

Special Peace Officer 25-Year Retirement Plan (6SO-25)



NYC EMPLOYEES'
RETIREMENT SYSTEM

Tier 6

May 2023

This brochure describes the benefits of the Special Peace Officer 25-Year Retirement Plan for Tier 6 members (6SO-25 Plan). The 6SO-25 Plan allows participants to retire after 25 years of Allowable Service without regard to age and is available ONLY to members employed in a series of Special Peace Officer (SPO) titles.

The following SPO titles are eligible to participate in the 6SO-25 Plan: Special Officers (any rank) employed by a mayoral agency of the City of New York, the NYC Health and Hospitals Corporation (HHC), or the NYC Housing Authority (NYCHA); Parking Control Specialists employed by the NYC Department of Transportation (DOT); School Safety Agents (any rank) employed by the NYC Police Department (NYPD) or Board of Education (BOE); Campus Peace Officers (any rank) employed by the City University of New York (CUNY); Taxi and Limousine Inspectors (any rank) employed by the NYC Taxi and Limousine Commission (TLC); and Urban Park Rangers or Associate Urban Park Rangers employed by the NYC Department of Parks and Recreation.

PARTICIPATION

Participation is mandatory for any person who becomes employed in an SPO title and becomes a NYCERS member on or after April 1, 2012. However, if they are older than age 30 upon being mandated into this plan, they have the option to not participate. These participants will be sent Opt-Out Form #186 after which they will have 180 days to opt out of the 6SO-25 Plan.

ONCE AN ELECTION TO OPT OUT OF THE 6SO-25 PLAN IS FILED WITH NYCERS, IT MAY NOT BE REVOKED.

If you opt out of the 6SO-25 Plan, you will be placed in the Tier 6 Basic Plan.

Participants who cease to hold an SPO title will no longer be able to participate in the 6SO-25 Plan. Participants who terminate service from an SPO title and return to an SPO title at a later date will again be required to participate in the 6SO-25 Plan.

BASIC MEMBER CONTRIBUTIONS (BMCs)

Participants in the 6SO-25 Plan who join NYCERS between April 1, 2012 and March 31, 2013, are required to contribute BMCs equal to 3% of pensionable gross wages until a new contribution structure took effect on April 1, 2013. Beginning April 1, 2013, the BMC rate for all 6SO-25 Plan members is dependent upon annual wages* earned during a **plan year** according to the schedule in the table below.

Annual Wages Earned During Plan Year	Contribution Rate
Up to \$45,000	3%
\$45,001 to \$55,000	3.5%
\$55,001 to \$75,000	4.5%
\$75,001 to \$100,000	5.75%
Greater than \$100,000	6%

If you joined NYCERS prior to November 20, 2015, a **plan year** was defined as the period from April 1st to March 31st. During the first three plan years of membership (or the first three plan years beginning 4/1/13 if you joined NYCERS between 4/1/12 and 3/31/13), NYCERS uses a projection of your annual wages to determine your BMC rate (Projected Wage Method). For your fourth plan year and each plan year thereafter, NYCERS uses your gross wages earned two plan years prior to determine your BMC rate (Actual Wage Method). Chapter 510 of the Laws of 2015, signed on November 20, 2015, changed the plan year definition to a calendar year (1/1 to 12/31). For that reason, if your membership date falls between 4/1/12 and 3/31/14, the Actual Wage Method will be applied for the plan year 1/1/17-12/31/17. See the last page for a chart illustrating the application of each method based on hypothetical wages.

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

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

ADDITIONAL MEMBER CONTRIBUTIONS (AMCs)

As a member of the 6SO-25 Plan, participants are also required to contribute Additional Member Contributions (AMCs) of 6.25% on all their gross wages, excluding **non-pensionable** earnings (see Final Average Salary section). AMCs are maintained in the Retirement Reserve Fund (RRF). Payment of AMCs is required until a participant attains 30 years of Allowable Service or retires, whichever occurs first.

BMCs and AMCs are Federal tax-deferred, meaning that you do not pay Federal taxes on the contributions, only New York State



and local taxes. Note, however, that contributions made while on Union Leave are **not** Federal tax-deferred.

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

DEFICITS

Failure to pay any of the required contributions will result in a deficit in either the Member Contribution Accumulation Fund (BMCs) or the Retirement Reserve Fund (AMCs). If the deficit is identified prior to retirement, NYCERS will notify the member so they can resolve the deficit.

If there is an unresolved deficit at retirement in either the MCAF account (BMCs) or RRF account (AMCs), NYCERS will notify the member of the choice to either pay the deficit in full or apply an actuarial reduction (a lifetime reduction to your pension based on your deficit amount) to resolve the deficit. Unpaid deficits may also impact disability and death benefits.

Participants who cease to be employed in an SPO title, withdraw their AMCs (and accrued interest), and later become a participant again, will be required to repay the AMCs refunded to them including the 5% per-annum statutory interest.

LOANS

6SO-25 Plan participants may borrow up to 75% of the BMCs held in the MCAF account and up to 75% of the AMCs held in the RRF account. Any loans taken are subject to the same terms and conditions applicable to Tier 4 members. Please consult Loans Brochure #911 for additional information.

REFUNDS

6SO-25 Plan participants who have rendered less than 10 years of Credited Service and who leave City service may apply for a refund of BMCs, plus accrued interest, effectively terminating their membership. Refunds of BMCs are not possible for members with 10 or more years of Credited Service, except in cases of a participant's death.

Participants who cease to be employed in an SPO title for any reason whatsoever and who have rendered less than 15 years of Allowable Service have the option of withdrawing their AMCs, plus accrued interest and minus the present value of any loan. AMCs may also be withdrawn if a participant with less than 15 years of Allowable Service in an SPO title changes titles to a non-SPO title and remains in City service. After receiving the refund of AMCs, the participant will no longer be entitled to a benefit under the 6SO-25 Plan, but may be entitled to a benefit from the Tier 6 Basic Plan (assuming service requirements have been met).

Refunds of AMCs are not possible for participants with 15 or more years of Allowable Service in an SPO title.

A participant who ceases to be employed in an SPO title and withdraws their AMCs (and earned interest), and later becomes a

participant again, will be charged with a deficit (including 5% per-annum statutory interest) calculated as if such AMCs had never been made. Payment of a deficiency can be made in a lump-sum or through payroll deductions.

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

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

ALLOWABLE SERVICE

Allowable Service is a special term used in the 6SO-25 Plan. It is defined as service rendered in a covered title in the 6SO-25 Plan. Allowable Service in the 6SO-25 Plan also includes certain Military Service, Union Leave Service and Purchased Service for any time rendered in an SPO title before becoming a NYCERS member.

Allowable Service **does not** include other public service rendered in New York State or New York City, e.g., service rendered in a clerical position in another agency.

Only Allowable Service can be used to qualify for service or vested retirement.

BUY-BACK

6SO-25 Plan members may purchase previous public service rendered anywhere in New York City or New York State, but only previous service rendered in an SPO title will count as Allowable Service. The cost is 6% of the wages earned during the period they are buying back, plus 5% interest compounded annually from the date of their previous service until the date of payment. 6SO-25 Plan members will also be charged AMCs, plus interest, for prior service rendered in a special plan title.

MILITARY BUY-BACK

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

VESTED RETIREMENT BENEFIT

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



The Vested Retirement Benefit is computed as follows:

2% *times* Final Average Salary (FAS) *times* the number of years of Allowable Service.

SERVICE RETIREMENT BENEFIT

Participants in the 6SO-25 Plan become eligible to receive a Service Retirement Benefit upon attaining 25 or more years of Allowable Service without regard to age. The Service Retirement Benefit is calculated using the following formula:

- 50% of FAS for the first 25 years of Allowable Service, **plus**
- 2% of FAS for each additional year of Allowable Service, up to a maximum of 30 years of such service.

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

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

UNDERLYING PLAN

Retirement Under 63/5 Plan:

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

FINAL AVERAGE SALARY (FAS)

FAS is defined as the average of wages earned by a member during any continuous period of employment for which the member was credited with five years of service. However, wages earned during any year used in an FAS calculation cannot exceed the average of the previous four years by more than 10%.

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

Some wages are excluded from the FAS calculation. The Tier 6 definition of wages includes an “overtime ceiling,” which limits overtime compensation for pension purposes to no more than \$19,729 for 2023; this amount is indexed annually according to the Consumer Price Index. Any overtime compensation earned in excess of the overtime ceiling is excluded from the FAS calculation.

Overtime compensation is compensation paid at a rate greater than the standard rate.

The definition of wages also excludes:

1. Wages in excess of the annual salary paid to the Governor of the State of New York;
2. Lump-sum payments for deferred compensation, sick leave, accumulated vacation or other credits for time not worked;
3. Any form of termination pay;
4. Any additional compensation paid in anticipation of retirement; and
5. In the case of employees who receive wages from three or more employers in a 12-month period, the wages paid by the third and each successive employer.

DISABILITY RETIREMENT

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

If they have less than 10 years of Credited Service, they are eligible to receive a Disability Retirement Benefit if NYCERS’ Medical Board determines that they are physically or mentally incapacitated to perform their job duties AND their disability is the result of an accidental injury sustained in the performance of their duties, and not caused by their own willful negligence.

The Disability Retirement Benefit is equal to the greater of:

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

SURVIVOR BENEFITS

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

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

An ODB will be paid only if:

- a) You were being paid on payroll at the time of your death; **-- OR --**
- b) You were off payroll or you were on an authorized leave without pay at the time of your death; **AND**
 1. You were on payroll, in service, and paid within the last 12 months before death; **AND**



2. You were not gainfully employed since last on the payroll; **AND**
3. You had credit for one or more years of continuous service since you last entered the service of your employer.

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

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

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

Your beneficiary/beneficiaries will also receive a refund of your BMCs plus earned interest, and a refund of your AMCs if you rendered less than 15 years of Allowable Service, plus earned interest.

If you have at least 10 years of Credited Service, are awaiting payability of a Vested Retirement Benefit, and die prior to age 63, your beneficiaries will receive a lump-sum death benefit

based on 50% of the ODB that would have been payable if you had died on your last day in active service, plus the refund of your BMCs plus interest. If you die prior to having 15 years of Allowable Service and reaching age 63, AMCs plus interest will be refunded as well.

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

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

Projected Wage Method (First 3 Plan Years Only)			
	1 st Plan Year	2 nd Plan Year	3 rd Plan Year
Projected Annual Salary	\$70,000	\$70,000	\$70,000
Rate Based on Projected Annual Salary	4.5%	4.5%	4.5%
Actual Wages Earned in Plan Year	\$72,000	\$72,500	\$76,000
Contributions Made in Plan Year	\$3,240 (4.5% of \$72,000)	\$3,263 (4.5% of \$72,500)	\$3,420 (4.5% of \$76,000)
Actual Wage Method (4 th Plan Year and Thereafter)			
	4 th Plan Year	5 th Plan Year	
Actual Wages Earned in Plan Year	\$80,000	\$82,500	
Rate Based on Actual Wages Earned Two Plan Years Prior to the Current Plan Year	4.5%	5.75%	
Contributions Made in Plan Year	\$3,600 (4.5% of \$80,000)	\$4,744 (5.75% of \$82,500)	

