

Summary Plan Description (SPD)

Tier 1 Members

Plan A and Plan B



NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

BROOKLYN, NEW YORK

NYCERS
RETIREMENT AND BENEFITS

Version September 2004

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
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INTRODUCTION

This booklet is called a Tier 1 Summary Plan Description or SPD for short. It is published by the New York City Employees' Retirement System (NYCERS), and is intended to summarize all of the provisions relating to retirement plans, programs and other benefits offered to all New York City employees, who became members prior to July 1, 1973. Laws affecting your pension tier or plan can be enacted in any given year, which may result in possible inaccuracies within this SPD. In the event of a conflict between the contents of this booklet and any applicable law and/or rules, including, but not limited to, the Administrative Code of the City of New York, the New York State Retirement and Social Security Law, and the Rules of NYCERS, the applicable Law or Rule will govern.

Membership in NYCERS is available to all New York City employees who are not eligible to participate in the New York City Teachers' Retirement System, the New York City Police Pension Fund, the New York City Fire Department Pension Fund or the New York City Board of Education Retirement System.

NYCERS was established by an act of the New York State Legislature in 1920. The system is responsible for the retirement benefits for most employees of the City of New York. The head of the retirement system is the Board of Trustees. The Comptroller of the City of New York is the Custodian of the funds of the System, and by delegation of the Board of Trustees, has the power to invest those funds.

The Executive Director, appointed by the Board of Trustees, is the chief administrative officer of the agency. The Chief Actuary, also appointed by the Board of Trustees, provides actuarial services to the system. The Office of Corporation Counsel provides legal services to the system.

An independent Medical Board reporting to the Board of Trustees conducts examinations of members who file for disability retirement and makes determinations regarding their ability to perform the duties of their job title.

All persons holding a permanent civil service position in the competitive or labor class are required to become members of NYCERS six months after their date of appointment, but may voluntarily elect to join the system prior to their mandated membership date. All other eligible employees have the option of joining the system upon appointment or at anytime thereafter.

NYCERS is a defined benefit plan, meaning that a specific benefit is provided at retirement in amounts that are paid either on a fixed-dollar basis or as a percentage of compensation. The retirement system manages the system's invested assets and pays out benefits according to formulas set forth in the New York State and New York City law. This plan consists of both employer and employee contributions.

NYCERS is a cost-sharing, multiple employer public employee retirement system. In addition to the various departments of the City of New York, members are also employed by *Participating Employers* (see **Glossary** for complete listing).

INTRODUCTION

In general, Tier 1 members are governed by the Administrative Code of the City of New York, the New York State Retirement and Social Security Law (RSSL), the Rules of NYCERS and certain other applicable laws.

If you have any questions, we want to answer them for you.
Our mailing address is:

NYCERS
335 Adams Street, Suite 2300,
Brooklyn, NY 11201-3754

or visit our website at:

www.nycers.org

Our Customer Service Center is located on the Mezzanine level at:

340 Jay Street,
Brooklyn, NY 11201

or

You can call NYCERS at:

(347) 643-3000 - if you are calling from a NYC area code

(877) 699-2377 (877-6NYCERS) - if you are calling from outside NYC

(347) 643-3501 - TTY (hearing impaired)

WHO IS A TIER 1 MEMBER?

Generally, if you became a NYCERS member prior to July 1, 1973, you are a Tier 1 member.

This SPD contains information applicable to the Career Pension Plan (CPP or Plan A) and the Fifty-Five-Year Increased Service Fractional Plan (ISF or Plan B). The following sections contain information that is applicable to both Plan A and Plan B. Any provisions unique to either plan will be found within that specific section of the SPD.

Words that are italicized throughout this booklet have special meaning and are further explained in the GLOSSARY.

MEMBERSHIP AND ELIGIBILITY

MANDATORY MEMBERSHIP

NYCERS membership is mandatory for all employees who have completed six months of service in a permanent position in the competitive or labor class. Permanent employees may voluntarily join NYCERS at any time during their first six months of employment.

VOLUNTARY MEMBERSHIP

Anyone employed by the City or a *Participating Employer* who is not mandated into membership is free to join NYCERS at any time. They must, however, be either in paid status or leave without pay (must appear on payroll records) when they file their membership application with NYCERS.

A voluntary membership in NYCERS begins only when a properly completed membership application is filed with NYCERS, not with a *Participating Employer*.

SOCIAL SECURITY PARTICIPATION

Membership in NYCERS forces participation in the Social Security program. Once an employee joins NYCERS, either through a mandatory or voluntary membership, the employee must pay the 6.20% FICA tax on covered *Wages* (in calendar year 2005, the maximum salary subject to FICA is \$90,000).

The Medicare program deduction of 1.45% of all earnings (no maximum amount set each year like for FICA deductions) is mandatory for all employees since 1986.

DEFERRED COMPENSATION PLAN (DCP)

Another Citywide retirement plan is the 457 DCP, which is administered by the NYC Office of Labor Relations. It is a defined contribution plan, meaning that a retirement benefit is based on the cumulative value of employee contributions. Members of the Deferred Compensation Plan select how to invest their contributions from among offered choices, and benefits are paid out according to assets available in the individual member's account.

All New York City employees may concurrently join NYCERS and DCP. Those who are not mandated into membership in NYCERS may join the DCP and not NYCERS. Such employees who contribute 7.50% or more of their *Wages* to the DCP are not required to pay the 6.20% FICA tax. Keep in mind, however, that Social Security disability, survivor and retirement benefits are determined according to the amount and duration of your FICA contributions.

If you subsequently join NYCERS, you will be required to pay Social Security contributions, even if you continue to contribute at least 7.5% of *Wages* to the Deferred Compensation Plan.

If you do not join the DCP, you will be required, after one month of employment, to pay all required FICA contributions, whether or not you are a member of NYCERS.

SERVICE CREDIT

PLAN A

Career Pension Plan Qualifying Service

A *Career Pension Plan Position* is any position in City Service, except any transit operating position with the transit authority, any position in the uniformed force of the department of sanitation, the uniformed transit police force, the housing police service, or the uniformed correction force.

25 years of *Career Pension Plan Qualifying Service* are required for retirement under Plan A (20 years of such service for deferred retirement). It includes:

- all *membership service* in a *Career Pension Plan Position*;
- all *membership service* rendered prior to July 1, 1968;
- all *Transferred Service* from another New York City or State public employee retirement system;
- 20 Year Plan* Uniformed Force and Transit Operating service rendered on or after July 1, 1968 while a member of NYCERS;
- up to six months of *Purchased Service*, provided such service was continuous and immediately preceded your membership and you were a member prior to January 1, 1968.
- purchased military service (see Military Service section below for more information).
- service credited under the pension enhancement rules (Chapters 110 and 126 of the Laws of 2000).

All Other Non-Qualifying Service

Service other than *Career Pension Plan Qualifying Service* counts as additional service credit beyond your 25 required years under Plan A.

PLAN B

Under Plan B all service credit is counted in the same way, and there is no distinction between *Career Pension Plan Qualifying Service* and other service credit.

TRANSFERRED SERVICE

Transferred Service is service which was credited to you while you were a member of another public employee retirement system in the City or State of New York which you transfer to NYCERS.

If, prior to becoming a member of NYCERS, you were a member of any other public employee retirement system in New York City or New York State, and that membership has not been terminated, you may be eligible to transfer that membership to NYCERS. You should discuss this matter with a NYCERS' Customer Service Representative and a representative from your

* NYCERS Uniformed Force service includes service in the Uniformed Force of the Department of Sanitation, the Uniformed Transit Police Force, the Uniformed Correction Force, and the Uniformed Housing Police Force

prior retirement system to determine your eligibility. If you are eligible to transfer a prior membership to NYCERS, you will have to start the process with your prior retirement system.

PURCHASED SERVICE

Purchased service allows members to purchase retirement service credit for full or part-time New York City service performed before becoming a member of the pension system. Even though all *Purchased Service* will be used in calculating future benefits, the purchase of such service does not change your membership date in NYCERS.

Tier 1 members are not eligible to purchase service rendered while a member of a retirement system other than NYCERS. Tier 1 members may be eligible to **transfer** their service credit in another retirement system within New York State (see the TRANSFER section of this booklet), or restore a former membership date through membership reinstatement (see the MEMBERSHIP REINSTATEMENT section of this booklet).

Tier 1, Plan A members are eligible to use up to six months of *Purchased Service as Career Pension Plan Qualifying Service* toward the required 25 years, provided:

- they were a member of NYCERS in a *Career Pension Plan Position* prior to January 1, 1968, **and**
- the service purchased was continuous and immediately preceding their membership date in NYCERS.

Under certain conditions purchased **part-time** service may be counted as *Career Pension Plan Qualifying Service* under Plan A. Contact NYCERS for more information. All other *Purchased Service* will be counted as non-qualifying service.

You may file a request to purchase previous service as long as your NYCERS membership is still active and you are on the payroll of the City or a *Participating Employer*. Requests must be filed before your effective retirement date. After receipt of your application to purchase previous service, NYCERS will notify you of the cost. You may cancel your request at any time. However, no refunds can be made for portions already purchased.

The cost to purchase previous service is based on your current earnings. You may pay for this service in a lump sum, by payroll contributions, or by transferring your 457 or 403(b) funds. If you choose payroll deductions, you will pay double your full, unreduced “basic” employee contribution rate for the period being claimed. For example, if you want to buy back six months of previous service, you will pay double deductions for the next six months.

Effective January 1, 2002, NYCERS members interested in purchasing service, may do so by making a direct transfer of funds from their 457 Deferred Compensation Plan or 403(b) plan. Examples of such a purchase include, but are not limited to: pre-member service, military service, and tier reinstatement (prior membership portion only). The cost letter sent to you from NYCERS after you apply to purchase service credit will explain the procedure for using 457 or 403(b) funds. You may not use 457 or 403(b) funds to make deficit-related payments.

NYCERS members cannot use their 401(k) plan to purchase service credit.

MILITARY SERVICE

There are various laws that allow members to purchase service credit for time spent on active duty in the U.S. military. They are sections 242, 243 and 244 of the New York State Military Law, the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA – formerly known as the Federal Veterans Reemployment Rights Act, or VRRRA) and ARTICLE 20 of the Retirement & Social Security Law as added by Chapter 548 of the Laws of 2000. Each law has different provisions for granting, or the cost to secure credit. A member is entitled to receive credit for Military Service under whatever law provides him or her with the greatest benefit. Under all provisions, **Military Service must have been satisfactorily completed and a discharge under honorable circumstances received.** Some of the program specifics are outlined in this section, but for complete details, please obtain and read a copy of NYCERS brochure # 902, Purchasing Credit for Military Service.

While a Member/Employee

In order to receive retirement service credit for time spent on active duty military service under the NY State and Federal laws, a member would have had to been: employed by the City of New York or a *Participating Employer* or some other municipality within New York State; be granted a leave of absence for the purpose of serving in active duty; to have actually served in active duty and apply to be returned to their City (or other municipal) position; and, thereafter generally pay the contributions that would have been made during the period of his or her military leave of absence

Note: ask NYCERS for contribution details if you serviced in active duty during Desert Storm.

Under the provisions of State Law, the person had to have been a member of the retirement system at the time he or she entered military service. Under the VRRRA, he or she did not need to be a member, but he or she did have to be employed by a municipal employer within New York State.

While not a Member/employee

Under Chapter 548 of the Laws of 2000 if the member was honorably discharged, he or she can purchase up to three years of military service time even if it was rendered prior to his or her City employment or membership in a retirement system, **and even if he or she was not a resident of New York State.** Active duty Military Service must have been during specified times of war, military conflicts, or rendered in certain combat theatres (see below). To get credit for Military Service under Chapter 548, the member must have 5 or more years of NYCERS' credited service (which for the purposes of Tier 1 members is any service credit).

To be purchasable, the military service must have been rendered during one of the following periods of war:

- World War II - December 7, 1941 - December 31, 1946
- Korean War - June 27, 1950 - January 31, 1955
- Vietnam Era - February 28, 1961 - May 7, 1975

Or during one of the following military conflicts:

- Lebanon* - June 1, 1983 - December 1, 1987
- Grenada* - October 23, 1983 - November 21, 1983
- Panama* - December 20, 1989 - January 31, 1990

* As established by receipt of the armed forces, Navy or Marine Corps expeditionary medal.

Or during hostilities participated in by the military forces of the United States in theatres of operation, including:

- Iraq, Kuwait, Saudi Arabia, Bahrain, Qatar, United Arab Emirates, Oman, Gulf of Aden, Gulf of Oman, Persian Gulf, Red Sea and the airspace above these locations – from August 2, 1990 to the end of such hostilities.

If you were ever on active duty Military Service, and you wish to purchase credit for that service, you should discuss this matter with one of our Customer Service representatives to determine which section of law would provide you with the best benefit.

PENSION ENHANCEMENT SERVICE

Chapters 110 and 126 of the Laws of 2000 (known as the Pension Enhancement Law), provide one month's additional retirement service credit to a member for each year of service credit, up to a maximum of 24 months (2 years) of additional retirement service credit. This service is considered *Career Pension Plan Qualifying Service*.

For example, a member with 24 years of service, under the Pension Enhancement Law will receive an additional retirement service credit of 24 months, bringing him or her to a total of 26 years of service. Even with 23 years and 1 month of service, the addition of the Pension Enhancement credit will bring a member to a total of slightly more than 25 years of service.

MEMBERSHIP REINSTATEMENT

Legislation enacted in 1999 allows former members of a public retirement system in New York State who left public employment and later returned to public service to possibly restore their original membership date and tier status. This is not that same as purchasing service credit, which is explained on a prior page. Membership reinstatement requires that you must have been a member of that former public retirement system. You need to file Form # 181 (Membership/Tier Reinstatement) in order to obtain a statement of any costs associated with reinstatement. A change in membership date or tier status may result in significant changes in your retirement benefits, contribution rates, death benefits, or outstanding loans. However, in

most cases the benefits of an earlier membership will outweigh any associated cost. To make an informed decision about your situation, visit our Customer Service Center and speak to a retirement counselor.

UNION LEAVE SERVICE

A member may be granted service credit for an authorized leave of absence without pay to conduct labor relations activity on behalf of a public employee union, if the employer adopts a resolution and files an election with NYCERS to offer this credit and NYCERS receives an annual certification that the member is indeed performing union leave activities. This service may be either on a part-time or full-time basis.

DUAL EMPLOYMENT SERVICE

Dual Employment refers to concurrent employment in two or more NYCERS eligible positions in City service. Such positions may be either full-time or part-time.

Members in Dual Employment are required to make member contributions based on *Wages* from all concurrently held positions in City service. In return, members who meet certain eligibility requirements may receive retirement benefits based on such Dual Employment Service.

For Example: A member may earn service credit from two or more concurrently-held part-time positions. However, a member may not earn a greater amount of service credit in any period of time he or she could have earned during that same period from one full-time position. Similarly, the earnings from two or more Dual Employment part-time positions may be combined for the purpose of calculating the compensation base to be used in computing benefits, but only to the extent that such combined compensation does not exceed the compensation earned from that portion of the service that was actually credited during the relevant time period (the amount of service credit that could have been earned from one full-time position during that period). However, where a member concurrently held two or more positions in City service for at least ten years, the earnings from the same number of concurrently-held positions may be combined for the purpose of computing benefits.

Under certain circumstances, a retiree may receive a post-retirement refund of member contributions attributable to a Dual Employment position where the retiree did not receive service credit for that position, and the earnings from that position did not figure into the computation of his or her retirement benefit.

If you are a member who is working or concurrently worked two or more NYCERS' eligible positions, ask us about contributions, compensation base and service credit.

PART-TIME SERVICE

Part-time service is service performed while employed in a City job or with a *Participating Employer* in which the employee is regularly scheduled to work fewer than 1,827 hours in a

calendar year. NYCERS will prorate credit for past or present Part-time service on the basis of one year of service credit for 1,827 hours worked in a calendar year.

The maximum number of hours that will be credited is 35 hours in any weekly pay period and 70 hours in any bi-weekly pay period.

NOTE: No member shall receive credit for more than one year of service in any calendar year. This rule applies without respect to number of positions held, or number of hours worked during the calendar year.

PHYSICALLY TAXING POSITION SERVICE

Physically Taxing Positions in City service are included on the Official List of Physically-Taxing Positions promulgated and maintained by the NYC Office of Labor Relations.

You do not get any additional credit for service rendered in positions designated as Physically-Taxing. However, Plan A members are eligible for retirement as early as age 50 if they have credit for 25 or more years of *Career Pension Plan Qualifying Service* in a *Physically-Taxing Position*.

Refer to Appendix A for a list of *Physically-Taxing Positions*.

UNPAID LEAVE

Generally, you do not receive service credit for an *Unpaid Leave* of absence.

CONTRIBUTIONS

BASIC EMPLOYEE CONTRIBUTIONS

Tier 1 members are required to contribute a portion of their salary each pay period through payroll deductions. In this booklet, we refer to these contributions as your “basic” employee contributions.

For Plan A members, “basic” employee contributions are **required** to be made to NYCERS for 25 years of *Career Pension Plan Qualifying Service*.

The “basic” employee contributions you are required to make as a Tier 1 member are based on your age when you joined NYCERS. Your “basic” employee contributions and the interest earned on them while on deposit with NYCERS are referred to as your *Accumulated Deductions*, and are maintained in your *Annuity Savings Fund* (ASF) account. Since July 1, 1988, the interest rate on Tier 1 ASF accounts is 8¼%, compounded annually.

The amount of money you should have in your *Annuity Savings Fund* after 25 years of service, based on your contribution rate and salary history, is referred to as your *Required Amount*. Failure to have the *Required Amount* at retirement will reduce your retirement benefit. The most common reasons members fail to have the *Required Amount* are loans and Social Security offsets (for more on Social Security offsets, see section below, *How You Can Reduce Your Contributions to NYCERS*).

Your “basic” employee contributions are not subject to current Federal income taxation (Section 414 (h) of the IRC), but are subject to current New York State and local income taxation. When you retire or receive a refund, those contributions will be subject to Federal taxation only.

INCREASED TAKE-HOME PAY (ITHP) CONTRIBUTIONS

In addition to the making employer contributions to NYCERS, your employer also contributes toward a portion of your employee contributions. These contributions, called Increased-Take-Home-Pay or ITHP, currently are equivalent to 2% of your gross salary.

For Example: Let's assume your full “basic” employee contribution rate is 7.00%. With ITHP in effect, you actually contribute 5.00%, and the City contributes 2.00%.

HOW YOU CAN INCREASE YOUR CONTRIBUTIONS TO NYCERS

You may elect to waive the reduction for ITHP contributions and contribute the full “basic” employee contribution rate. While this election would lower your take-home pay while you're working, it would result in a greater *Annuity* at retirement.

For Example: Let's assume again that your full “basic” employee contribution rate is 7.00%. If you elect to waive the ITHP reduction, you will continue to make contributions equal to 7.00% each pay period, and, at the same time, the City

will continue to make ITHP contributions on your behalf equal to 2.00% of your earnings.

You may make additional employee contributions on a voluntary basis equal to 50% of your full “basic” employee contribution rate. These contributions, however, are not 414(h) eligible; in other words, they will be subject to income tax in the year the contributions are made.

For Example: Once more, let's assume your full “basic” employee contribution rate is 7.00%. If you elect to make Voluntary Employee Contributions for the purpose of purchasing an additional *Annuity*, you will contribute an additional 3.50% each pay period, for a total contribution of 10.50%. (Unless you also elect to waive your ITHP contributions, as explained above, your actual rate of contribution will be 8.50%.)

Both of these types of voluntary contributions will provide you with an additional *Annuity* at retirement and may not be withdrawn, except upon separation from service prior to retirement.

HOW YOU CAN REDUCE YOUR CONTRIBUTIONS TO NYCERS

You may elect to reduce your otherwise required employee contributions by the amount you pay in Social Security tax (FICA).

If your “basic” employee contribution rate is less than the FICA contribution rate, by electing this option you will not be making any “basic” employee contributions to NYCERS. However, if your earnings in any year exceed the FICA limit, your basic contributions will kick in for the remainder of that calendar year.

For Example: Let's assume that your “basic” employee contribution rate is 5.00% (your full rate is 7.00% reduced by the 2.00% the City pays for your ITHP), and you are required to pay 7.65% of your salary to Social Security. By electing to reduce your “basic” employee contributions by the amount to pay your FICA contributions, you would no longer be making any “basic” employee contributions, because your rate is less than your FICA contribution rate. If your “basic” employee contribution rate is greater than the FICA rate, you would be contributing the difference.

Taking any action to reduce the amount of your “basic” employee contributions to NYCERS will result in a deficit in your *Required Amount*, which, in turn, will reduce your benefit at the time of your retirement.

If you elect to reduce your “basic” employee contributions to NYCERS by the amount to pay your FICA contributions, your Social Security benefits will not be affected.

CANCELLING YOUR DEDUCTIONS

If you are Tier 1 member and you have satisfied the service requirements for your plan (25 years of *Career Pension Plan Qualifying Service* for Plan A members, and 25 years of service credit for Plan B members), you may elect to cancel your “basic” employee contribution rate. You may file an Application to Cancel Rate of Deduction (Form # 311) with NYCERS, or you may file Form 332 (see below) which will simultaneously cancel your rate and serve as the application for a refund of your *Excess Contributions*. NYCERS will cancel your rate, or send you a letter advising you why your rate cannot be cancelled. If you choose not to cancel your deductions, you will accrue *Excess Contributions*.

REFUND OF EXCESS CONTRIBUTIONS

Any contributions you make, and all interest earned on your account, after you have satisfied the requirements for your plan (25 years of *Career Pension Plan Qualifying Service* for Plan A, and 25 years of service credit for Plan B) are referred to as *Excess Contributions*. You may have your *Excess Contributions* refunded to you. You must file an Application for Refund of Excess Contributions (Form # 332) with NYCERS, which will also result in the cancellation of your basic contributions from that point forward. NYCERS will calculate the amount of your excess, if any, and send you a letter giving you the opportunity to roll over the taxable portion to an IRA. If you are not eligible for a refund of excess contributions, we will send you a letter advising you the reason(s) why.

For Plan A members, being able to withdraw your *Excess Contributions* does NOT mean you have met the *Required Amount* needed in your account to receive your full retirement benefit.

If you have an outstanding loan at the time that you apply for a refund of excess contributions, you may not be eligible for a refund of excess until your loan is paid in full.

NOTE: If you choose to leave your excess contributions on deposit with NYCERS, they will continue to earn 8¼% interest, compounded annually, and provide you with an additional *Annuity* at the time of your retirement.

LOANS

SPECIAL NOTICE CONCERNING UNPAID LOAN BALANCE

An outstanding loan balance at retirement may significantly decrease your retirement benefits, may trigger a Federal tax liability, and may result in a tax penalty on the outstanding balance.

Before you file for retirement, visit NYCERS to learn about the tax and retirement benefit consequences of an unpaid loan and about your repayment options.

ELIGIBILITY AND MAXIMUM AMOUNT YOU MAY BORROW

A Tier 1 member of NYCERS in *Active Service*, who has credit for at least three years of *Membership Service*, may borrow an amount not to exceed 75% of the amount last posted to his or her *Annuity Savings Fund* (minus any outstanding loans). The following restrictions apply to all Tier 1 loans.

- You must be in active payroll status and have been a member of NYCERS for at least 3 years to be issued a loan.
- You can take up to two loans during any 12-month period.
- Once a loan has been properly issued, it may not be canceled
- The interest rate on loans is 6%. (4% to be restored to your account, plus an additional interest charge of 2%).
- When applying for a loan, the amount of your **new** loan becomes consolidated with the present value of any previous loan(s). Your repayment schedule will be based on the total of your new consolidated loan
- The minimum repayment is 5% of your gross salary per payroll period. You may elect to repay at a higher rate. Once set, the repayment schedule remains the same for each payroll period until the loan is paid in full or a new loan is negotiated. NYCERS can tell you approximately how much your loan payment will be for the repayment period you elect.
- Repayment of your loan is made through payroll deductions. You can prepay your loan in full at any time. However, you cannot partially repay your loan (except during the retirement process).

CONSEQUENCES OF NON-PAYMENT

- An outstanding loan balance at retirement will permanently reduce a member's retirement benefit. The amount of the reduction will be permanent and will never be added back into a member's retirement benefit even if the outstanding amount seems to have been eventually "paid". Since interest continues to accrue on any unpaid loan up to the retirement date, the outstanding balance may increase to such a sizeable amount as to significantly decrease the retirement benefit that may be otherwise payable

INSURANCE

- If you die before repayment of a loan, any unpaid balance up to a maximum of \$10,000 is insured as shown below:

If Your Loan Has Been Effective	It Is Insured To This Amount
Less than 30 days	0%
30-59 days	25%
60-89 days	50%
90 days or longer	100%

TAXABILITY OF LOANS

For Active Members

Loans with a repayment schedule of greater than five years are usually considered taxable distributions. Under new IRS regulations effective January 1, 2004, this now includes an existing loan consolidated with a new loan creating a revised 5 year repayment schedule. A new loan consolidated with an old loan will most likely create a tax consequence if it has a repayment schedule beyond the original loan's 5 year repayment date.

Loans with a repayment schedule of five years or less (and that are **not** consolidated loans) are not currently taxable, except for loans totaling over \$50,000. However, if the loan is not repaid within five years, the outstanding balance at the end of the five-year period may be considered a taxable distribution.

Taxable loan distributions for active members are not eligible to be rolled over into an IRA or any other tax-deferred plan. Such loans are taxable as ordinary income for Federal income tax purposes. In addition, members under the age of 59½ incur a 10% IRS penalty tax.

Loans limited to pre-1987 contributions are not taxable regardless of the repayment schedule or amount.

At Retirement

An outstanding loan balance at retirement, even if your repayment schedule is 5 years or less, will trigger a Federal income tax liability, if the amount you received is considered taxable money. In addition to being taxable at the member's normal tax rate, a member under the age of 55 will incur an additional 10% Federal income tax penalty. Members 55 and older when they retire are not subject to the 10% Federal income tax penalty.

According to IRS regulations, any loan taken at or near retirement must be treated like a retirement distribution. As such, the taxable amount may be rolled over to an Individual Retirement Account (IRA) or Employer Plan. The taxable distribution 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 distribution into an IRA or Employer Plan, if your new employer's plan allows such rollovers.

If you already have an outstanding loan when you retire, two to three months after your effective date of retirement you will receive a letter from NYCERS advising you of the taxable amount. 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 on your own (**because this money was already distributed prior to your retirement**). 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.

Before you file for retirement or resign from City service, visit NYCERS' Customer Service Center to learn about the tax and retirement benefit consequences of an unpaid loan and about your repayment options.

WHAT HAPPENS IF I LEAVE CITY SERVICE?

REFUNDS

Basic Tier 1 contributions are held in a member's *Annuity Savings Fund* (ASF). Any Tier 1 member resigning or separated from City service can request a refund of the amount in their ASF account. However, if a member has at least 5 years of service credit, he or she must submit a form to NYCERS waiving their right to a Vested Retirement Benefit before a refund can be processed. This is necessary because any Tier 1 member, who leaves City service with at least 5 years of service credit, has the right to a Vested Retirement Benefit under Tier 1 Plan B.

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

If you receive a refund of your ASF account, your membership in NYCERS is terminated and you forfeit your right to any future benefits, including any Vested Retirement Benefit to which you would otherwise be entitled. Should you return to City service in the future, your membership rights and benefits will be governed by the pension laws in effect at that time.

TRANSFERS

To Another NYS Public Retirement System

If you accept another position with the City or State of New York (or any of its political subdivisions) that entitles you to membership in another City or State retirement system, you may be eligible to transfer your NYCERS membership to that system. If you wish to transfer, you must do so before you withdraw your Accumulated Member Contributions, or your membership is terminated by operation of law. In order to transfer your Accumulated Member Contributions and your service credit to another system, you must file a form (Form # 321) with NYCERS within 5 years of the date you terminate covered employment.

Retirees may also transfer their NYCERS membership to the New York State and Local Retirement System (NYSLR) or the New York City Teachers Retirement System (NYCTRS). Plan A Retirees are allowed to transfer their membership whether or not they have begun to receive a pension payment from NYCERS. If a Plan A Retiree has received a pension payment, he or she must repay the total pension collected. Plan B Retirees, however, must have received a pension payment, and must repay to NYCERS the total pension collected. In both cases, the retirement credit cannot be transferred until such payment is received.

From Another NYS Public Retirement System

If prior to becoming a member of NYCERS, you were a member of any other retirement system in New York City or New York State, and that membership has not been terminated, you may be eligible to transfer that membership to NYCERS. You should discuss this matter with a NYCERS' Customer Service Representative and a representative from your prior retirement

system to determine your eligibility. If you are eligible to transfer a prior membership to NYCERS, you will have to start the process with your prior retirement system.

Transferred Contributors

If you resign from all positions that entitle you to membership in NYCERS, and you accept another position in NYC service that entitles you to a membership in a different City retirement system, but not NYCERS, you may elect to remain a member of NYCERS as a Transferred Contributor in lieu of a transfer, provided you:

- Accept the other position within 60 days of resigning from your current job AND
- Do not withdraw your accumulated contributions AND
- Do not become a member of the other retirement system AND
- File an affidavit with NYCERS, and inform the other retirement system of your decision

Your Transferred Contributor status becomes effective as soon as you submit the proper forms to NYCERS, including a completed, irrevocable Transferred Contributor Waiver. As a Transferred Contributor, you continue to contribute a percentage of your pay and accrue benefits with NYCERS.

Please Note: Before making a decision, you should discuss your situation with representatives of both retirement systems. This is important since your rights and benefits with the new system may not be the same as those you have with NYCERS.

VESTING

Vesting refers to your right to receive plan benefits, even if you terminate employment before you are eligible for payment of a Service Retirement Benefit.

Eligibility

Effective as of 1999, Tier 1 Plan B members that have 5 years of service credit will be eligible for a Vested Retirement Benefit. The Vested Retirement Benefit is payable at age 55.

Filing Requirements

To become a vested member, NYCERS suggests you file a Notice of Intent to Vest (Form # 251) when you leave city service. If you have filed a Notice of Intent to Vest form, NYCERS will send you an application for payment 90 days prior to your 55th birthday. This application must be received by your 55th birthday. If filed later, payment commences when the application is filed with NYCERS.

If you are a Plan A (CPP) member, you must first withdraw from Plan A and switch to Plan B (ISF) by filing Form # 162. This must be filed BEFORE you resign from city service.

Vested Retirement Benefit

The Vested Retirement Benefit will be equal to the sum of:

- 1.53% times *Final Salary* for each year of service after June 30, 1968
plus
- 1.20% times *Final Salary* for each year of service before July 1, 1968
plus
- a *Pension* based on the actuarial value of your *ITHP Reserve Account* as of your payability date
plus
- an *Annuity* based on the actuarial value of your *Accumulated Deductions* as of your payability date

Health Insurance Coverage

Vested members **do not** have health insurance coverage until they start to receive their Vested Retirement Benefit payments from NYCERS.

Death Benefits for Vested Members

Vested members with 10 or more years of service credit who die on or after January 1, 1997 are entitled to a death benefit equal to 50% of the benefit that would have been payable if the member had died on his or her last day of *Active Service*.

DEFERRED RETIREMENT

Deferred Retirement is an option available to Plan A members, that allows them to leave city service and receive their retirement benefits at a later date.

Eligibility

If a Plan A member has credit for at least 20 years of *Career Pension Plan Qualifying Service*, he or she is eligible to receive a Service Retirement Allowance. However, the retirement allowance will not be payable until **the later of:**

- the date the member would have completed 25 years of *Career Pension Plan Qualifying Service*, if he or she had continued in *Active Service*, **or**
- the date the member attains age 55 (age 50 in *Physically-Taxing Positions*).

Filing Requirements

If you wish to opt for Deferred Retirement, you must file a retirement application with NYCERS at least 30 days, but not more than 90 days, before your last day on city payroll. Your effective retirement date will be the day after your last day on city payroll. However, your payability date will not be until you achieve the age and service requirements listed above.

Deferred Retirement Benefit

The Deferred Retirement Allowance will be equal to 2.20% of *Final Salary* for each year of *Career Pension Plan Qualifying Service* (if a member has contributed the required amount of “basic” employee contributions).

Health Insurance Coverage

If you are not receiving a pension payment from NYCERS because payment of your Service Retirement Allowance is deferred, you are eligible to receive paid health insurance coverage for the first 5 years of the period that your Service Retirement Allowance is deferred.

Death Benefits for Deferred Members

If you retire, and you die during the period that your Service Retirement Allowance is deferred, your *Designated Beneficiary*(ies) are covered under the Option 1 reserve provisions; i.e. upon your death, your beneficiary(ies) are entitled to receive in a lump-sum or as an *Annuity*, an amount equal to the value of the *Initial Reserve*.

Transferring Your NYCERS' Membership During Deferral Period

Retirees in their deferral period may transfer their NYCERS membership to the New York State and Local Retirement System (NYSLR) or the New York City Teachers Retirement System (NYCTRS). In so doing, the retiree's retirement service credit and applicable tier status will be transferred to the other retirement system. For Retirees who have begun to receive their retirement benefit and wish to transfer their membership, please see the TRANSFER section of this booklet for more details.

WITHOUT FAULT OR DELINQUENCY RETIREMENT

A member of NYCERS whose City service is terminated without fault or delinquency on his or her part, before he or she becomes eligible to receive a Service Retirement Allowance, may elect, in lieu of the return of his or her *Accumulated Deductions* in a lump-sum payment, to receive a retirement allowance, beginning immediately. Such retirement allowance is referred to as a Without Fault or Delinquency Retirement. If you think you might qualify for this type of retirement, please contact NYCERS for more information.

TERMINATION OF MEMBERSHIP

Membership in NYCERS ceases when any one of the following occurs:

1. If a Plan A member has less than 25 years of service credit and resigns or is otherwise separated from City Service through no fault of his or her own, and is out of City service for 5 or more years in any 10-consecutive-year period since he or she last became a member (other than time on a preferred eligible civil service list or time spent on active duty military service of the armed forces of the USA).
2. If a Plan A member has 25 or more years of service credit and resigns or is otherwise separated from City service through no fault of his or her own before he or she is eligible to retire, and is out of City service for 10 or more years, (other than time on a preferred eligible civil service list or time spent on active duty military service of the armed forces of the USA).
3. If after leaving City service, a member withdraws more than 50% of his or her *Accumulated Deductions* (this does not refer to any outstanding loan you may have).
4. The member retires.
5. The member transfers his or her membership to another NYC public retirement system.
6. The member dies.

Approved leaves of absence without pay do not terminate membership.

Time while a member's name appears on a preferred eligible list does not count as time out for termination of membership purposes.

THE SERVICE RETIREMENT PROCESS

Effective Date of Retirement

Members who meet all eligibility requirements, and wish to retire, must file an application for service retirement with NYCERS. The application must be filed at least 30 but not more than 90 days before your effective date of retirement.

What Happens After I Submit My Application For Service Retirement?

We understand that after you file your retirement papers, you may become anxious as you wait for your first retirement payment. When will that payment arrive? What takes so long for the processing of my application and payment of my full pension?

We thought it might help you to know how each application is processed.

Please try to keep in mind that we can receive hundreds of retirement applications each month. Each one is important to us, and each takes time to process. Missing information, incomplete forms, and other unforeseen problems can lead to delays.

Here is a chronology of what happens to your retirement application:

1. Applications are time-stamped and processed. If you are eligible for a service retirement, your case is processed for an advance payment. You will not begin receiving your regular retirement check until your retirement is finalized by NYCERS. Once your retirement is finalized, you will begin receiving your retirement checks together with a retroactive adjustment if you are entitled to one.
 - 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 receive an advance payment at the end of the following month.

Example:

- If your retirement date is January 2, your first advance payment will be made on January 31
- If your retirement date is January 3, your first advance payment will be made on February 28

No advance pension payment will be sent to you until NYCERS has a copy of your birth certificate on file.

2. Your file is checked for service and salary records; calculations are made and data is entered into the computer; missing information is requested from your agency and/or you when necessary.
3. A computation of your benefits under various options available to you is done. You are sent a letter together with the appropriate option forms.
 - You will have 60-days in which to choose a permanent option
 - If you do not choose an option in that 60-day period, you will be awarded the maximum retirement allowance.

- After you have selected an option (or one has been awarded to you) your file is processed for final computation of your retirement benefit
- You are placed on the pension payroll for the full amount of the benefit payable to you under the option selected or awarded. This will include retroactive amounts from the retirement date
- A letter is sent stating the details of the Retirement Option chosen. Also included is information you will need for Federal income tax purposes

NOTE: Starting with your first advance payment, Federal income taxes will be withheld based on the election you made on your retirement application. If no selection is made, then taxes will automatically be withheld from all checks you receive from NYCERS based on the Federal tax table for a person who is married claiming three exemptions.

Before filing an application with NYCERS, you should check with your agency to determine if you are entitled to payment of any terminal leave, sick leave, or accumulated annual leave. If it is determined that you are entitled to be paid on the payroll for any leave time due you, the agency will advise you what your last day of pay will be. The effective date of retirement requested on your service retirement application should be the day after the last day you are paid by your agency.

To follow up on your retirement application, option selection, lost check, direct deposit, withholding tax and other transactions, call NYCERS at (347) 643-3000. Our Call Center Associates are available to answer your questions. For calls outside NYC area codes 212, 718, 347 and 646 call 1-877-6NYCERS. TTY (347) 643-3501.

Other Important Information You Should Know

- The sooner you file an option selection, the sooner NYCERS can process your full retirement benefit
- You may not change an option once your first full payment has been sent to you
- If you move, you must notify NYCERS of the change of address in writing
- Taxes will automatically be withheld from all checks you receive from NYCERS based on the Federal tax table for a person who is married claiming three exemptions, unless you elect to have taxes withheld on a different basis or for no taxes to be withheld by filing a W4P.
- Pension checks are dated the last day of each month and are sent two business days before that date. If you do not receive your check by the 10th day of the month, notify NYCERS. A lost check affidavit will be sent to you

NOTE: NYCERS cannot take a report of non-receipt of a pension check until the 10th of the month. But if you receive your pension check and it is lost or stolen, advise us immediately and we will have a stop payment placed on the check.

- You may elect to have your payments directly deposited into your bank account by Electronic Fund Transfer (EFT). You should contact NYCERS to obtain the proper form for that purpose.
- EFT ensures that your payment won't get lost or stolen, and that you won't have to make a special trip to the bank for deposits. Also, you won't have to wait for checks to clear. Funds are available in your bank account on the last day of each month. If the last day of the month is on a weekend or a holiday, the bank will normally credit your payment on the next business day.

- NYCERS does not administer health insurance benefits. If you have any problems with coverage or deductions from your pension, you should the Office of Labor Relations - Health Benefits Division, (212) 513-0470.

Withdrawing an Application for Service Retirement

You may withdraw your application for service retirement by filing a written request with NYCERS up to the day before your effective date of retirement.

SPECIAL NOTICE CONCERNING IRS PENSION DOLLAR LIMITATIONS

Internal Revenue Code Section 415(b) requires defined benefit plans such as NYCERS to apply limits on certain annual pension benefits (particularly those benefits received under a pension enhancement or early retirement incentive). Most NYCERS members are not adversely affected by Section 415 because the amount of their base pension plus enhancements does not exceed Section 415 limits -- currently \$170,000 annually for benefits commencing at age 62.

A recent law (Chapter 623 of the Laws of 2004) establishes an excess benefit plan which restores benefits to those pensioners whose annual pension benefits were previously limited by Section 415.

Pensioners whose benefits were previously limited will now receive the full amount of their annual pension benefit. The excess benefits will be paid to all pensioners who retired on or after July 1, 2000. The excess benefit is incorporated in the retiree's monthly pension payment. As with monthly pension payments the excess benefits are exempt from New York State and local income taxes.

The Section 415 limits for 2000 through 2005 are shown in the table below:

IRC 415 MAXIMUM DOLLAR LIMITS

Age at Retirement	2000	2001	2002	2003	2004	2005
	07/01/1999	07/01/2000	07/01/2001	07/01/2002	07/01/2003	07/01/2004
55	80,008	82,971	94,782	95,576	98,563	101,550
56	85,848	89,027	101,706	102,447	105,649	108,850
57	92,231	95,647	109,274	109,950	113,386	116,822
58	99,223	102,898	117,565	118,159	121,851	125,544
59	106,900	110,859	126,669	127,161	131,134	135,108
60	115,351	119,623	136,691	137,055	141,338	145,621
61	124,677	129,295	147,754	147,957	152,581	157,205
62	135,000	140,000	160,000	160,000	165,000	170,000

SERVICE RETIREMENT BENEFIT CALCULATIONS

For the calculations listed below, the definition of *Final Salary* is the greater of your *Earnable Salary* or *Earned Salary* during the year prior to your retirement, where *Earnable Salary* is the regular rate of compensation payable to you, and *Earned Salary* is your actual salary earned.

CAREER PENSION PLAN (PLAN A)

If you complete 25 years of *Career Pension Plan Qualifying Service*, attain age 55 (or age 50 with 25 or more years of *Career Pension Plan Qualifying Service* in a *Physically-Taxing Position*), and have contributed the *Required Amount*, Plan A provides a retirement allowance equal to:

- 55% of your *Final Salary*
plus

For all years of service credit other than the first 25 years of *Career-Pension-Plan Qualifying Service*,

- 1.7% times *Final Salary* (or the average of any three calendar years) times years of additional service after June 30, 1968
plus
- 1.2% times *Final Salary* (or the average of any three calendar years) times years of additional service before July 1, 1968,
plus
- a *Pension* based on the actuarial value of the ITHP contributions made after you completed 25 years of *Career Pension Plan Qualifying Service* together with the interest earned on those contributions, if any,
plus
- An *Annuity* based on accumulations in excess of your required amount of employee contributions, if any.

55-YEAR-INCREASED-SERVICE-FRACTION PLAN (PLAN B)

Plan B members are eligible to retire upon attainment of age 55. The Service Retirement Benefit will be equal to the sum of:

- 1.53% times *Final Salary* (or the average of any three calendar years) times years of service after June 30, 1968
plus
- 1.20% times *Final Salary* (or the average of any three calendar years) times years of service before July 1, 1968
plus
- a *Pension* based on the actuarial value of your *ITHP Reserve Account* as of the effective date of retirement
plus
- an *Annuity* based on the actuarial value of your *Accumulated Deductions* as of the effective date of your retirement

RETIREMENT OPTIONS

The Retirement Options explained in this Section apply to all Tier 1 Service Retirements, Vested Retirements and Disability Retirements.

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 payments?

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.

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 (Plan A or B)
- the amount of service to your credit in NYCERS
- your earnings
- contributions made to NYCERS by you
- 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.

OPTION 1 (RETURN OF RESERVE)

Option 1 reduces your lifetime retirement allowance from the Maximum Retirement Allowance.

Unmodified Initial Reserve

Option 1 Unmodified Initial Reserve guarantees the full amount of the *Initial Reserve* (determined at the time of retirement) will be paid to you in monthly payments, and upon your death, the remaining balance, if any, will be paid to your *Designated Beneficiary(ies)*.

Modified Initial Reserve

Option 1 Modified Initial Reserve is similar to Option 1 Unmodified Initial Reserve, except that the Initial Reserve is larger, and the annual retirement allowance is smaller.

For both Initial Reserve Options, each monthly payment will decrease the *Initial Reserve* by a commensurate amount.

If the death of the retiree occurs shortly after retirement, the majority of the *Initial Reserve* will be payable to the designated beneficiary(ies). However, the retirement allowance is payable for life, and if you live long enough to use up the entire *Initial Reserve*, then 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.

OPTION 2 (100% JOINT-AND-SURVIVOR)

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

Option 2 reduces your lifetime retirement allowance from the 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. Then payments 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.

OPTION 3 (50% JOINT-AND-SURVIVOR BENEFIT)

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

Option 3 provides a lifetime retirement allowance reduced from the 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.

OPTION 4 (LUMP SUM PAYMENT)

Option 4 (Lump Sum Payment) allows you to set aside a specific lump-sum benefit for your designated beneficiary(ies) upon your death after retirement. 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).

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. If the retiree elects either Option 4-2 or Option 4-3, and the designated beneficiary dies before the retiree, the retiree's benefit will "pop-up" to the Maximum Retirement Allowance.

The following examples illustrate Option 4-2 and 4-3 with a hypothetical retiree who would be eligible for a \$20,000 Maximum Retirement Allowance, and a reduced retirement allowance of either \$16,840 per year under Option 4-2 or \$18,000 per year under Option 4-3.

Example for Option 4-2: a retiree who is eligible for a \$20,000 Maximum Retirement Allowance and who elects Option 4-2 will receive a reduced lifetime retirement allowance of \$16,840 per year. If the retiree dies before the designated beneficiary, the beneficiary will continue to receive the same lifetime annual retirement allowance of \$16,840. However, if the designated beneficiary dies before the retiree, the retiree's annual retirement allowance will "pop-up" to the Maximum Retirement Allowance of \$20,000. All payments will cease upon the retiree's death.

Example for Option 4-3: a retiree who is eligible for a \$20,000 Maximum Retirement Allowance and who elects Option 4-3 will receive a reduced lifetime retirement allowance of \$18,000 per year. If the retiree dies before the designated beneficiary, the beneficiary will receive a lifetime annual retirement allowance of \$9,000 (50% of \$18,000). However, if the designated

beneficiary dies before the retiree, the retiree's annual retirement allowance will "pop-up" to the Maximum Retirement Allowance of \$20,000.

Under Options 4-2 and 4-3, you cannot change your beneficiary after your option selection is in force.

SPLITTING OPTIONS

Under certain circumstances, you may split your retirement allowance and receive payment of your Pension Reserve (City portion and ITHP) and your Annuity Reserve (your accumulated salary deductions) under different options. If you wish to elect a split option, NYCERS will supply you with figures and the necessary forms, upon request.

In addition to the options described above, you may elect any form of payment that is the actuarial equivalent of your maximum retirement allowance as certified by the NYCERS actuary and approved by the Retirement System. You are **not** eligible, however, to receive one lump-sum payment of the entire *Initial Reserve* at retirement.

DISABILITY RETIREMENT

As a Tier 1 member, you may apply either for ordinary disability retirement or accidental disability retirement, or both.

ORDINARY DISABILITY RETIREMENT

Definition

An Ordinary Disability Retirement benefit is payable when a disability (which need not be the result of a work-related illness or injury) prevents a NYCERS member from performing the routine duties of his or her job title.

Eligibility

You are eligible to receive an Ordinary Disability Retirement benefit at any age, provided that you:

- have 10 or more years of service credit,
- **and**
- while on the payroll, you are found by NYCERS' Medical Board to be physically or mentally unable to perform the regular duties of your job title.

Benefit Calculation

The Ordinary Disability Retirement benefit will be equal to the sum of:

- 1.53% times *Final Salary* for each year of service after June 30, 1968
plus
- 1.20% times *Final Salary* for each year of service before July 1, 1968
plus
- a *Pension* based on the actuarial value of your *ITHP Reserve Account* as of the disability retirement date.
plus
- an *Annuity* based on the actuarial value of your *Accumulated Deductions* as of the disability retirement date.

If you are eligible for a Service Retirement benefit when you become disabled, you will receive the greater of the two benefits (either the Service Retirement benefit or the Ordinary Disability Retirement benefit).

Effective Retirement Date

Your Ordinary Disability Retirement takes effect on the day after the last day you were paid by your employer, but in no event will your Ordinary Disability Retirement take effect less than 30 days nor more than 90 days after the date your application was filed with NYCERS. Even if you are paid beyond the 90 days following the submission of your application, your effective retirement date will be the 90th day.

Filing Requirements

Your application for an Ordinary Disability Retirement benefit must be filed by you, or:

- by a person with legal authority to act on your behalf, **or**
- by the head of the agency where you are employed

You will need the following forms to file for an Ordinary Disability Retirement benefit:

- Form # 601 – *Application for Disability Retirement for Tier 1 Members Only*
- Form # 605 – *Applicant's Report of Personal Disability*
- Form # 606 – *Physician's Report of Disability*
- Form # 608 – *General Authorization for Release of Medical Information*
- Form # 609 – *Questionnaire to be Completed by Applicants for Disability Retirement*
- Form # 801 – *Instructions for Members Applying for Disability Retirement*

You must remain on city payroll until the Medical Board makes its decision. It is NOT enough to be on payroll only when you file the disability application.

ACCIDENTAL DISABILITY RETIREMENT

Definition of an Accident

The term *Accident* has been defined by the courts as: *A sudden, fortuitous mischance, unexpected, out of the ordinary and injurious in impact.* Not every line of duty injury results in the award of an Accidental Disability Retirement Benefit. Injuries sustained while performing routine duties, not resulting from unexpected events, are not *Accidents*. Injuries sustained by sudden, unexpected events, which are not a risk of the work performed, are usually considered to be *Accidents*.

For Example:

- ✓ A disabling injury sustained by a member due to "incidents" which involve routine lifting or bending **would not** qualify as an *Accident*.
- ✓ A disabling injury sustained by a member, while in the performance of duty, due to a fall on a slippery substance, (such as oil or ice), generally qualify as an *Accident*.

Eligibility

There is no minimum service requirement for an Accidental Disability Retirement. You qualify, provided, as a member on the payroll you are found by the NYCERS' Medical Board to be physically or mentally unable to perform your regular job duties as a result of an accidental injury received in City service which is verified by your employing agency, and your disability is not the result of your own willful negligence.

EMS/EMT Title Only: EMT or Advanced Emergency Medical Service Technicians are eligible to apply for Accident Disability Retirement under New York State General Municipal Law Section 207-o if they are presumed to have contracted HIV (through the bodily fluids of a person under their care), tuberculosis, or hepatitis while in the performance of their duties. They are also eligible to apply for Accidental Disability Retirement under New York State General Municipal Law Section 207-q for heart diseases which will be presumed to have been contracted in the course of performance duty.

Benefit Calculation

Your Accidental Disability Retirement Allowance will be computed as follows:

- A *Pension* of 75% of your *Final Compensation*,
plus
- a *Pension* based on the actuarial value of your *ITHP Reserve Account* as of your disability retirement date,
plus
- an *Annuity* based on the actuarial value of your *Accumulated Deductions* as of your disability retirement date,
less
- 100% of any Workers' Compensation payments

Final Compensation is the greater of your average earnable or *Earned Salary* during (a) the 5 year period immediately preceding your retirement; or (b) any consecutive 5 calendar year period prior to your retirement; or (c) any two periods totaling 5 calendar years designated by you. If you became a member after June 17, 1971, the *Wages* used in this calculation for any year during the 5 year period cannot exceed 120% of the preceding year.

Effective Retirement Date

Your Accidental Disability Retirement will become effective on the later of:

- the date your application for Accidental Disability Retirement is filed with NYCERS
or
- the day after the last day you are paid on the payroll of an agency of the City of New York or a *Participating Employer*

Filing Requirements

Accidental Disability Retirement applications must be filed with NYCERS within two years from the date of your accidental injury in City service. If your application for Accidental Disability Retirement is denied on the ground that you were not, at the time of your examination, incapacitated for the performance of the regular duties of your job title, you may apply for reconsideration of your application at any time within 5 years of the date of your accidental injury, provided you have not attained age 55.

Your application for an Accidental Disability Retirement benefit must be filed by you, or:

- by a person with legal authority to act on your behalf, **or**
- by the head of the agency where you are employed

You will need the following forms to file for an Accidental Disability Retirement Benefit:

- Form # 601 – *Application for Disability Retirement for Tier 1 Members Only*
- Form # 605 – *Applicant's Report of Personal Disability*
- Form # 606 – *Physician's Report of Disability*
- Form # 608 – *General Authorization for Release of Medical Information*
- Form # 609 – *Questionnaire to be Completed by Applicants for Disability Retirement*
- Form # 801 – *Instructions for Members Applying for Disability Retirement*

You must remain on city payroll until the Medical Board makes its decision. It is NOT enough to be on payroll only when you file the disability application.

Special Notice Regarding Completing Accident Reports

In order to avoid disputes and ensure timely disposition of your application, a written report should be prepared by you and your supervisor/manager at the time of the event. The report needs to accurately and completely describe all injuries, conditions and the events surrounding them. If there was anything out of the ordinary that caused your injury, or any contributing factor(s), such as the weather or a slippery surface (ice, grease, refuse, etc.), make sure you describe them clearly and thoroughly on your accident reports, even if it means attaching an addendum due to shortage of space on the form(s). If there were any witnesses to the incident, make sure to list them and have them prepare a written report about the incident.

At a minimum, an accident report should provide all details concerning the object, conditions and/or substance that directly caused the injury.

For example:

- ice which was slipped on,
 - the machine that struck you, etc.
- and**
- the particular job or task being performed at the time of the injury

The report should note any other factor that may have contributed to the injury.

NYCERS' MEDICAL BOARD AND THE BOARD OF TRUSTEES MAKE DECISIONS ON DISABILITY APPLICATIONS. THEY ARE LIKELY TO BELIEVE THAT DISABILITY REPORTS AND/OR WITNESS STATEMENTS FILED AS SOON AS POSSIBLE AFTER AN ACCIDENT OR OTHER EVENT HAVE GREATER CREDIBILITY THAN REPORTS FILED AFTER A DELAY.

WITHDRAWING AN APPLICATION FOR ORDINARY OR ACCIDENTAL DISABILITY RETIREMENT

Provided that NYCERS' Medical Board has not yet finalized its findings, you may withdraw your application for an Ordinary or Accidental Disability Retirement, upon written request to NYCERS and with approval of the Medical Board. You will have to complete Form # 619 in order for your application to be officially withdrawn.

APPEARING BEFORE NYCERS' MEDICAL BOARD FOR EXAMINATION

You **MUST** appear before NYCERS' Medical Board when scheduled for an interview and examination, or provide proof that you were medically unable to do so. Failure to do so will result in the suspension or closure of your Ordinary or Accidental Disability Retirement application. Please note that you will have to be examined by the Medical Board before a decision can be made on your application for Ordinary or Accidental Disability retirement.

RE-EXAMINATION

In some cases, the Medical Board may approve an Ordinary or Accidental Disability retirement application contingent on re-examination at a later date. Once a year, any person retired on an Ordinary or Accidental Disability Retirement may be required to be re-examined by NYCERS' Medical Board.

If, upon re-examination, the Medical Board determines that you are no longer disabled, the Department of Citywide Administrative Services will place your name on a list of preferred eligible candidates for appointment to a position in a salary grade not exceeding that from which you were retired. Your Ordinary or Accidental Disability Retirement will be paid to you until such time as you are **offered** a position in public service. If you return to work, or if you fail to return to work when offered a position in public service, NYCERS will discontinue payment of your Ordinary or Accidental Disability Retirement Benefit.

Members retired by reason of disability for more than one year may request a re-examination by NYCERS' Medical Board to establish their ability to return to work. You must contact NYCERS immediately upon your return to work, so that you can be restored to active membership. Failure to do so may jeopardize your right to future benefits from this system.

FINAL MEDICAL REVIEW

Members have the opportunity to contest the findings and recommendation of NYCERS' Medical Board through a process called Final Medical Review.

In order to elect to have a Final Medical Review, you must sign a waiver notifying NYCERS of your intent. In addition, a request must be made on your behalf by either your bargaining representative or by the head of the agency in which you are employed. The request and the completed waiver must be received by NYCERS within 15 days from your receipt of the Board of Trustees' letter. Information on the Final Medical Review is sent to you after NYCERS' Board of Trustees ratifies the Medical Board's recommendation on your Ordinary or Accidental Disability Retirement Application.

NYCERS will forward the medical evidence and the Medical Board reports, based on the application upon which you have requested Final Medical Review, to a Special Medical Committee of three independent doctors, that is selected by a Final Medical Review Coordinator. You may not submit any additional medical evidence to these doctors. Your union and the City will pay the fee for each examination.

The findings and recommendation of the Special Medical Committee is final and conclusive. Therefore, you cannot take any legal proceeding in this regard nor can you re-file for Ordinary or Accidental Disability Retirement for the same illness.

AFTER YOUR ORDINARY OR ACCIDENTAL DISABILITY APPLICATION IS APPROVED

After your Ordinary or Accidental Disability application is approved, NYCERS will ask your agency to verify the last day you worked and the last day you were paid, if not previously provided. Upon receipt, NYCERS will establish a retirement date, calculate your advance payment and send you a letter advising you of the amount.

NYCERS normally issues an advance payment between 60 and 90 days from the time you are notified of the Medical Board's approval of your application. Approximately 90 days after you receive your first advance payment, you will receive a letter advising you of the final amount payable to you under the various options and a description of your benefit options.

RETIREMENT OPTIONS

The retirement options for Ordinary or Accidental Disability Retirees are the same as the Service Retirement options. Please refer to the RETIREMENT OPTIONS section of this booklet.

TAXATION OF ORDINARY AND ACCIDENTAL DISABILITY RETIREMENT BENEFITS

Please refer to the TAXATION section of this booklet.

RETURNING TO EMPLOYMENT AFTER ORDINARY OR ACCIDENTAL DISABILITY RETIREMENT

Please refer to the EMPLOYMENT AFTER RETIREMENT section of this booklet.

SURVIVOR BENEFITS

Your beneficiary is entitled to a Survivor Benefit if you die before retirement, whether death occurs on or off the job.

Benefits are paid as:

- An Ordinary Death Benefit
- A Presumptive Retirement Benefit (Death Gamble)
- An Accidental Death Benefit

ORDINARY DEATH BENEFIT (ODB)

If you die while in *Active Service*, and your death is not the result of an accidental injury sustained in the performance of duty while in City Service, your *Designated Beneficiary* will be entitled to receive the following:

- A lump-sum payment equal to the amount in your *ITHP Reserve Account*
plus
- A lump-sum payment equal to your *Accumulated Deductions*
plus

- If you have less than 10 years of service credit, an amount equal to six months of your *Earnable Salary*

- If you have 10 or more years of service credit, an amount equal to 12 months of your *Earnable Salary*

- If you have 20 or more years of *Career Pension Plan Qualifying Service*, an amount equal to 24 months of your *Earnable Salary*

PRESUMPTIVE RETIREMENT BENEFIT (DEATH GAMBLE)

If you are eligible for a Service Retirement Benefit at the time of your death in *Active Service*, you are treated as though you had retired on the day before your death, and your beneficiary will be eligible to receive the greater of:

- The Ordinary Death Benefit, or
- An amount equal to the *Initial Reserve* for the retirement allowance which would have been payable to you if you had retired on the day before your death. The *Initial Reserve* is calculated as though you had selected Option 1 (See the **OPTIONS** Section of this booklet).

ACCIDENTAL DEATH BENEFIT

If NYCERS' Medical Board determines that your death was the natural and proximate result of an *Accident* not caused by your own willful negligence, sustained in the performance of your duties in *Active Service*, an Accidental Death Benefit will be paid as follows:

To your *Designated Beneficiary* (or to your estate if no valid designation is on file with NYCERS):

- A lump-sum payment equal to your *Accumulated Deductions*

To your *Eligible Beneficiary*:

- A lump-sum payment equal to the amount in your *ITHP Reserve Account*
plus
- A pension equal to 50% of your *Final Compensation*
less
- 100% of any Workers' Compensation benefits

The following, in order of priority, are your *Eligible Beneficiaries*:

- your surviving spouse, who has not remarried
- your dependent child(ren) up to age 18
- your dependent parents
- any person you designate for your In-Service Ordinary Death Benefit

In the event that a class of *Eligible Beneficiaries* consists of more than one person (for example, two or more children under the age of 18), benefits will be divided equally among such persons.

An *Eligible Beneficiary* must make application for an Accidental Death Benefit, and NYCERS' Medical Board and Board of Trustees must approve the application. In the event that an application for an Accidental Death Benefit is denied by NYCERS' Medical Board, an *Eligible Beneficiary* may request a Trial Committee to review that determination.

An *Eligible Beneficiary* can elect to receive the Ordinary Disability Benefit in lieu of the Accidental Disability Benefit.

DEATH BENEFIT FOR VESTED MEMBERS

A *Designated Beneficiary*(ies) will be eligible to receive a death benefit in the event of the death of a Vested member who is out of service, and who dies on or after January 1, 1997, but prior to retirement, and has at least 10 years of service credit at the time of death.

The Death Benefit is one-half of the Ordinary Death Benefit that would have been payable if you had died on the last day of service upon which your membership was based. This is in addition to the refund of your *Accumulated Deductions*.

NAMING BENEFICIARIES

When you joined NYCERS, you were asked on your membership application to name one or more beneficiaries, in case you die while a member in *Active Service*. Your current *Designated Beneficiary* is shown on the Annual Disclosure Statement that is sent to you every year by NYCERS.

You may change your beneficiary designation(s) at any time while you are a member, by filing:

- Form # 131 - *Designation of Beneficiaries for Tier 1 and Tier 2 Members Only*
- Form # 132 - *Designation of Primary and Contingent Beneficiary for Tier 1 and Tier 2 Members Only*

New York State Estate Powers of Trust Law (EPTL) provides that, if you are married and you change your beneficiary after 1992 to someone other than your spouse, your spouse retains a right to a portion of your pension.

HOW TO FILE FOR DEATH BENEFITS

Your beneficiary should notify NYCERS of your death.

NYCERS will:

- determine the eligibility of your beneficiary(ies)
- calculate any benefits due, and
- notify and send the necessary forms to your beneficiary(ies)

TAXATION OF PAYMENTS RECEIVED FROM NYCERS

Most NYCERS' benefit payments are subject to Federal taxes, but are exempt from New York State and local income taxes. NYCERS benefits may be subject to state and local income taxes in states other than New York. 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.

Basic contributions made to NYCERS through payroll deduction are not included as current gross income for Federal income tax purposes [IRC Section 414(h)], but they are subject to current Social Security and Medicare deductions and to New York State and local income taxes.

LOANS

Please refer to the LOANS section of this SPD for detailed information about the taxability of loans prior to and at retirement.

REFUNDS

Withdrawal of your accumulated salary deductions and/or a refund of excess contributions may result in a Federal income tax liability. The taxable distribution, if any, is outlined on your Election of Payment Notice, along with an explanation of the Federal income tax consequences. You may temporarily avoid the Federal income tax consequences by rolling over the taxable portion of the distribution into an IRA account or employer plan, if your new employer's plan allows such rollovers. If you do not elect to roll it over, NYCERS is required by the Internal Revenue Code rules and regulations to withhold 20% of the taxable portion of the distribution.

The Election of Payment Notice contains three options, under which you can elect to receive or roll over the taxable portion of your refund:

- Direct refund, including the taxable portion, subject to 20% Federal income tax withholding.
- Rollover of the taxable portion of the refund into an IRA account or employer plan.
- Rollover of a portion of the taxable distribution, designated by you, into an IRA account or employer plan.

Members have 30 days to complete and return their Election of Payment Notice to NYCERS. If you do not return the notice to us within 30 days of the date of our letter, we will process your full refund, less 20% Federal income tax withholding on the taxable portion of your distribution. Upon a member's obtaining a refund after resignation, the outstanding balance on a loan may be at least partially taxable. The refund check you receive from NYCERS may be less than the total taxable distribution, if you have an outstanding loan at the time of the refund. In addition to being taxable at the member's normal tax rate, a member under the age of 55 will incur an additional 10% Federal income tax penalty. Members who are age 55 or older are not subject to the 10% penalty.

In addition to a Federal income tax liability, partial withdrawals of your contributions (such as a refund of excess) prior to your separation from City service before you attain age 59½ may result in an additional 10% Federal income tax penalty.

PENSIONS

Your monthly Service or Ordinary Disability Retirement allowance is subject to Federal income taxes, but part of it may be excludable. Accidental Retirement benefits are tax-exempt. Your Retirement Resolution indicates the amount of Non-414 Contributions included in the calculation of your pension. The I.R.S. considers this amount to be your Investment in Contract (Cost) for the purpose of determining the excludable part of your monthly retirement allowance. (Non-414 Contributions were deducted from your paychecks after tax, and, therefore, are not subject to taxation a second time.) Use the Simplified Method detailed in your 1040 instruction booklet or in I.R.S. Publication 575, or consult your tax preparer, in order to make that determination.

The I.R.S. requires taxpayers to remit tax payments on a "pay as you go" basis. In order to avoid a penalty at year-end for non-prepayment of the tax on your pension, you must either make payments of Estimated Taxes quarterly, or have income tax withheld from your monthly check or electronic payment. You may request income tax withholding when you file your Retirement Application. Subsequent changes can be made by filing I.R.S. Form W4P, mailed to you by NYCERS annually.

DEATH BENEFITS

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requires NYCERS to withhold taxes on death benefits that are subject to Federal taxation, unless the beneficiary files an election to be exempted from such withholding. NYCERS cannot pay any taxable death benefit to a beneficiary, until the beneficiary returns their election regarding tax withholding.

Beneficiaries who are the spouses of deceased members of NYCERS may choose from three options under which they can elect to receive or roll over the taxable portion of their lump sum death benefit:

- Direct payment, including the taxable portion, subject to 20% Federal income tax withholding.
- Rollover of the taxable portion into an IRA account.
- Rollover of a portion of the taxable distribution, designated by them, into an IRA account.

All NYCERS' benefit payments and refunds are subject to federal income taxation in the year(s) distributions are made, but they are not subject to New York State and local income taxation.
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COST OF LIVING ADJUSTMENTS (COLA)

Chapter 125 of the Laws of 2000 provides a permanent Cost of Living Adjustment (COLA) for retirees of NYCERS who meet the following requirements.

The COLA is payable to all NYCERS retirees who:

- Have attained age 62 and have been retired for 5 years
- Have attained age 55 and have been retired for 10 years
- Retired on a disability at any age and have been retired for 5 years
- Are recipients of an accidental death benefit, regardless of age and have been receiving that benefit for 5 years

Spouses receiving a join-and-survivor option benefit are eligible to receive 50% of the monthly COLA that the retiree would have been eligible for.

On September 1 of each year, starting in the year 2000, those eligible will receive an adjustment to their benefit equal to:

- 50% of the annual inflation as determined by the Consumer Price Index (CPI) in the one-year period ending on the March 31 prior to the COLA payment to be made on the following September 1
- Not less than 1%
- Not more than 3%

The adjustment will be based on the maximum (annual fixed) retirement allowance, including any prior years' COLA (not exceeding \$18,000) payable under this legislation.

The COLA provided by this legislation will be payable in lieu of any previous COLA legislation (the latest being Chapter 390 of 1998, which provided COLA to all pre-1994 retirees), unless the earlier COLA would pay more.

DOMESTIC RELATIONS ORDERS

Under the Equitable Distribution Laws of the State of New York, pension benefits are considered a marital asset. As a result, the Supreme Court of the State of New York may assign a portion of your current and/or future pension benefits to an ex-spouse under a Domestic Relations Order. By law, NYCERS is bound to execute the order of the court.

NY State Estate Powers of Trust Law (EPTL) provides that if you are married and you change your beneficiary after 1992 to someone other than your spouse, your spouse retains a right to a portion of your pension.

EMPLOYMENT AFTER RETIREMENT

SERVICE RETIREES

This section only applies to service retirees who are returning to public service within the State of NY. If you are a disability retiree, please read the **DISABILITY RETIREES** section below. The New York State Retirement and Social Security Law (RSSL), the NYC Administrative (Code) and Section 1117 of the NYC Charter (Charter) determine these limitations based on various factors such as type of retirement (disability or service) and source of income (public, private, or Public Benefit Corporation).

There are no earning limitations if you are age 65 or if you work for:

- the private sector
- federal government
- City or State public service employment, other than within New York State
- public benefit corporations (such as: HHC, Transit, OTB, etc. To obtain a complete listing, please contact NYCERS)
- transit retiree returning to a City or State agency

Pensioners who return to City service have 90 days to rejoin NYCERS if they wish to become members 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 join another public retirement system, the pension portion of your retirement allowance is suspended for the entire period of your post-retirement employment and you are not covered by Section 211 and Section 212 earning limitations.

The following briefly describes the legislation that governs the earning limitations for pensioners re-employed in NY public service. If you decide you want to return to NY public service, contact NYCERS' Call Center to see how these laws will affect your pension.

Section 211

This law is for employees hired for "hard-to-fill" positions to receive income from public service, subject to an earnings limitation. The amount you may earn while employed by the same employer*, without loss, suspension or diminution of your retirement allowance, is the difference between the maximum pension portion of your retirement allowance (plus cost of living adjustments) and the greater of the salary on which your retirement allowance was based or the maximum salary which you currently would be receiving in the position from which you last retired if you had not retired. To be covered under Section 211 of the RSSL, the prospective employer must obtain a waiver from the State or City Civil Service Commission or other authorized agency.

*There is no earning limitation for retirees who are hired by a different employer

Section 212

Under this law you may receive income from public service, subject to an earnings limitation, that are set each year by the NYS Legislature. The amount you may earn, without loss,

suspension or diminution of your retirement allowance, is \$27,500 for calendar year 2004. You must file a form with NYCERS electing to have the provisions of Section 212 apply.

If You Decide To Return To Work, Remember:

- There may be earning limitations created by law that affect your pension
- If you are eligible to rejoin NYCERS, you must do so within 90 days
- You forfeit your rights to join and receive credit for your returned service if you do not join within 90 days
- If you rejoin a NY State public retirement system, your pension will be suspended
- There are no earning limitations once you reach the age of 65

DISABILITY RETIREES

This section applies only to those who are receiving a Disability Retirement Benefit. Section 13-171 of the NYC Administrative Code (Code) and Section 1117 of the NYC Charter (Charter) control the re-employment of Disability Retirees.

Limits Before Attaining Service Retirement Age

Section 13-171 of the Administrative Code provides that a Disability retiree may receive income from employment in the private sector or the public sector, if he or she has not yet met the age and service requirements to qualify for a service retirement benefit under his or her retirement plan.

The amount a pensioner may earn is the difference between the maximum current salary of the next higher title from that which he or she retired, and the maximum pension portion of his or her retirement allowance.

Limits After Attaining Service Retirement Age

Once a Disability retiree attains the minimum service retirement age and service for his or her retirement plan, Section 13-171 of the Code no longer applies to public sector employment and Section 1117 of the Charter governs such employment. Section 1117 provides that a retiree's pension must be suspended if his or her total pension and earned income from the City, State or a municipality within New York State exceeds \$1,800.00 a year. This limitation of \$1,800.00 is so low that almost all retirees surpass it in the first few months of employment.

Income from public benefit corporations or the private sector is exempt

GLOSSARY

The following terms will appear in italics throughout this booklet:

Accident

A sudden, fortuitous mischance, unexpected, out of the ordinary and injurious in impact.

Accumulated Deduction:

The total of all basic Tier 1 contributions plus interest earned on such contributions, which are maintained in the members *Annuity Savings Fund*.

Active Service

Service rendered while the employee is on the payroll and being paid by the City of New York or a *Participating Employer*.

Annuity

Payments made for the life of a Tier 1 retiree derived from his or her *Accumulated Member Contributions*. These payments are typically based on the contributions the employee made throughout his or her life to NYCERS.

Annuity Savings Fund

An account maintained for each Tier 1 member into which the basic contributions of *Wages* deducted from the member's paycheck each payroll period are deposited, plus interest earned on such contributions.

Career Pension Plan Position

Any position in City Service, except any transit operating position with the transit authority, any position in the uniformed force of the department of sanitation, the uniformed transit police force, the housing police service, or the uniformed correction force.

Career Pension Plan Qualifying Service

- all *Membership Service* in a *Career Pension Plan Position*;
- all *Membership Service* rendered prior to July 1, 1968;
- all *Transferred Service* from another New York City or State public employee retirement system;
- 20 Year Plan* Uniformed Force and Transit Operating service rendered on or after July 1, 1968 while a member of NYCERS;
- up to six months of *Purchased Service*, provided such service was continuous and immediately preceded your membership and you were a member prior to January 1, 1968.

Designated Beneficiary

Any person whom a member has named, by filing a properly completed form with NYCERS, to receive a survivor benefit upon the death of the member in *Active Service*.

Earnable Salary

The regular rate of compensation payable to a member.

Earned Salary

The actual salary earned by a member, including overtime and additional pensionable compensation.

Eligible Beneficiary

A person who is eligible to be paid an Accidental Death Benefit, in the following order of priority:

- your surviving spouse, who has not remarried
- your dependent child(ren) up to age 18
- your dependent parents
- any person you designate for your In-Service Ordinary Death Benefit

An *Eligible Beneficiary* must make application for an Accidental Death Benefit, and NYCERS' Medical Board and Board of Trustees must approve the application.

In the event that a class of *Eligible Beneficiaries* consists of more than one person (for example, two or more children under the age of 18), benefits will be divided equally among such persons.

Excess Contributions

Any contributions a member makes, and all interest earned on a member's account, after the member has satisfied the requirements for his or her plan (25 years of *Career Pension Plan Qualifying Service* for Plan A, and 25 years of *Credited Service* for Plan B) are referred to as *Excess Contributions*. *Excess Contributions* can be refunded to the member.

Final Compensation

The greater of the average compensation earned or earnable during:

- The five-year period immediately preceding a member's retirement, **or**
- Any consecutive five calendar-year period prior to the member's retirement that would provide him or her with the greatest average compensation, **or**
- Any two periods totaling five calendar years designated by the member

If you became a member after June 17, 1971, the *Wages* used in the calculation for any year during the five year period cannot exceed 120% of the preceding year.

Final Salary

The greater of your earnable or *Earned Salary* during the year prior to your retirement, where *Earnable Salary* is the regular rate of compensation payable to you, and *Earned Salary* is your actual salary earned.

Initial Reserve

The total of the Annuity Savings Fund and the Pension Reserve Fund at the time of retirement. Members are **not** allowed to withdraw this amount as one lump sum at retirement.

ITHP Reserve Account

An account maintained for each Tier 1 member into which the ITHP contributions made to NYCERS by the City of New York and *Participating Employers* are deposited, plus interest earned on such contributions.

Membership Service

Paid full or part-time service performed after you last joined NYCERS, including all service performed while you are on the payroll of a *Participating Employer* and certain Military Service.

Participating Employer

In addition to the City of New York, members of NYCERS are also employed by the following *Participating Employers*:

- NYC Transit Authority
- Triborough Bridge & Tunnel Authority
- NYC Housing Authority
- NYC Health & Hospitals Corporation
- NYC Off Track Betting Corporation
- NYC Rehabilitation Mortgage Insurance Corporation
- NYC Housing Development Corporation
- City University of New York
- NYC School Construction Authority
- Municipal Water Authority
- The NYC Employees' Retirement System (NYCERS)
- The NYC Teachers' Retirement System
- Departments of the State of New York which had formerly been departments of the City of New York, where members of NYCERS are still employed

Pension

Payments made for the life of a Tier 1 retiree derived from his or her Pension Reserve Fund. These payments are typically based on the contributions made to NYCERS by the City of New York and *Participating Employers*.

Physically-Taxing Positions

A position in City service included on the Official List of *Physically-Taxing Positions* promulgated and maintained by the NYC Office of Labor Relations (See Appendix A). Tier 1, Plan A members who have credit for 25 or more years of *Career Pension Plan Qualifying Service* in *Physically-Taxing Positions* are eligible to retire at age 50.

Purchased Service

Purchased Service allows members to purchase retirement service credit for full or part-time New York City service performed before becoming a member of the pension system. Even though all *Purchased Service* will be used in calculating future benefits, the purchase of such service does not change your membership date in NYCERS.

Required Amount

In Plan A, the amount of money a member should have in his or her *Annuity Savings Fund* after 25 years of *Career Pension Plan Qualifying Service*, based on the member's contribution rate and salary history.

Reserve for Increased-Take-Home-Pay

An amount which at the time of death in service or retirement is equal to the accumulation of the contributions for *ITHP*, plus interest accrued on those contributions.

Transferred Service

Service which was credited to you while you were a member of another public employee retirement system in the City or State of New York which you transfer to NYCERS.

Unpaid Leave

An approved leave of absence during which a member does not receive *Wages* from his or her employer.

- Examples:
- Sick leave of absence without pay
 - Workers' Compensation leave of absence without pay
 - Leave of absence without pay for the purpose of engaging in union activities

Wages

Any earnings paid for services rendered to a public employer in New York City or New York State.

NYCERS FORMS AND HOW TO GET THEM

NYCERS offers three easy ways to obtain forms:

1. Visit our Customer Service Center on Jay Street, in downtown Brooklyn
2. Use our “Conversant” system by dialing into our Call Center @ (347) 643-3000
3. Go on-line and download the most commonly used forms from our web site www.nycers.org

THE FOLLOWING FORMS ARE SPECIFIC TO TIER 1

Form Number	Form Name
101	Application for Membership Tier 1 and Tier 2 Members
131	Designation of Beneficiary for Tier 1 and Tier 2 Members
132	Designation of Primary & Contingent Beneficiary for Tier 1 and Tier 2 Members Only
137	Designation of Guardian when naming a minor as a Beneficiary
162	Election of Career Pension Plan or ISF Tier 1 and Tier 2 Members
210	Election to Contribute Additional Contributions
211	Application to Restore Rate of Deduction
212	Increased-Take-Home-Pay (ITHP) Waiver
213	Revocation of Increased-Take-Home-Pay (ITHP) Waiver
214	Election to Pay Extra Salary Deductions to Provide Additional Annuity at Retirement
215	Revocation of Election to Pay Extra Salary Deductions to Provide Additional Annuity at Retirement
217	Election to Change the Present Method of Payment of Social Security Coverage
241/242/243	Application to Purchase Credit for prior service
244	Application to Purchase Credit for Military Service
251	Notice of Intention to File an Application for a Vested Retirement Benefit Tier 1 and Tier 2 Members (Except Corrections and Sanitation)
261	Application for Payment of a Vested Retirement Benefit Tier 1 and Tier 2 Members (Except Corrections and Sanitation)
290	Change of Address Form
291	Name Change Affidavit
301	Application for Loan Tier 1 and Tier 2 Only
311	Application to Cancel Rate of Deduction
331	Application for Refund of Member’s Accumulated Salary Deductions
332	Application for Refund of Excess Contributions
511	Application for Service Retirement
551	Retirement Option Election Form Tier 1 (Opt 1,4,5-yr certain,10-yr certain)
552	Retirement Option Election Form for Tier 1 and Tier 2 (Max, Opt2, Opt 3, Opt 4-2, Opt 4-3)

APPENDIX A

OFFICIAL LIST OF PHYSICALLY-TAXING POSITIONS

Able Seaman / Mariner
Administrative Superintendent Of Water & Sewer Sys
Asphalt Steam Roller Engineer
Asphalt Worker
Assistant Bridge And Tunnel Maintainer
Assistant Captain (Ferry Service)
Assistant City Highway Repairer
Assistant Highway Repairer
Assistant Monument Restorer
Assistant Real Estate Repairman/Repairer
Assistant Resident Buildings Superintendent
Assistant Stock Handler
Assistant Stockman
Associate Park Service Worker
Auto Lawn Mower Operator
Auto Machinist
Auto Mechanic
Auto Mechanic (Diesel)
Automotive Mechanic
Basin Machine Operator
Blacksmith
Blacksmith's Helper
Boiler Room Operator / Housing Fireman
Boilermaker
Boilermaker's Helper
Borough Foreman (Highway And Sewer Maintenance)
Borough Foreman (Sewer Maintenance)
Borough Foreman/Supervisor
Borough Foreman/Supervisor (Highway Maintenance)

Borough Foreman/Supervisor (Watershed Maintenance)
Bricklayer
Bridge And Tunnel Maintainer
Bridge Painter
Bridgeman/Bridge Repairer And Riveter
Building Repairman/Repairer
Cable Splicer
Cable Splicer's Helper
Captain (Engineer)
Captain (Ferry)
Captain (Sludge Boat)
Captain (Tugboat)
Caretaker (Housing Authority)
Caretaker (Housing Authority) E
Caretaker (Housing Authority) G
Caretaker (Housing Authority) J
Caretaker (Housing Authority) P
Caretaker (Housing Authority) X
Caretaker (Housing Authority) X
Carpenter
Carriage Upholsterer
Cement Mason
Chauffeur-Attendant
Chief Caretaker
Chief Marine Engineer
Chief Marine Engineer (Diesel)
Chief Mate
Chief Of Hospital Transportation Services
City Laborer
City Park Worker
City Parking Meter Service Worker
Climber And Pruner

Coal Handler
Coal Passer
Communication Electrician
Communication Electrician's Helper
Construction Laborer
Core Drill Operator
Core Drill Operator's Helper
Crane Engineman (Ampes)
Crane Engineman/Operator
Deckbuilder
Deckhand
Deckhand (Tugboat)
Deputy City Sheriff
Diesel Tractor Operator
District Foreman (Highway And Sewer Maintenance)
District Foreman (Sewer Maintenance)
District Foreman (Water Supply)
District Foreman/Supervisor
District Foreman/Supervisor (Highway Maintenance)
District Foreman/Supervisor (Watershed Maintenance)
District Supervisor (Water & Sewer Systems)
Driller
Electrician
Electrician (Automobile)
Electrician's Helper
Electrician's Helper
Elevator Mechanic
Elevator Mechanics Helper
Emergency Medical Specialist - Emt / Ambulance Cor
Emergency Medical Specialist - Paramedic / Ambulan
EMS Assistant Borough Chief
EMS Borough Chief

EMS Division Chief
EMSS (Level 1)
EMSS(Level 2)
Exterminator
Farmer
First Assistant Marine Engineer (Diesel)
Flagger
Foreman (Traffic Device Maintainer)
Foreman Asphalt Worker
Foreman House Painter
Foreman Of Gardeners
Foreman Of Mechanics (Motor Vehicles)
Foreman/Supervisor
Foreman/Supervisor (Exterminators)
Foreman/Supervisor (Highway And Sewer Maintenance)
Foreman/Supervisor (Highway Maintenance)
Foreman/Supervisor (Sewer Maintenance)
Foreman/Supervisor (Water And Sewer Systems)
Foreman/Supervisor (Watershed Maintenance)
Foreman/Supervisor Auto Mechanic
Foreman/Supervisor Auto Mechinist
Foreman/Supervisor Blacksmith
Foreman/Supervisor Boilermaker
Foreman/Supervisor Bricklayer
Foreman/Supervisor Bridge Painter
Foreman/Supervisor Bridgeman/Bridge Repairer And R
Foreman/Supervisor Cable Splicer
Foreman/Supervisor Carpenter
Foreman/Supervisor Crane Engineman/Operator
Foreman/Supervisor Crane Engineman/Operator (Ampes
Foreman/Supervisor Dockbuilder
Foreman/Supervisor Electrician

Foreman/Supervisor Elevator Mechanic
Foreman/Supervisor Furniture Maintainer
Foreman/Supervisor Furniture Maintainer (Upholster
Foreman/Supervisor Glazier
Foreman/Supervisor Highway Repairer
Foreman/Supervisor Lineman/Line Repairer
Foreman/Supervisor Machinist
Foreman/Supervisor Of Housing Caretakers
Foreman/Supervisor Of Housing Exterminators
Foreman/Supervisor Of Mechanics
Foreman/Supervisor Of Traffic Device Maintainers
Foreman/Supervisor Painter
Foreman/Supervisor Paver
Foreman/Supervisor Plasterer
Foreman/Supervisor Plumber
Foreman/Supervisor Roofer
Foreman/Supervisor Sheet Metal Worker
Foreman/Supervisor Ship Carpenter
Foreman/Supervisor Steam Fitter
Foreman/Supervisor Water Supply
Furniture Maintainer (Including All Specialties)
Furniture Maintainer's Helper
Garage Foreman
Gardener
Gas Fitter
Gasoline Engineman/Engine Operator (Marine)
Gasoline Roller Engineer
General Mechanic
General Park Foreman
General Superintendent Of Repairs To Distribution
Glazier
Handyman, Grade 1

Handyman, Grade 2
Heating Plant Technician (Housing Authority)
High Pressure Plant Tender
High Pressure Plant Tender/Stationary Fireman
Highway Repairer
Highway Repairer Trainee
Horseshoer
Horseshoer (Fireman)
Hostler
Housepainter
Housesmith
Housing Caretaker
Housing Caretaker E
Housing Caretaker G
Housing Caretaker J
Housing Caretaker P
Housing Caretaker X
Housing Exterminator
Housing Stock Handler
Housing Stock Worker
Housing Stock Worker L1
Housing Stock Worker L2
Housing Storekeeper
Housing Supply Handler
Housing Supply Man
Keystone Shovel Engineer
Laborer
Laborer (City Rent)
Lineman/Line Repairer
Lineman's/Line Repairer's Helper
Loader And Handler
Machinist

Machinist's Helper
Mail/Messsage Service Worker
Maintenance Man
Maintenance Worker
Marble Setter
Marble Setter's Helper
Marine Engineer
Marine Engineer (Diesel)
Marine Oiler
Marine Sounder
Marine Stoker
Marine Stoker (Oil Burning)
Mason's Helper
Mate
Mate (Tugboat)
Menagerie Keeper
Metal Lather
Monument Artisan
Monument Restorer
Mortuary Caretaker
Mortuary Technician
Motor Grader Operator
Motor Vehicle Dispatcher
Motor Vehicle Foreman/Supervisor
Motor Vehicle Operator
Motor Vehicle Supervisor
Oiler
Oiler (Portable)
Oiler (Stationary)
Painter
Park Foreman
Park Service Worker

Park Supervisor
Parking Meter Collector
Paver
Pile Driving Engineer
Pile Driving Fireman
Pilot (Tugboat)
Pipe Caulker
Plant Maintainer / Oiler (Hospitals)
Plant Maintainer / Tender (Hospitals)
Plasterer
Plasterer's Helper
Plumber
Plumber's Helper
Principal Mortuary Caretaker
Principal Mortuary Technician
Principal Park Supervisor
Rammer
Real Estate Repairman/Repairer
Resident Buildings Superintendent
Rigger
Roofer
Rubber Tire Repairer
Scowman
Second Assistant Marine Engineer (Diesel)
Second Mate
Senior Bridge And Tunnel Maintainer
Senior Building Repairman
Senior Foreman Traffic Device Maintainer
Senior Foreman/Supervisor (Exterminators)
Senior Foreman/Supervisor Of Housing Exterminators
Senior Garage Foreman
Senior Menagerie Keeper

Senior Mortuary Caretaker
Senior Mortuary Technician
Senior Motor Vehicle Foreman/Supervisor
Senior Motor Vehicle Supervisor
Senior Sewage Treatment Worker
Senior Supervising Foreman Of Line Repairers & Cab
Senior Supervisor Communication Electrician
Senior Supervisor Of Park Operations
Sewage Treatment Worker
Sheet Metal Worker
Ship Carpenter
Ship Caulker
Sign Painter
Sr Super. Of Housing Exterminator
Stationary Fireman / High Pressure Plant Tender
Steam Fitter
Steam Fitter's Helper
Steam Roller Engineer
Stock Handler
Stock Man
Stock Worker
Stone Cutter
Superintendent Of Repairs To Distribution
Superintendent Of Sewer Services/Systems
Superintendent Of Water And Sewer Systems
Supervising Ambulance Corpsman
Supervising EMSS - EMS Manager (Managerial Detail)
Supervising EMSS (Levels 0 - 1 - 2)
Supervising Housing Groundsman/Groundskeeper
Supervising Parking Meter Collector
Supervising Parking Meter Service Worker
Supervisor Bricklayer

Supervisor Carpenter
Supervisor Communication Electrician
Supervisor Electrician
Supervisor Elevator Mechanic
Supervisor Of Housing Caretakers
Supervisor Of Housing Exterminators
Supervisor Of Housing Groundkeepers
Supervisor Of Housing Stock Wkrs L1
Supervisor Of Housing Stock Wkrs L2
Supervisor Of Housing Stock Wkrs L3
Supervisor Of Ironwork
Supervisor Of Mechanics (Me)
Supervisor Of Mechanics (Mechanical Equipment)
Supervisor Of Menagerie
Supervisor Of Motor Transport
Supervisor Of Park Operations
Supervisor Of Park Operations And Maintenance
Supervisor Of Tractor Operators
Supervisor Painter
Supervisor Plasterer
Supervisor Plumber
Supervisor Roofer
Tinsmith
Tractor Operator
Traffic Device Maintainer
Water Plant Operator
Water Tender
Watershed Maintainer
Wehr Grader Operator
Welder
Welder (Electric)
Well Driver
Window Cleaner