



# **BERS WORDS**

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

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## **Mr. Thomas Malanga, Employee Member**

It is with pride and pleasure that we welcome Mr. Thomas Malanga as an Employee Member of the BERS Board of Trustees. Since January 2001 Mr. Malanga had served as an alternate employee member to Mr. James Kelly, until Mr. Kelly's retirement.

Mr. Malanga has been employed at the Department of Education as a Custodian Engineer since 1979. Mr. Malanga is proud of his 100% commitment to the children of the NYC School System, his own children being products of our public education system.

In addition to his Department of Education duties, Mr. Malanga has always been active in serving the membership of Local 891. Since 1985 he has served as an Officer of the Local, been appointed to the Executive Board, and been the Local's Pension Chairperson since 1995.

Again, on behalf of the Trustees, Management, and membership of BERS we welcome Mr. Malanga as an Employee Member

## **2003 1099R Forms**

The 1099R forms for calendar year 2003 have been mailed to BERS members, retirees, and beneficiaries. 1099R's are issued to those who received a taxable benefit from BERS during 2003. A taxable benefit may include a refund of contributions due to overpayment or an excess refund; death benefits paid to a beneficiary; TDA withdrawals; as well as any outstanding loan balance left unpaid at the time of retirement. Members who retired in calendar year 2003 will receive a W2 for any salary they earned while on

active payroll and a 1099R for any pension payments they received as a retiree.

Active members requiring a duplicate 1099R with a membership number beginning with "G" may contact Mr. Animov at (718) 935-4170. Retirees or beneficiaries bearing an identification number beginning with "E" may contact Ms. Nottage at (718) 935-5445.

BERS does not issue W2 forms.

## **New Rules and Regulations for Pension, TDA Loans**

As reported in the Fall 2003 edition of BERS WORDS new rules and regulations for Pension and TDA loans went into effect on January 1, 2004. Members who apply for and are approved for a pension or TDA loan may see more than one loan deduction on their payroll stub. The new regulations require that loans over a certain amount be an independent deduction on your payroll stub, and are

no longer automatically "rolled" or "recast" into a new loan amount and number of payments. Please make sure you read the new loan brochures and speak with a benefit examiner if you have questions or concerns regarding the repayment of your pension or TDA loans. A benefit examiner may be reached at 718-935-5484.

**We would like to hear from you. Please let us have your comments on our newsletter, any questions on the enclosed articles or any specific concerns you would like to see addressed. Please direct your comments and questions to The Editor, BERS Words, Board of Education Retirement System, 65 Court Street, Room 1603, Brooklyn, N.Y. 11201.**

## Filing for a Disability Retirement

BERS receives many requests for information from members as to what exactly takes place when they file for a disability retirement.

When you apply for accident or ordinary disability retirement you are requesting that the Medical Bureau examine you and determine if you are indeed unable to perform your work duties. Your disability may be the result of a job related injury (accident disability) or a condition that is not work related, however, still rendering you unable to perform your duties (ordinary disability).

There are instances wherein a member may request to be retired due to an accident disability and the medical bureau will deny this request, allowing however that the member be retired due to ordinary disability.

If the medical bureau determines that you are eligible for disability retirement, please be aware that this action administratively finds you unfit to continue in service. The member does not have the option of “turning down” the disability retirement once he or she has been found unfit for service.

A member who has been deemed unfit for service due to ordinary disability and does not have the required service (10 years), may receive a service retirement provided they are eligible. A member who is found to be unfit for duty and does not meet the requirements for a disability or service retirement, can be separated from service. A vested member will be eligible to collect a pension upon attainment of the normal retirement age for their tier and/or program. There is no minimum service requirement for an accident disability retirement.

Some of the requirements and important facts relating to a disability retirement are as listed:

- The date of your disability retirement is established by the Medical Bureau of the Department of Education.
- Once approved for disability retirement a member is not permitted to continue on active payroll.
- In Tier 3 and Tier 4, your disability pension will be calculated to provide 33  $\frac{1}{3}$  % of your Final Average Salary. Certain specific titles may have higher accident disability benefits.
- Ordinary disability retirement benefits are not tax-free. Accident disability benefits may be tax free if you do not collect Worker's Compensation.
- There are earning limits attached to a disability retirement.
- In the event you are retired because of ordinary disability and you wish to be reinstated to your previous position, you must request in writing to be re-examined by the Medical Bureau.
- In the event the Medical Bureau deems you fit to return to work, and you are a permanent employee, you will be placed on a preferred hiring list to be rehired at the next available position.

There are many requirements to be eligible for a disability retirement. As with any other important pension matter, it is recommended that a member who is contemplating filing for a disability retirement make an appointment and meet with a benefits examiner to assure you are taking an action that is best for you.

## Required Minimum Distributions for TDA

Certain BERS members are subject to minimum distribution requirements. This Required Minimum Distribution (RMD) is required by Internal Revenue Service (IRS) regulations.

To comply with IRS regulations for treatment of a TDA account, a member or retiree's TDA account is divided into two portions – Pre-December 31, 1986 and Post-December 31, 1986 contributions.

Pre-December 31, 1986 contributions represent the money in your TDA account on that date adjusted by certain withdrawals made since that date. A member or retiree must begin taking minimum distributions on this contribution balance at the end of the year in which you attain age 75.

Post-December 31, 1986 contributions represent all money and earnings credited to your TDA account since December 31, 1986 to the present. A member or retiree must begin taking minimum distributions

by April 1 of the year following the later of the year in which they attain age 70 ½, or the year they leave employment (retire).

RMD payments are not subject to a 20% mandatory withholding. A member or retiree may opt to having 10% or nothing withheld from the distribution. There are various options available to a member or retiree to satisfy the required minimum distribution. The options include taking the RMD amount in a lump sum each year; or using your entire account balance to provide an annuity over your lifetime or life expectancy. BERS will assist you in satisfying minimum distribution requirements by sending an annual notice beginning when you approach the date on which you must begin to take a distribution. Members with a question on RMD's may contact Ms. Joseph in the TDA unit at 718-935-4115.

RMD's are not eligible for rollover to another TDA program or an IRA.

## To All of Our Retirees

There was an incorrect phone number listed in the For Our Retirees section of the Autumn 2003 edition of BERS WORDS. The correct outside NY State number to reach BERS is 1-800-843-5575.

We apologize for any inconvenience this error may have caused you, please accept our sincerest apologies. Thank you.

## Questions and Answers

**Q. I am a part-time employee and a member of BERS. I joined in 1995. When will my 3% contributions stop? Will it take me longer because I am a part-time employee?**

**A.** Legislation in 2000 allowed Tier 3 and Tier 4 members to cease the 3% contributions upon attainment of 10 years of pension membership, or 10 years of credited service. Based on a 1995 membership date, your 3% will cease in 2005. Although you are a part-time member, you will be eligible to stop contributing after 10 years of membership.

**Q. I am a BERS member and also enrolled in the BERS TDA program. I have heard that I can roll over an IRA that I have into my TDA account. Is this true?**

**A.** Yes. Legislation was passed to allow active members in education service to transfer IRA's (except Roth IRA's), 457's, 401k's, and other 403b programs into their BERS TDA account. There is a form necessary to do this. You can either call BERS at 718-935-4161 to request this form be mailed to you; or email your request through our WEB Site ([www.nycbers.org](http://www.nycbers.org)). Only pre-tax rollovers are accepted.

## Vocabulary

**Recast** - To present in a new or different arrangement. This term is being used by BERS in the revised loan brochures and the revised loan application forms to provide our members with the option of combining an outstanding loan with a newly approved loan.

In the past, members were allowed to merge an outstanding loan balance with a new loan amount issued upon application and approval. This resulted in each member having one outstanding loan and one

loan repayment amount deducted from their payroll, what we commonly refer to as recasting the loan. This option is still available to members with combined outstanding loans (from QPP, TDA, Early Retirement, NYC 457 and NYC 401k) of less than \$10,000.

New IRS regulations prevent members with combined outstanding loans of \$10,000 or more, from merging the loans.

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