



# BERS WORDS

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## What Are Your Options for Your TDA Account As a Non-Vested Member

If you participate in the Tax-Deferred Annuity program (TDA) and you are planning to leave your job at the Department of Education (DOE) you will have to decide what to do with your TDA account. When you resign or otherwise end your employment with the DOE, you have several options available regarding your TDA account balance.

- Should you leave employment for any reason before vesting, you may withdraw the balance of your TDA account or rollover your TDA account to a qualified institution. If you elect to withdraw the funds, the entire balance will be subject to a mandatory 20% federal tax withholding. The amount may also be subject to a 10% federal income tax penalty.

If you do not withdraw your QPP account balance, your TDA account will continue to accrue investment returns

for up to five years from the date of your resignation. However, a withdrawal of your QPP account balance will automatically terminate your participation in the TDA Program.

- If you die prior to withdrawing or annuitizing your TDA account, your balance will be paid to your designated beneficiary(ies) shown on the form last filed with BERS.
- Only employees in education service are eligible to contribute to the BERS TDA. If you change your job and take another position with the City of New York, outside the Department of Education, and you meet the requirements to become a Transferred Contributor, then you will maintain your membership with BERS, but you will not be eligible to make contributions to the TDA Program.

## Retirement Savings Fall To an All Time Low

### Research from many national retirement think tanks sounds the alarm!

Recent research finds average retirement account balances have dropped to \$2,500 for working age households across the United States.

Close to 40 million families have no retirement plans or savings in place for the future. For those households who are approaching retirement, the new studies averaged out some very startling findings. The average balance is around \$12,000!

These findings confirm that the American Dream of retiring in a comfort zone, after working all their life, will be financially impossible! Based on the various plan balances (TDA, 401(k), and IRA) alone, 92 percent of working families do not save up the conservative retirement saving goals

for their income and age. Here's more bad news: even when counting their entire net worth, 65 percent do not make the grade.

In conclusion, three burning questions:

- Should I save?  YES  
 Can I save?  YES  
 Will I save?

Your future is dependent on the last question.

Do make the right decision to join the BERS TDA as soon as possible if you haven't done so. If you are already a member of the TDA, consider increasing the percentage of your contribution. It is literally pennies on the dollar to insure your financial future.

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).

# When Will BERS Send My Pension Check?

Each month, BERS' Pension Payroll Department receives numerous telephone calls from pension recipients asking the question "when will I receive my pension check?"

BERS pension recipients have the choice of receiving their funds in one of two ways. You can choose to have your funds directly deposited into your bank account by way of an Electronic Fund Transfer (EFT), or you may choose to have your funds delivered by mail from the Office of Payroll Administration.

## EFT Benefits

If you sign up for the BERS EFT program, there are no lost, late or stolen paper checks to worry about.

Your monthly payments will be sent directly to your account.

Your funds are directly deposited into your bank account on the last day of the month, providing it is a business day. If the last day of the month falls on a weekend or a holiday, the funds will be deposited on the next business day.

What can be easier and more convenient than EFT!

To join the BERS EFT program, you must complete the BERS "EFT Authorization" form. You can obtain this form from the BERS website at [www.nycbers.org](http://www.nycbers.org) or you may call the Pension Payroll Department at (718) 935-5445 to request that a form be sent to you.

If you are currently using BERS EFT and you have to make changes to your account, you must notify the BERS Pension

Payroll Department either by mail or telephone at (718) 935-5445, before you make any changes to your EFT account. If you do not notify BERS regarding your EFT Bank changes, it can result in the funds being returned to BERS.

## Paper Checks

If you choose to receive your monthly check by mail delivery, please note that the paper checks are mailed 2 business days before the last day of the month. If the last day of the month falls on a weekend or holiday, the check is mailed on the Wednesday before the last day of the month.

## Stolen and Lost Checks

The issues of stolen and lost checks of BERS pension recipients are handled in the following procedures:

Before you contact BERS about a missing check, you should have grounds to believe that your check has been lost or stolen. The BERS pension recipient should allow until the 10th of the month before reaching out to the Pension Payroll Department. A BERS representative will first verify if your check was returned to our office for any reason. The pension recipient will have to file a "Lost Check Affidavit" which is available for download at [https://www.nycbers.org/PDFs/Lost\\_Check\\_Affidavit\\_Active\\_Members.pdf](https://www.nycbers.org/PDFs/Lost_Check_Affidavit_Active_Members.pdf) or you may request that a form be sent to you.

**Important Fact:** Once the Lost Check Affidavit has been filed, the pension recipient **cannot** cash the original check, if found. Check reissuing may take up to 10 business days before another check is sent to you.

# What Is Cost-In-Contract

If you are a retiree receiving pension benefits, you will receive a 1099-R tax form showing the gross benefit distributed to you during the year. Before you can figure out how much of your pension benefit is subject to federal income taxation, you must know your Investment in Contract (Cost). BERS provides this figure in its "cost-in-contract" letter.

Since 1990, members' contributions are treated on a pre-taxed basis. Consequently, your pension benefits may be subject to federal income tax once you retire. If your cost-in-contract is zero, it means that you have no post-tax amounts to recover; hence your pension may be fully taxable. If however, there is an amount expressed as your cost, you may calculate the taxable portion of your pension by referring to IRS Publication 575 or you may consult with a financial advisor.

**"Do not save what is left after spending, but spend what is left after saving."**

Unknown

# Assigning Authority to Designate Your Beneficiaries

You may know that you can grant power of attorney to another individual to act as your agent to handle various legal matters. You may not be aware that you can give a particular individual the power to designate or change your beneficiaries of your BERS benefits. In order to do so, you must file a statutory New York State “short-form” Power of Attorney and a statutory gifts rider. Both forms must be executed and submitted simultaneously.

Another option is that you may file a valid power-of-attorney document that was executed in another state, which grants your agent or attorney-in-fact the ability to change your beneficiary designations in accordance with the state’s applicable law.

Please note that BERS will always carry out your wishes based on the most current Designation of Beneficiary documents on file.

## Disability Retirement Benefits For Tiers 3/4/6

### Ordinary Disability Retirement Eligibility

You are eligible to receive Disability Retirement benefits for Tiers 3, 4 and 6 at any age, provided that the following apply to you:

- you notify BERS in writing that you request disability retirement; and
- after a medical examination, the Medical Board finds that you are physically or mentally incapacitated for the performance of gainful employment, and, if you are no longer performing the duties of your job title, that you were so incapacitated when you ceased performance of your duties; and
- you have 10 or more years of credited service.

### Accidental Disability Retirement Eligibility

You can retire with less than 10 years of credited service normally required only if the Medical Board determines that your disability is indeed the result of an accident you suffered while performing your job duties and that said accident is not a result of your own willful negligence. Also, the accident must have occurred while you were a member of BERS.

**Note:** If the medical board finds you eligible for a disability retirement, you will have no option of withdrawing your disability application on the medical board findings and final determination.

### Disability Retirement Benefits

If your application for disability retirement is approved, your benefit would be equal to the greater of the two calculations following:

$1\frac{2}{3}\%$  x final average salary x years of credited service,  
or  
 $33\frac{1}{3}\%$  x final average salary.

If, however, you are eligible for service retirement as well and if your service retirement benefits would in fact be larger than either of the two calculations, then you will receive disability retirement benefits that are equal to the service retirement benefits to which you are entitled.

### How to File For Disability Retirement

If you were on an approved leave of absence without pay for medical reasons, you must notify BERS in writing that you request Disability Retirement within 12 months after you receive notice that your employment has ended. Otherwise, you must notify BERS in writing that you request Disability Retirement within three months from the last date you were paid. Then, in either case, BERS will send you the application for disability retirement. And, just as if you were filing for service retirement, you pick a beneficiary (or beneficiaries) when you file for disability retirement.

The effective date of your disability retirement, if approved, is either the date on which your application is received by BERS, or the exact date you are officially deemed unfit for work by the Medical Board—whichever date is later.

**Note:** Disability retirees are subject to re-examination by the Medical Board at any time until age 60. If, after retiring for disability, you are re-examined and deemed able to engage in gainful employment, your name will be placed on a list of preferred eligibles for appointment to a public service position in a salary grade no higher than that from which you retired. Your Disability Benefits would be continued until you are first offered such a position at such salary grade.

## Questions and Answers

**Q. I have been told by a co-worker that as a BERS member I am eligible to participate in the BERS TDA and also the 401(k). Is this too good to be true?**

A. As a member of BERS in educational service, you are eligible to join and participate in both the BERS TDA and the 401(k) plan administered by the City's Office of Labor Relations. The participant is limited by law to a combined total (TDA and 401(k)) not to exceed the federal maximum limit of \$18,000 (or \$24,000 if you are 50 years of age or older) for the year 2015.

Detailed 401(k) plan information can be found at <http://www.nyc.gov/html/olr/html/deferred/dcp/home.shtml>.

Please direct all written inquiries/correspondence regarding the 401(k) program to the following mailing address:

New York City Deferred Compensation Plan  
Bowling Green Station, P.O. Box 93  
New York, NY 10274-0093  
Phone: (212) 306-7760  
Outside NYC: (888) DCP-3113 (888-327-3113)  
Fax: (212) 306-7376  
TTY (hearing impaired): (212) 306-7707

**Q. As a BERS retiree I know that New York does not take state or city taxes out of my pension. I am planning to move out of state. Will my BERS pension be taxed by the other state that I am moving to?**

A. BERS has no way of knowing whether your change of address is as a permanent non-resident of New York or a temporary one. To figure out who gets your taxes if any, you have to first figure out your legal residence. As a permanent resident of a state other than New York, you may have to pay state or city income tax on your BERS pension. Your specific situation will depend on the laws of the states involved. Please consult your tax advisor regarding your particular case.

Please notify BERS when you do move by completing a Retirees Change of Address form, available at [https://www.nycbers.org/PDFs/Retirees\\_Change\\_Of\\_Address.pdf](https://www.nycbers.org/PDFs/Retirees_Change_Of_Address.pdf). To ensure continuity in receiving your pension, sign up for electronic funds transfer if you have not already done so.

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