGRATULATIONS AND ENJOY YOUR RETIREMENT!
**Q:** How does the retirement process begin?

The first thing you need to do is discuss your retirement with your employer. You need to inform them of the day you want to stop working. While you may consider yourself retired on that day, you are generally not retired until you have gone off the city payroll (i.e., for most non-managerial employees, exhausted all accumulated leave time).

For managerial employees, this is not an issue because they are generally paid their accumulated time in a lump sum, thus they can stop working and "retire" on the same day!

The day after your last day on the payroll will be your retirement date and that is the date you put on your NYCERS service retirement application. Be sure you know the requirements within your plan for filing a retirement application.

To get a better idea of the retirement process, see the enclosed 'Filing For Retirement' brochure.

**Q:** How is my pension payment calculated?

The amount of your retirement benefit is based on the Tier and Plan you are in, as well as some, or all, of the following factors:

- Your required contributions, additional contributions, and/or ITHP (Tier 1 and 2 only)
- How many years of service you have
- Some factor of your compensation, as follows:
  - **Tier 1:** Final Salary or the average of any three best years.
  - **Tiers 2, 3, and 4:** Final Average Salary (FAS)

To help you further, please refer to our easy-to-read brochures available on our website or in our Customer Service Center or through our Call Center. Tier 4 members can refer to Brochure #927 "Calculating Your Retirement Benefits", or Tier 4 members in the Transit 25-55 can refer to Brochure #930.

**Q:** How is my final average salary computed?

Your Final Average Salary (FAS) is the average of the wages earned in the 36 months prior to your retirement; or, the average of the wages earned in any three consecutive calendar years that you wish to use in this calculation. However, there are some important things to consider.

For Tier 2 members (and Tier 1 members with a membership date after 06/17/71) - any year used in the calculation of the FAS (Final Salary for Tier 1) cannot exceed the average of the previous two years' wages by 20% (the previous year for Tier 1). Any amount in the excess of the 20% is not used in this calculation.

For Tiers 3 and 4 members - any year used in the calculation cannot exceed the average of the previous two years' wages by 10%. Any amount in the excess of the 10% is not used in this calculation.

NYCERS will look at every paycheck for each year used in your FAS calculation and determine where the money was earned, not paid. Tier 4 members who would like additional information on how to determine their Final Average Salary, see Brochure #927, available on our website or in our Customer Service Center or through our Call Center.

**Q:** What is a partial payment and how is it determined?

A partial payment, or an advance payment, is a reduced pension benefit paid to you until NYCERS can calculate your final pension based on the retirement option you select. The amount of your partial payment depends on your tier and retirement plan. See the enclosed 'Advance Payment' brochure to see how your advance payment is calculated.

**Q:** How long before I receive a check?

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

**Example:** If you retire on January 2nd, your first advance payment will be on January 31.

If you retired on the 3rd or later, you will receive an advance payment at the end of the FOLLOWING month.

**Example:** If you retire on January 3rd, your first advance payment will be on February 28.

**Q:** How long before I receive an option package?

The option package is the ultimate result of processing your retirement application and the waiting period differs. Usually it takes about 10 - 12 weeks after your last day paid. However, if there is an unusually large number of retirement applications filed at one time, such as during an Early Retirement Incentive, or if we have difficulty gathering information, it may take longer.
Q: When will I receive my first full pension check?
You will receive your first full pension check, which will include any appropriate retroactive adjustments, approximately 2 months after we receive your retirement option selection. If NYCERS has an unusually large number of retirement applications filed at one time, the process may take longer.

Q: If I have an outstanding loan at retirement how will it affect my pension?
If you have an outstanding loan at retirement, your pension will be reduced by an actuarial factor based on your age at retirement. This reduction is for the life of the pension, unless you pay it off in a lump sum payment after retirement.

Q: Can I pay off my loan before retirement?
All loans can be fully paid before retirement. At retirement, a partial lump sum loan payment may be made to reduce your outstanding loan balance. Payment must be made before you select a retirement option.

Q: What is excess?
Excess refers to accumulated contributions and interest credited to your member account, for Tier 1 and Tier 2 members, after you have met the minimum required years of qualifying service for your plan. Excess begins to accumulate January 1st of the year following the year the minimum required years of service for your retirement plan has been met.

Being able to withdraw your excess does not mean you have met the required amount needed in your account to avoid a deficit. All excess refund applications must be received by NYCERS before your retirement date in order to be processed. Refunds may be subject to Federal taxation.

Q: Why would I have a deficit if I were paying into the system?
A deficit may occur because of a loan, withdrawal, transfer, or Social Security offset (Tier 1 and 2 members only). A deficit will result in a reduced pension allowance based on the actuarial equivalent of the deficit.

To find out if you have a deficit before retirement, you may request an estimated benefit letter, which contains estimated calculations based on a variety of options. Each plan and tier has different requirements so be sure to ask our representatives to see if you are eligible.

Q: What happens if I retire before my new contract is settled?
If you retire before your contract is settled with the City, your retirement allowance will reflect your current compensation. However, your retirement allowance will be revised after the contract is approved and the effect of any retroactive payments made to you will be reflected in your new retirement allowance. We do these revisions automatically, however, if after 8 months of having received your option letter you still have not received your revised compensation, contact NYCERS.

Q: What happens when I apply for buy-back at, or right before retirement?
The process for buying back service is as follows: if the claim and verification form is submitted together, the buy-back is processed within about 4-6 weeks and a cost letter is mailed to you. Once payment is received, the service is added to your total service.

Depending on how soon your option letter is generated, it may, or may not, include the buy-back service. If you receive the option package and your buy-back service is not included, please contact NYCERS so a new letter can be generated to include such information.

Q: What happens to my health insurance when I retire?
NYCERS does not administer health insurance. You should speak to your human resources or personnel division in regards to health insurance. Once you are retired, you must contact one of the following with any Health Benefit questions:
NYC Office of Labor Relations-Health Benefits Division
212-513-0470
NYC Transit Authority-Employee Benefits
646-376-0123
TBTA-Benefits Division
646-252-7935

Q: What happens to my sick time and annual leave when I retire?
In most cases you will receive a lump sum (managerial) or be paid through bi-weekly paychecks (non-managerial); however, NYCERS has no control over this distribution. Sick time and annual leave concerns should be discussed with your human resources or personnel division. Please contact them for further information.

Q: How do I have my pension checks go directly to the bank?
You may elect to have your payment directly deposited into your bank account by Electronic Funds Transfer (EFT). NYCERS will arrange EFT by obtaining an EFT authorization form from you. This process will take approximately 60 days from the receipt of your EFT authorization form. Deposits may be made to an individual or joint checking or savings account. Over 60% of NYCERS' pensioners choose EFT. It is the fastest, easiest and safest way to receive your pension check.
The day has finally come. You have decided, or at least are thinking of retiring. To help you make that decision, NYCERS wants you to have a full understanding of what happens from the minute you turn in your application to the day you receive your first retirement payment.

**Filing Requirements**

Filing requirements differ in each Tier and Plan. Tier 1 and Tier 2 members who meet all eligibility requirements, and wish to retire, must file an application at least 30, but not more than 90, days before the effective date that they wish to retire. Tier 3, Tier 4 and Tier 6 members (except members in certain special retirement plans who must adhere to requirements identical to Tier 1 and 2) may file up to the day they wish to retire, but no more than 90 days before.

NYCERS considers your retirement date to be the day after the last day you are paid. This may be different than your last day at work. When you inform your employer as to the date you wish to "stop" working, they will inform you of any unused leave time you have accumulated. Unused leave time may be paid in lump sum (generally, managers) or through paychecks (generally, non-managers). If paid through paychecks, it is especially important to coordinate with your employer to determine when those paychecks will cease. Remember, your retirement date is the day after your last day paid and receiving paychecks means you are being paid.

NYCERS encourages all members to hand deliver any applications that are time sensitive to NYCERS' Customer Service Center. You take considerable risk of undocumented or lost applications when mailing such documents. NYCERS' Customer Service Center Express Lane is designated to accept applications and will provide you with a receipt of submission for your records.

**Withdrawing An Application For Service Retirement**

You may withdraw your application for Service Retirement by filing Withdrawal of Service Retirement Application (Form #542, enclosed in this kit) with NYCERS up to the day before your effective date of retirement. If your request is received after your retirement date, it is denied.

**Changing Your Retirement Date**

If you have filed for retirement and have decided you want to change the date of your retirement, you may extend your retirement date up to 90 days from the original filing date. To change your retirement date, you need to submit a Request to Change or Correct Retirement Date (Form #543, enclosed in this kit). Any extension longer than 90 days will require you to withdraw your application.

**Your First Retirement Payment**

If you are eligible for a service retirement, your case is processed for an advance payment, which is a temporary partial pension payment.

If you retire on the 1st or 2nd of the month you will receive an advance payment at the end of the month in which you retire. Example: If you retire on January 2, your first advance payment will be on January 31.

If you retire on the 3rd of the month, or later, you will receive an advance payment at the end of the following month.

**Example:** If you retire on January 3, your first advance payment will be on February 28.

Starting with your first advance payment, Federal income taxes will be withheld based on the election you made on your retirement application. To see how your advance payment is calculated, see the enclosed “Advance Payment” brochure.

**Option Letter**

An option letter breaks down the amount your pension will be under the various retirement options available to you. Once you receive this letter, you have 60 days to notify NYCERS of the option you choose. If you do not choose an option within this time frame, your retirement benefit is processed under the Maximum Retirement Allowance or, if applicable, the temporary option you selected on your retirement application. The Maximum Retirement Allowance is payable to you only for your lifetime with no benefits continuing after your death. See the enclosed “Option Letter” brochure to see an example of what you should expect.

**Option**

The option you select is important to both you and your beneficiary, should you choose to nominate one. Be sure you understand each option and elect the one that best fulfills your needs. The sooner you file an option selection, the sooner NYCERS can process your case for your full retirement benefit. You MAY NOT change an option once your first full payment has been sent to you. See the enclosed “Options” brochure to get an overview of the various options available to you and the impact each one may have on your retirement benefit.
Processing Your Case For Full Payment Of Your Retirement Benefit

After you have selected an option (or, by default, one has been awarded to you) your file is processed and you are placed on the pension payroll for the full amount. This payment will include retroactive amounts from your retirement date. You will then receive a letter that includes the details of the option chosen, as well as information you will need for Federal income tax purposes.

When And Where Your Pension Payments Will Be Sent

Pension checks are dated the last day of each month and are sent two business days before that date. You have various options on how to receive your pension payments.

- You may elect to have your pension checks mailed to your home, a Post Office box or any address you choose, or
- You may elect to have your pension payments directly deposited into your checking or savings bank account by Electronic Funds Transfer (EFT).

Why EFT?

EFT ensures your payment will not be lost or stolen. Funds are automatically available in your bank account on the last day of each month. If you are interested, you must file an Authorization for Direct Deposit (EFT) of Monthly Retirement Allowance (Form #380), enclosed for your convenience.

Some of the reasons that over 60% of NYCERS’ pensioners use EFT:

- SAFE: Eliminates lost or stolen checks
- SURE: Ensures that you get your retirement allowance every month, even if you’re out of town, ill or on vacation
- FAST: Your account is credited on the payment date - no waiting for a pension check to clear before you can draw on it
- EASY: Eliminates a trip to the bank and waiting in lines

Lost Check

If you do not receive your check by the 10th day of the following month, notify NYCERS and an Affidavit Concerning Lost Check will be sent to you. NYCERS will not take a report of nonreceipt of a pension check until the 10th of the month.

Taxes

Taxes are automatically withheld from all pension checks you receive from NYCERS based on the Federal tax table for a person who is married claiming three exemptions, unless you indicate on your retirement application or Form #349 (Application to Change Federal Income Tax Withheld) to have taxes withheld on a different basis, or, that no taxes be withheld.

Health Insurance

NYCERS does not administer health insurance benefits. If you have any problems with coverage or deductions from your pension payments, you should call one of the following entities:

- NYC Office of Labor Relations - Health Benefits Division: (212) 513-0470
- NYC Transit Authority - Employee Benefits: (646) 376-0123
- TBTA - Benefits Division: (646) 252-7935

Change Of Address

If we do not have your current address, you could experience delays in receiving pension payments, refund checks and other important documents. To prevent this, notify NYCERS of appropriate changes.

It is important you notify NYCERS, even if your pension payment is sent directly to a bank. NYCERS needs your current address in order to mail you important correspondence, including your annual income tax statement (1099R) and quarterly EFT statements.

If NYCERS sends you correspondence and it is returned, your pension payments may be withheld until you contact NYCERS.

When You’ve Decided To Retire, Remember:

- If possible, hand deliver your application to NYCERS’ Customer Service Center at 340 Jay Street Downtown Brooklyn Mezzanine Level At Renaissance Plaza
- The date you retire determines when you will receive your first advance payment, but will not affect your pension in the long run.
- Take careful consideration when choosing your Retirement Option, but be sure to make a selection and return it to NYCERS within 60 days.
- The sooner you select your option, the sooner your full check will be distributed.
- Make sure you let NYCERS know if you move, even during your retirement!

340 Jay Street, Brooklyn, NY Mezzanine level www.nycers.org (347) 643-3000 30-30 47th Avenue, 10th Floor Long Island City, NY 11101
Below are the calculations used to determine your monthly advance pension payment. This is only a temporary partial pension payment. Once you select an option, NYCERS will calculate and pay your full pension payment. The date of your retirement will determine when you receive your first payment. See the “Filing For Retirement” Brochure #891 to determine when you will receive your first partial payment.

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<tbody>
<tr>
<td>Special Officer 25-Year Plan</td>
<td>44% times earnings divided by 12</td>
<td>40% times FAS divided by 12</td>
<td>N/A</td>
<td>40% times FAS divided by 12</td>
<td>40% times 5-year FAS divided by 12</td>
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<td>Auto Worker 25-Year Plan</td>
<td>N/A</td>
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<td>N/A</td>
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<td>40% times 5-year FAS divided by 12</td>
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<tr>
<td>Deputy Sheriff 25-Year Plan</td>
<td>N/A</td>
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<td>N/A</td>
<td>44% times FAS divided by 12</td>
<td>40% times 5-year FAS divided by 12</td>
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<tr>
<td>911 Communications Operators Plan</td>
<td>N/A</td>
<td>40% times FAS divided by 12</td>
<td>N/A</td>
<td>40% times FAS divided by 12</td>
<td>40% times 5-year FAS divided by 12</td>
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<tr>
<td>Police 20-Year Plan, Mod P-20 (Tier 2)</td>
<td>40% times earnings divided by 12</td>
<td>35% times FAS divided by 12</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Sanitation 20-Year Plan, Mod S-20 (Tier 2)</td>
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<td>Sanitation 20-Year Plan</td>
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<td>N/A</td>
<td>40% times FAS divided by 12</td>
<td>N/A</td>
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<td>Transit 20-Year Plan, Mod T-20 (Tier 2)</td>
<td>40% times earnings divided by 12</td>
<td>35% times FAS divided by 12</td>
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<td>Transit 25/55 Plan</td>
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<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Career Pension Plan (CPP)</td>
<td>44% times earnings divided by 12</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Dispatcher 25-Year Plan</td>
<td>44% times FAS divided by 12</td>
<td>40% times FAS divided by 12</td>
<td>N/A</td>
<td>40% times FAS divided by 12</td>
<td>40% times 5-year FAS divided by 12</td>
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<tr>
<td>EMT 25-Year Plan</td>
<td>44% times FAS divided by 12</td>
<td>40% times FAS divided by 12</td>
<td>N/A</td>
<td>40% times FAS divided by 12</td>
<td>40% times 5-year FAS divided by 12</td>
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<tr>
<td>Modified CPP, CPP-I (Tier 2) Plan</td>
<td>N/A</td>
<td>44% times FAS divided by 12</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>PLAN</td>
<td>Tier 1</td>
<td>Tier 2</td>
<td>Tier 3</td>
<td>Tier 4</td>
<td>Tier 6 and Modified Tier 3</td>
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<tr>
<td>DA Investigators 20-Year Plan</td>
<td>N/A</td>
<td>44% times FAS divided by 12</td>
<td>N/A</td>
<td>N/A</td>
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<td>DA Investigators 25-Year Plan</td>
<td>N/A</td>
<td>44% times FAS divided by 12</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>22-Year Plan for Sanitation Force, Correction Force and DA Investigators who joined on or after 4/1/2012 (Modified Tier 3)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Less than 22 years: 35% times 5-year FAS divided by 12  Greater than 22 years: 40% times 5-year FAS divided by 12</td>
</tr>
<tr>
<td>TBTA 20-Year Plan</td>
<td>N/A</td>
<td>40% times FAS divided by 12</td>
<td>N/A</td>
<td>40% times FAS divided by 12</td>
<td>40% times 5-year FAS divided by 12</td>
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<tr>
<td>55-Year-Increased-Service-Fraction Plan (ISF)</td>
<td>1.20% times total years of service times last full year of earnings divided by 12</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Modified ISF Plan, ISF-I Plan</td>
<td>N/A</td>
<td>1.20% times full years of service times FAS divided by 12</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<td>Coordinated-Escalator Plan Article 14 (Tier 3)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Under 20 Years of Service: 1.20% times FAS times years of service minus [outstanding loan divided by actuarial factor] divided by 12  Over 20 Years of Service: 1.50% times FAS times years of service minus [outstanding loan divided by actuarial factor] divided by 12</td>
<td>N/A</td>
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<tr>
<td>Basic Tier 4 Plan (62/5)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Under 20 Years of Service: 1.20% times FAS times years of service minus [outstanding loan divided by actuarial factor] divided by 12  Over 20 Years of Service: 1.50% times FAS times years of service minus [outstanding loan divided by actuarial factor] divided by 12</td>
<td>N/A</td>
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<tr>
<td>25-Year Retirement Plan (55/25) – AND – Age-57 Retirement Plan (57/5)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Under 20 Years of Service: 1.20% times FAS times years of service minus [outstanding loan divided by actuarial factor] divided by 12  Over 20 Years of Service: 1.50% times FAS times years of service minus [outstanding loan divided by actuarial factor] divided by 12</td>
<td>N/A</td>
</tr>
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<tr>
<td>Basic Tier 6 (63/10) Retirement Plan</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Under 20 years: 1.20% times 5-year FAS times years of service minus [outstanding loan divided by actuarial factor] divided by 12</td>
</tr>
<tr>
<td>Correction Officer 20-Year Plan</td>
<td>N/A</td>
<td>40% times FAS divided by 12</td>
<td>40% times FAS divided by 12</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Correction Captain 20-Year Plan</td>
<td>N/A</td>
<td>40% times FAS divided by 12</td>
<td>40% times FAS divided by 12</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Correction Officer 25-Year Plan</td>
<td>N/A</td>
<td>N/A</td>
<td>40% times FAS divided by 12</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Correction Force 20-Year Plan</td>
<td>N/A</td>
<td>N/A</td>
<td>40% times FAS divided by 12</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Other than above</td>
<td>80% times 1% times full years of service times Final Compensation divided by 12</td>
<td>80% times 1% times full years of service times Final Compensation divided by 12</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Below is the strict definition of how your pension is calculated. However, when calculating your advance payment, NYCERS will substitute your FAS or Final Compensation with your earnings, or the average of the last three years (five years for Tier 6 members), as indicated on your W2 form.

**FAS:** Your Final Average Salary is the average of the wages earned in the 36 months (60 months for Tier 6 members) prior to your retirement; or, the average of the wages earned in any three (five for Tier 6) consecutive calendar years that you wish to use in this calculation. However, there are some important things to consider:

- **Tier 2 members (and Tier 1 members with a membership date after 06/17/71):** Any year used in the calculation of the FAS (Final Salary for Tier 1) cannot exceed the average of the previous two years' wages by 20% (the previous year for Tier 1). Any amount in excess of the 20% is not used in this calculation.

- **Tier 3 and Tier 4 members:** Any year used in the calculation of the FAS cannot exceed the average of the previous two years' wages by 10%. Any amount in excess of the 10% is not used in this calculation.

- **Tier 6 and Modified Tier 3 members:** Any year used in the calculation of the FAS cannot exceed the average of the previous four years' wages by 10%. Any amount in excess of the 10% is not used in this calculation.

- **Final Compensation:** The average compensation earned during the five-year period immediately preceding a member’s retirement, or any consecutive five calendar-year period before the member’s retirement that would provide him or her with the greatest average compensation.

No advance (partial) pension payment will be sent to you until NYCERS has a copy of your birth certificate or other valid birthdate evidence on file.

---

### REDUCTION FACTORS FOR ADVANCED PAYMENTS (SERVICE RETIREMENTS)

<table>
<thead>
<tr>
<th>Reduction factor for attained age on date of retirement, to be used in Tier 2 CPP and ISF formulas for members retiring prior to normal retirement age (62):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at Retirement</td>
</tr>
<tr>
<td>Reduction Factor</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reduction factor for attained age on date of retirement, to be used in Tier 3 formulas for members retiring prior to normal retirement age (62):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at Retirement</td>
</tr>
<tr>
<td>Reduction Factor</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reduction factor for attained age on date of retirement, to be used in the Basic Tier 4 (62/5) Plan formulas for members retiring prior to normal retirement age (62):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at Retirement</td>
</tr>
<tr>
<td>Reduction Factor</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reduction factor for attained age on date of retirement, to be used in the Basic Tier 6 (63/10) Plan formulas for members retiring prior to normal retirement age (63):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at Retirement</td>
</tr>
<tr>
<td>Reduction Factor</td>
</tr>
</tbody>
</table>
Below is a sample Option Letter, which outlines a hypothetical retirement benefit under the various options available. This letter will contain amounts that you, as well as your beneficiary, should you choose to nominate one, will receive under the various options available. Selecting your option is an important decision, so be sure you read the enclosed "Option brochure" to understand each option.

If you are in the process of retiring, an Option Letter may be sent so quickly that the amount of your excess refund (see Taxation of Payments Brochure #959) and any loan taken at retirement may not have been processed and deducted from your Annuity Savings Fund prior to the time that the retirement allowance amounts are determined.

If an excess and/or loan is processed after your Option Letter, the amounts stated in that letter will not be correct. Please contact NYCERS immediately if you realize that this has happened in your case. Failure to contact NYCERS will result in an overpayment in your retirement allowance, a future downward revision in your benefit, and a requirement that you return any overpayments.

---

MS. SMITH  
012 AMONA ST  
BRKLYN,NY  
11212  

MAR 21 2003  
MEMBERSHIP NUMBER 123456

DEAR MS. SMITH:

SHOWN BELOW ARE APPROXIMATE RETIREMENT ALLOWANCES PAYABLE UNDER VARIOUS OPTIONS AVAILABLE TO YOU. THE RETIREMENT ALLOWANCE, WHICH YOU SELECT, WILL BE PAID RETROACTIVELY TO YOUR RETIREMENT DATE 12/27/20XX.

<table>
<thead>
<tr>
<th>OPTIONS</th>
<th>ANNUAL RETIREMENT ALLOWANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAXIMUM (NO-OPTION)</td>
<td>$27,541</td>
</tr>
<tr>
<td>FIVE YEARS CERTAIN AND LIFE THEREAFTER</td>
<td>$26,667</td>
</tr>
<tr>
<td>TEN YEARS CERTAIN AND LIFE THEREAFTER</td>
<td>$24,995</td>
</tr>
</tbody>
</table>

OPTION #4 - SETTING ASIDE A LUMP SUM DEATH PAYMENT WILL REDUCE THE MAXIMUM RETIREMENT ALLOWANCE BY $66.29 PER $1,000 UP TO $5,000 AND $45.17 PER $1,000 OVER $5,000.

THE ENCLOSED BOOKLET EXPLAINS THE OPTIONS IN DETAIL.

REGARDLESS OF THE OPTION YOU SELECT, A POST-RETIREMENT LUMP-SUM DEATH BENEFIT WILL BE PAYABLE UPON YOUR DEATH TO YOUR ESTATE OR DESIGNATED BENEFICIARY. TO DESIGNATE A BENEFICIARY COMPLETE THE ENCLOSED FORM "DESIGNATION OF BENEFICIARY FOR POST-RETIREMENT LUMP-SUM DEATH BENEFIT". THIS FORM MUST BE NOTARIZED AND RETURNED TO NYCERS. THE LUMP SUM PAYABLE IS PURSUANT TO THE FOLLOWING SCHEDULE:

<table>
<thead>
<tr>
<th>MONTHS ELAPSED BETWEEN RETIREMENT AND DEATH</th>
<th>DEATH-BENEFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 MOS. OR LESS</td>
<td>$45,498.42</td>
</tr>
<tr>
<td>OVER 12 MOS. TO 24 MOS.</td>
<td>$22,749.21</td>
</tr>
<tr>
<td>OVER 24 MOS.</td>
<td>$8,917.69</td>
</tr>
</tbody>
</table>
THE BENEFITS DESCRIBED IN THIS LETTER ARE BASED UPON THE FOLLOWING INFORMATION:

<table>
<thead>
<tr>
<th>TYPE OF RETIREMENT</th>
<th>SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIER</td>
<td>MOD. CAREER PENSION</td>
</tr>
<tr>
<td>PLAN</td>
<td></td>
</tr>
<tr>
<td>YOUR DATE OF BIRTH</td>
<td>11/11/19XX</td>
</tr>
<tr>
<td>BENEFICIARY UNDER OPTIONS</td>
<td>BILL DOE</td>
</tr>
<tr>
<td>2, 3, 4-2, AND 4-3</td>
<td></td>
</tr>
</tbody>
</table>

| COMPENSATION BASE        | $41,553.57    |
| THREE YEAR AVERAGE SALARY|               |

| QUALIFYING SERVICE       | 25.00 YEARS   |
| EXCESS SERVICE AFTER 6/30/68 | 3.61 YEARS   |

| TOTAL SERVICE            | 28.61 YEARS   |
| QUALIFYING ENHANCEMENT   | 0.00 YEARS    |
| EXCESS ENHANCEMENT       | 2.00 YEARS    |
| TOTAL + ENHANCEMENT      | 30.61 YEARS   |
| QUALIFYING INCENTIVE     | 0.00 YEARS    |
| EXCESS INCENTIVE         | 2.55 YEARS    |
| TOTAL + ENHANCEMENT + INCENTIVE | 33.16 YEARS |

| TOTAL ACCUMULATED DEDUCTIONS | $20,265.28 |
| REQUIRED ACCUMULATED DEDUCTIONS | $34,008.08 |
| DEFICIT IN ACCUMULATED DEDUCTIONS | $13,742.80 |

| TOTAL ITHP CONTRIBUTIONS  | $39,460.85 |
| REQUIRED ITHP CONTRIBUTIONS | $36,782.75 |
| ADDITIONAL ITHP CONTRIBUTIONS | $2,678.10 |
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 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 Modified Career Pension Plan (Plan C), the Modified Increased-Service-Fraction-Plan (Plan D), the Modified Transit 20-Year Plan, etc.)
- the amount of service to your credit in NYCERS
- your earnings
- 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 (Return of Annuity Reserve)

Option 1 reduces your Maximum Retirement Allowance. However, Option 1 guarantees that the full amount of the Annuity Reserve (member contributions with interest) determined at the time of retirement will be paid to you and, upon your death, the remaining balance, if any, will be paid to your designated beneficiary(ies).

Each monthly payment you receive will decrease the Annuity Reserve by a commensurate amount.

Under Option 1, if the death of the retiree occurs shortly after retirement, the majority of the Annuity Reserve will be payable to the designated beneficiary(ies). However, if you live long enough to use up the entire Annuity Reserve, nothing will be payable to your designated beneficiary(ies) upon your death.
Option reduction factors are based on the age of the member at retirement. If you elect Option 1, you must designate a beneficiary. You may name more than one beneficiary, and you may change the beneficiary(ies) designated at any time prior to using up the Annuity Reserve.

**IN SUMMARY**

The Option 1 retirement allowance:
1. is a reduced benefit
2. is payable to you for life
3. ceases upon your death, but guarantees that if you die before receiving payments equal to your Annuity Reserve, the balance of the Annuity Reserve at the time of your death will be paid to your designated beneficiary(ies)
4. permits you to change your beneficiary(ies) at any time prior to using up the Annuity Reserve.

**OPTION 2 (100% Joint-and-Survivor)**

Option 2 is intended for the retiree who wishes to ensure that after his or her death, a designated beneficiary will continue to receive a fixed annual lifetime benefit.

Option 2 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 2, the retirement allowance is paid to you no matter how long you live; payments then continue to your surviving designated beneficiary for as long as he or she lives. 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.

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 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 3 (50% Joint-and-Survivor)**

Option 3 is also intended for the retiree who wishes to ensure that after his or her death, a designated beneficiary will continue to receive a fixed annual lifetime benefit.

Option 3 provides a reduced Maximum Retirement Allowance, with the provision that upon your death one-half of the reduced retirement allowance is continued to your surviving designated beneficiary for life. The Option 3 reduction is not as great as the Option 2 reduction, because the surviving beneficiary receives only one-half of the retiree's allowance.

Because Option 3 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 3, 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.

All payments cease upon the death of the retiree, if the designated beneficiary predeceases him or her.

**IN SUMMARY**

The Option 3 retirement allowance:
1. is a reduced benefit
2. is payable to you for life
3. guarantees that one-half of your retirement allowance is payable to your designated beneficiary for his or her life time, 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 4 (Lump-Sum Payment)**

Option 4 allows you to set aside a specific lump-sum benefit for your designated beneficiary(ies), which he or she will receive upon your death. Your retirement allowance will be reduced from the Maximum Retirement Allowance.

The lump-sum benefit is usually provided in units of $1,000. For each $1,000 to be set aside, your Maximum Retirement Allowance is reduced by an actuarially determined amount depending on your age at retirement. The greater the lump-sum set aside, the greater the reduction from your Maximum Retirement Allowance.

Your reduced retirement allowance under Option 4 is determined by subtracting from your Maximum Retirement Allowance the annual cost of the lump-sum benefit you elect to provide to your designated beneficiary(ies).
IN SUMMARY

The Option 4 retirement allowance:
1. is a reduced benefit
2. is payable to you for life
3. ceases upon your death, but guarantees that a lump-sum benefit is payable to your designated beneficiary(ies)
4. permits you to change your designated beneficiary(ies) at any time

OPTION 4-2 AND OPTION 4-3 (Pop-Up Joint-and-Survivor)

Option 4-2 and Option 4-3 are known as the "Pop-Up" options. Like Option 2 and Option 3, they are intended for the retiree who wishes to ensure that after his or her death, a designated beneficiary will continue to receive a fixed annual lifetime benefit.

Option 4-2 and Option 4-3 provide a reduced Maximum Retirement Allowance, with the provision that upon your death either the same reduced retirement allowance (Option 4-2), or one-half of the reduced retirement allowance (Option 4-3), is continued to your surviving designated beneficiary for life.

The Pop-Up feature provides that if the designated beneficiary dies before the retiree, the retiree's benefit will "pop up" to the Maximum Retirement Allowance. All payments cease upon the death of the retiree, if the designated beneficiary predeceases him or her.

Because Option 4-2 and Option 4-3 guarantee 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 4-2 and Option 4-3, once you designate a beneficiary and the option is in force you cannot change your beneficiary designation.

IN SUMMARY

Both the Option 4-2 and 4-3 retirement allowances:
1. are reduced benefits
2. are payable to you for life
3. guarantee that 100% (Option 4-2) or 50% (Option 4-3) of your retirement allowance is payable to your designated beneficiary for life, if he or she survives you
4. provide that if your designated beneficiary dies before you, your retirement allowance will "pop up" to the Maximum Retirement Allowance
5. cease after the death of both you and your designated beneficiary
6. do not permit you to change your designated beneficiary

OPTION 5 (Five-Year Certain Option)

Under Option 5, the retiree receives a reduced monthly lifetime benefit. If the designated primary beneficiary predeceases the retiree, the balance of the payments due for the remainder of the five-year period is continued 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 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 5 retirement allowance:
1. is a reduced benefit
2. is payable to you for life
3. pays your beneficiary a reduced monthly benefit, if you should die within five years from the date of your retirement.
4. allows payments to go 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
5. 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 will be paid to the estate of your primary beneficiary

OPTION 6 (Ten-Year Certain Option)

Under Option 6, the retiree receives a reduced monthly lifetime benefit. If the retiree dies within ten 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 ten-year period. If the designated primary beneficiary predeceases the retiree, the balance of the payments due for the remainder of the ten-year period is continued 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 ten-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 Ten-Year Certain Retirement Allowance:
1. is a reduced benefit

Options for Tier 2 Members #924 - Page 3
2. is payable to you for life
3. pays your beneficiary a reduced monthly benefit, if you should die within ten years from the date of your retirement. Payments continue until the ten-year period is expired.
4. allows payments to go 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
5. pays a lump-sum balance to your contingent beneficiary
   if your primary beneficiary begins to collect your retirement benefit and then dies within ten 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

In addition to the options described in this brochure, you may elect any form of payment that is the actuarial equivalent of your Maximum Retirement Allowance as certified by the actuary and approved by NYCERS. You are not eligible, however, to receive one lump-sum payment of the entire Initial Reserve at retirement.
Earnings Limitations for Service Retirees

Service retirees who are returning to public service within New York City or New York State may be subject to earnings limitations. In general, Sections 211 and 212 of the New York State Retirement and Social Security Law (RSSL) govern re-employment by service retirees and earnings limitations based on various factors such as the source of income (public, private, or public benefit corporation), a retiree’s age, and the issuance of a waiver (RSSL §211 only).

New York State Retirement and Social Security Law §211

This section covers service retirees hired for “hard-to-fill” positions. To be covered under RSSL §211, your prospective employer must obtain a waiver from an authorized agency; for most City agencies, the Department of Citywide Administrative Services issues “211 waivers.” The amount you may earn while employed by your former employer* without loss, suspension or diminution of your retirement allowance is the difference between:

1. the maximum pension portion of your retirement allowance (plus cost-of-living adjustments); and
2. the salary on which your retirement allowance was based or the maximum salary you currently would be receiving in the position from which you last retired if you had not retired, whichever is greater.

*There are no earnings limitations under Section 211 for retirees who are hired by a different employer.

New York State Retirement and Social Security Law §212

Under RSSL §212, if you are under age 65 and return to public service or are elected or appointed to any public office within New York City or New York State, you are subject to earnings limitations. In the year 2020 and thereafter, the amount you may earn without loss, suspension or diminution of your retirement allowance is $35,000 (subject to change by an act of the NYS Legislature). If your earnings exceed $35,000 in a calendar year, your pension will be suspended for the remainder of that calendar year.

There are no earnings limitations if you are at least age 65 or if you work for:

- The private sector
- The Federal government
- A public agency in another state or municipality outside of New York State
- A public agency in New York City or New York State, but only if you retired from the NYC Transit Authority

There are no earnings limitations if you return to work at a public benefit corporation (such as the NYC Health & Hospitals Corporation, the NYC Transit Authority, the NYC Off-Track Betting Corporation, etc.). However, each agency has its own policy about re-employing service retirees so you should contact the agency directly for more information.

You must file a form (Form #353) with NYCERS electing to have the provisions of RSSL §212 apply. If you do not file such form, you are subject to an earnings limitation of no more than $1,800 per year, including any pension earned. You only need to file Form #353 once to be covered by the provisions of RSSL §212. If you are returning to public service within New York City or New York State and you are over age 65, you must file Form #353 even though you are not subject to earnings limitations.

Pursuant to Civil Service Law §150, if an elected official retires and accepts appointment, is re-elected, or takes a new oath of office to the same elective public office from which he/she retired, he/she is subject to the earnings limitations in RSSL §212 (if he/she files Form #353) even if he/she is over age 65.

Membership in a New York City or New York State Public Retirement System

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. If you do not, you will not be eligible to rejoin for the entire period of your post-retirement employment. In addition, you get no credit for any service rendered after returning.

If you are covered by RSSL §§211 or 212 and wish to join a public retirement system, you must first withdraw from coverage. If you join another system, the pension portion of your retirement allowance is suspended for the entire period of your membership.
General

NYCERS' benefit payments (monthly retirement allowances, loans and excess refunds) are subject to Federal taxes, but are exempt from New York State and local income taxes if your primary residence is within New York State. If you are not a resident of New York State, you should check with your state tax authority to determine the taxability, if any, of the benefit payments you will be receiving from NYCERS.

Pensions

Pension payments received from NYCERS are subject to Federal income taxes, but part of it may be excludable. Shortly after you begin receiving your full pension payment, NYCERS will send you a Retirement Resolution that details the amount of tax-free contributions that are used in the calculation of your retirement benefit. Contributions may be tax-free because they were taxed when deducted from your paycheck, so they are not subject to a second taxing. An example could be voluntary contributions that Tier 1 and Tier 2 members make to enhance their retirement benefit. An example for Tier 3 and Tier 4 members may be the purchase of previous service paid for by payroll deductions or lump sum (other than by rollover from a qualified Deferred Compensation Plan). Each year thereafter, NYCERS will send you a 1099R that will include this same information for that specific tax year.

Because the IRS considers your pension payments to be a source of income, you are required to pay Federal taxes. When filing for retirement you may choose to automatically have these taxes withheld or to make quarterly payments to avoid a penalty at the end of the year.

Once you are retired, if you choose to change the amount of your withholdings please obtain and submit NYCERS Form #349 (Application to Change Federal Income Tax Withholding), which is available on our website, in our Customer Service Center or through our Call Center.

Loans At Retirement

According to IRS regulations, any loan taken at or near retirement must be treated like a retirement distribution and, therefore, is subject to Federal taxation. However, the taxable amount may be rolled over to an Individual Retirement Account (IRA) or Employer Plan in order to temporarily avoid Federal income tax consequences. The taxable distribution is outlined on the Election of Payment Notice sent to you by NYCERS.

For those who choose not to roll over the taxable amount, NYCERS is required to deduct 20% Federal withholding tax on the taxable portion before issuing the check. In addition to being taxable at the member's normal tax rate, if you have not reached the age of 55 and you choose not to roll over the taxable portion, you will also be subject to an IRS early distribution penalty tax of 10% when you file your Federal tax return.

Please note that if you have a prior outstanding loan at retirement on a repayment schedule of five years or less, the balance may also be taxable and eligible for you to roll over on your own. Two to three months after your effective date of retirement, you will receive a letter from NYCERS advising you of the taxable amount of the prior outstanding loan. This letter will remind you that you may defer your Federal tax liability by rolling over the taxable amount to an IRA or Employer Plan. You will have 60 days from the date of notification to roll over the taxable portion of your prior outstanding loan; otherwise, you will have to claim it as income on your Federal return.

Rollover

You should retain any records that identify NYCERS as the source of funds that have been rolled over in order to avoid New York State income tax on future withdrawals. The distribution rules, restrictions, and tax consequences for the institution you choose may differ. NYCERS is a Qualified Pension Plan under §401(a) of the Internal Revenue Code.
This section is only applicable to Tier 1 and Tier 2 members.

Excess refers to contributions and interest credited to your member account after you have met the minimum required years of service for your plan. Excess begins to accumulate January 1st of the year following the year the minimum required years of service for your retirement plan has been met. Being able to withdraw your excess does not mean you have met the required amount needed in your account to avoid a deficit. All excess refund applications must be received by NYCERS before your retirement date in order to be processed. Refunds may be subject to Federal taxation.

The taxable amount is outlined on the Election of Payment Notice sent to you by NYCERS. You may temporarily avoid the Federal income tax consequences by rolling over the taxable portion of the excess into an Individual Retirement Account (IRA) or qualified Employer Plan.

If you choose not to roll over the taxable amount, NYCERS is required to deduct 20% Federal withholding tax on the taxable portion before issuing the check. In addition to being taxable at the member's normal tax rate, if you have not reached age 55 and you choose not to roll over the taxable portion, you will also be subject to an IRS early distribution penalty tax of 10% when you file your Federal tax return.

When You Receive Payments From NYCERS, Remember:

- NYCERS' benefit payments are exempt from State and local income taxes if you live in the State of New York
- All NYCERS' benefit payments are subject to Federal taxes
- You may temporarily avoid Federal taxes by rolling over the taxable amount to an IRA or Employer Plan
- Keep all records that identify NYCERS as the source of funds that have been rolled over
Retirement planning is much more than filing your retirement papers and getting a pension check each month. Planning includes, among other things, setting up a MyNYCERS account, naming beneficiaries, keeping your own and your beneficiaries’ addresses up-to-date and considering a buy-back of previous City and State service time.

Another key part of retirement planning is to make sure you are prepared for the health and legal needs you may face. Completing these five key documents by age 55, but no later than retirement, will help you have peace of mind. These documents can be complicated, so you may want qualified legal and estate planning assistance in preparing them.

- **Health Care Proxy:**
  A Health Care Proxy is a document in which you assign a “Health Care Agent” who has power to make medical decisions on your behalf when you are unable to make decisions on your own.

- **Living Will:**
  A Living Will is a written statement to ensure that your medical wishes are honored if you are unable to express informed consent. It states how you should be cared for in an emergency or if you are otherwise incapacitated.

- **Power of Attorney:**
  A Power of Attorney appoints a person known as your “agent,” who handles your legal and financial affairs should you become incapacitated. Please refer to your State’s Durable Power of Attorney Standard Form. The standard form for New York residents is known as the New York State Statutory Short Form Power of Attorney. This form includes a Statutory Major Gifts Rider, which contains important powers necessary for making lifetime gifts as well as implementing tax and Medicaid planning.

- **Last Will & Testament/Living Trust:**
  A Will provides instructions on the distribution of your assets upon your death and goes through probate in the Surrogate’s Court of the County in which you resided. You should review and update your Will every few years, adapting it to changes in your family situation, assets or state laws.

  A Living Trust can take the place of or be executed in addition to a Will. A Living Trust bypasses probate, which can be costly and time-consuming. It enables your named trustee to carry out your instructions as you have documented in your Living Trust if you become incapable of managing your financial, healthcare and legal affairs or upon your death. A Living Trust can be important if your assets are in more than one state, you have complex family circumstances or you anticipate a challenge to your Will. A Living Trust can also shelter your assets from creditors and provide for special needs of disabled heirs.
Location of Key Documents, Accounts and Online Accounts:
Keeping a list of all your important papers, accounts and online accounts, including their locations, is important to assist your family or agent in the event you become incapacitated or die. Your list should include the following along with their locations:

- Will, power of attorney, health care proxy, trust agreements
- Names and contact information of people to notify if you are incapacitated or pass away
- Safe deposit box and key
- Combination or key to safe
- Life, health, long-term care, homeowners, car insurance policies
- Car ownership papers
- Banking and savings accounts
- Credit and debit cards
- Brokerage accounts
- Retirement and deferred compensation/IRA accounts
- Employment contracts
- Titles and deeds
- Notes and mortgages
- Tax filings
- Stored and loaned items
- Your birth certificate
- Military discharge papers
- Marriage certificates, divorce and separation papers
- Spouse and children’s records
- Passport
- Copies of NYCERS applications (beneficiaries, retirement option)
- Social Security Card

The list of your online accounts should include:
- Website address of each account
- Name of each account
- Your user name and password for each account
- All of your email addresses

The documents listed above can be complicated, so you may want to seek qualified legal and estate planning assistance in preparing them.
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