



# BERS WORDS

A publication of the New York City Board of Education Retirement System

Volume 18 No 4

[www.nycbers.org](http://www.nycbers.org)

Fall 2014

## Repaying Your BERS Loans While Off Payroll

BERS members may borrow from their BERS accounts, but it is always important to make repayments promptly. Basic member contribution (MCAF or ASF) loans and additional member contribution (AMC) loans must be repaid within four years, while tax deferred annuity (TDA) loans must be repaid within five years. Note that you will be charged a \$40 fee when a Tier 3/4/6 MCAF loan, an AMC loan, or a TDA loan is issued or recalculated.

While you are in service and on payroll, BERS will set up loan repayments from your paycheck, in accordance with the length of repayment that you request, and subject to the limitations imposed by the Internal Revenue Service (IRS) rules. For a Tier 1/2 ASF loan, the minimum repayment amount is 5% of your gross payroll amount; for a Tier 3/4/6 MCAF loan, an AMC loan, or a TDA loan, the minimum repayment amount is 2% of your gross payroll amount.

If you go off payroll with a loan outstanding (whether because you have left service, or because you have been granted a leave without pay), it is your responsibility to ensure that loan repayments continue in accordance with the required schedule. If you have any outstanding loans when you go off payroll, you will need to submit a loan repayment check to BERS each month. It is very important to follow this schedule faithfully. If BERS receives no loan repayments for three months, your outstanding loan balance will be in default and deemed distributed under the

tax law. This distribution will be reported to the IRS as income at the end of the year. Note that ASF, MCAF, and AMC loans remain outstanding, and continue to accrue interest, even after they have been reported, and until they are satisfied in full.

Should you go off payroll with any BERS loans outstanding, please contact the BERS Loans Unit at once. The Loans Unit can send you coupons to assist you in planning your repayments. These coupons are not required when submitting a repayment check, but you must write your Member Number on the memo line of your check in order for your loan repayment to be accurately credited to your account. Each coupon will correspond to one monthly repayment check. Or, if you wish to pay off your outstanding balance in one lump sum, you can also request a liquidation of your loan.

You have the right to submit loan repayments before they come due, and these early repayment checks will be deducted from your loan balance. This may result in completing your repayment faster. However, please note: early repayments do not satisfy your obligation to make your regular scheduled payments! You must still submit a repayment check each month until you have satisfied your loan(s), or risk your loan balance(s) being reported as a deemed distribution to the IRS as income.

Should you have any questions about your loans, please contact the BERS Loans Unit at 718-935-4160.

## Approximations of Retirement Benefits

Approximations of Retirement Benefits are granted upon request to eligible BERS members who are within 5 years of retirement age. Approximations are done by making assumptions based on information that the member provides at the time of the approximation request. There are some calculation factors that can change including actual age at retirement, beneficiary's age and the member's exact years of service; therefore your pension calculation at time of retirement

may generate a different amount than your approximation request.

If you are within 5 years of retirement age and would like to request an Approximation of your Retirement Benefits, please submit a request in writing to the BERS Member Services Department. Please note: the time frame to process a request depends on the complexity of each individual's work history.

We would like to hear from you. Please send comments regarding our newsletter, or any specific concern to The Editor, **BERS WORDS**, Board of Education Retirement System, 65 Court Street, Room 1603, Brooklyn, N.Y. 11201. Or E-mail your comments to [Brespon@bers.nyc.gov](mailto:Brespon@bers.nyc.gov).

# 2015 TDA Brochure

The 2015 Tax Deferred Annuity (TDA) Brochure and application forms are now available for members who wish to participate in this program. The TDA program offers participants an additional way of saving for their retirement using pre-taxed money to fund this saving account. The TDA savings plan features the benefits of less taxable income, a Saver's Tax Credit and tax deferred investment returns.

The TDA program provides members great flexibility in terms of the amount they can contribute to the program as well as how they wish to allocate their investments. Contributions can be saved in fixed and/or variable income funds. The return on fixed income funds is currently 7% for members represented by the United Federation of Teachers (UFT) for collective bargaining

purposes and 8.25% for all other members. The variable investment fund is based on stock market fluctuations.

You may also be eligible to take advantage of a tax credit called the Saver's Tax Credit. The Saver's Tax Credit is a federal income tax credit for investing in a retirement plan, such as the BERS TDA Program. The amount of credit you are entitled to is based upon your contribution amount and credit rate. Your Adjusted Gross Income (AGI) is the basis for the credit rate, which ranges from 10% to 50% of your contribution amount.

Participating members who wish to make changes to their TDA contributions are reminded to fill out and return the 2015 Investment Change form they will receive in the mail.

## How Tier 6 Basic Plan Benefits Are Calculated

Tier 6 benefits are calculated by multiplying a percentage of your Final Average Salary by the number of years of credited service you have accrued. Your Final Average Salary (FAS) is the average of wages you earned during any continuous period of employment for which you were credited with five years of credited service. Of the annual wages used in this calculation, no year's wages can exceed the average of the previous four years by more than 10%.

However, the period of time used to compute your FAS would be greater than the standard five years either if you worked on a basis other than full-time, or if you had absences without pay in the final 60 months immediately preceding your retirement. Check with BERS to see if this applied to you.

Overtime pay is included in "wages" for the FAS calculation but includes an "overtime ceiling," which limits overtime compensation for pension purposes to no more than \$15,490; this amount is indexed annually according to the Consumer Price Index. Any overtime compensation 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:

- wages in excess of the annual salary paid to the Governor of the State of New York;

- lump sum payments for deferred compensation, sick leave, accumulated vacation or other credits for time not worked;
- any form of termination pay;
- any additional compensation paid in anticipation of retirement; and
- in the case of employees who receive wages from three or more employers in a twelve month period, the wages paid by the third and each successive employer.

### **The Tier 6 Basic Plan retirement benefits are calculated as follows:**

- ▶ if you have less than 20 years of credited service:  
 $1\frac{2}{3}\% \times \text{final average salary} \times \text{years of credited service};$  or
- ▶ if you have 20 or more years of credited service  
 $35\% \times \text{final average salary for the first 20 years of credited service};$   
Plus  
 $2\% \times \text{final average salary} \times \text{each year of credited service in excess of 20 years}.$

# Transferring Your Membership To Another Retirement System

If you change jobs and take another position with the City or State of New York, and your new job entitles you to membership in another public employee retirement system, you may be eligible to transfer your BERS membership to that system provided that the following apply to you:

- ▶ you resign your position with the Department of Education (or other covered employer), and
- ▶ you do not withdraw the member contributions for your account at BERS, and
- ▶ you apply to transfer your membership service credit and your accumulated contributions with interest within five

years of your resignation date. (If you are vested when you resign, the five-year rule does not apply.)

To make such a transfer, you must first enroll in the new retirement system; and within five years of leaving your current job, you must submit the proper forms to BERS. (Once again, if you were vested in BERS at the time you left, this five-year rule does not apply.)

Before you decide to make such a transfer, it is crucial that you discuss your particular situation with representatives of both retirement systems. Why? Because your rights and benefits under the new system may not be the same as they are under BERS.

## BERS Website Reaches 5,000 User Milestone!

BERS introduced our new website on December 1, 2012 and usage has steadily grown to over 5,000 registered members as of August 2014. The main reason for its popularity is the fact that members can now view interim account and loan balances as updated on a monthly basis before receiving their semi annual statement or account. There is also a Statement archive

available. This is an excellent way to keep track of retirement assets and it is also convenient to use for access to BERS forms and publications to view - or even print! If you have not registered yet, the process is easy and quick – go to [www.nycbers.org](http://www.nycbers.org) and sign up today. Member number and the last four digits of SSN will be needed.

## 1% Pension COLA Increase for September 2014

As of September 2014, eligible retirees have received a 1% cost-of-living adjustment (COLA) based on the first \$18,000 of their annual retirement benefits, or the actual amount of their benefits if less than \$18,000. This has provided a maximum annual increase of \$180.00, or \$15 per month before taxes.

If you retired for service, you are eligible to receive COLA if one of the following applies: (1) you are over age 62, and have been retired for at least 5 years; or (2) you are over age 55, and have been retired for at least 10 years. If you retired for disability, you are eligible to receive COLA if you have been retired for at least 5 years, regardless of your age.

The COLA is based on half of the cost-of-living index, and is designed to counteract inflation. This September's COLA percentage was calculated as follows:

Consumer Price Index for All Urban Consumers ("CPI-U") of 236.239 for March 2014 divided by CPI-U of 232.773 for March 2013, minus 1.0, equals 1.51%. 1.51% divided by 2, rounded to the next higher 1% equals 1%.

Each year's COLA increase can be as much as 3%, but no less than 1%. Once you are eligible for COLA, a COLA will be applied to your pension each September.

If you become eligible for COLA after September 2014, you will receive your first COLA in the month following your month of eligibility.

New York City Board of Education Retirement System  
65 Court Street, Room 1603  
Brooklyn, New York 11201  
(718) 935-5400  
[www.nycbers.org](http://www.nycbers.org)

## Retiree And Dependent Health Care

The City of New York provides health insurance coverage for eligible retirees and their dependents (that is, your legal spouse or registered domestic partner, and other eligible dependents). Although there may be deductions in your retirement allowance payments to pay for the cost of certain health benefits, **BERS does not administer health care benefits for retirees.**

In order to continue health coverage after your retirement for you and your dependents, you must file an application at the time that you file for retirement with the Office of Health and Welfare of the Department of Education (or that of your covered employer). You may have a Health and Welfare representative on-site (as does the School Construction Authority).

DOE employees should contact:

**HR Connect**  
**Department of Education**  
**65 Court Street, Room 102**  
**Brooklyn, NY, 11201**  
**718-935-4000**

If you are a transferred contributor working for another City agency, please contact your particular employer's Health and Welfare Office.

Once retired, you and your dependents must direct all issues and inquiries regarding health care to:

**New York City Health Benefits Program**  
**40 Rector Street, 3<sup>rd</sup> Floor**  
**New York, NY, 10006**  
**Telephone: 212-306-7600**  
**TTY/TTD (hearing impaired): 212-306-7753**

This is critical, so please take note: upon your death, City health insurance benefits for your above mentioned dependents will end immediately unless your dependents choose to continue coverage via direct payment to the health plan itself. It is also important to remember that when you or any of your dependents reach age 65, you must each apply for Medicare on your own—that is, Medicare Part A and Medicare Part B (or any further supplemental policy.)

**Please remember, BERS does not administer health care benefits for retirees.** So, once again, refer to the New York City Health Benefits office at 40 Rector Street after you have retired.

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