



# BERS WORDS

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

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Winter 2014

## Take a Minute – Picture Your Retirement Plan

2014 has arrived and we wish the entire BERS membership a healthy, happy and prosperous New Year. It has been our privilege to serve you in the past year and BERS pledges to continue helping you achieve all of your retirement goals. If you have any questions regarding your BERS membership, please call (718) 935-5400 and make an appointment to meet with a BERS counselor. Since time really does seem to fly these days as we juggle our busy schedules, BERS offers a quick list of 8 steps that should help guide you on your road to retirement.

**Step 1:** Design Your Dream Retirement Vision

**Step 2:** Pick Your Retirement Date

**Step 3:** Estimate What It Will Cost

**Step 4:** Estimate Savings Required

**Step 5:** Build A Savings Plan

**Step 6:** Invest The Savings

**Step 7:** Maximize Tax Deferral

**Step 8:** Begin Today!

## 1099R Tax Forms Mailed to Members

If you received a monthly retirement benefit or a refund of your contributions, or if you defaulted on an outstanding loan in 2013, you should have received a form 1099-R. This form will assist you in determining your federal and state income tax refund (payment) due for Calendar Year 2013.

The 1099-R shows the total benefit you received in 2013, the taxable and non-taxable portions of the benefit, and the total amount of tax withheld, if any, during the year. If you received any payments (other than a new loan disbursement) from the retirement system and you did not receive a 1099-R form, you

can receive a duplicate by calling our Accounting Department at (718) 935-4170. Please ensure that we have your current address on our records.

If you have any questions about how to apply the information on the 1099-R to your tax returns, please contact an accountant or New York State Department of Taxation and Finance (if you live outside of New York, contact your state taxation agency for more assistance and information.) You can also obtain information on the 1099-R from the Internal Revenue Service (IRS).

## 2013 Tax Savers Credit

Did you know that you might be eligible to claim a tax credit for contributions to your 403(b) plan? This Saver's Tax Credit, also known as the Retirement Savings Contribution Credit, helps participants in two ways. It helps people save for retirement and eligible participants who contribute to IRAs, 403(b)s or similar workplace retirement plans including the BERS TDA Program, can get a tax credit on their federal tax return.

The amount of credit you are entitled to is based upon your contribution amount and credit rate. Your Adjusted Gross

Income is the basis for the credit rate, which ranges from 10% to 50% of your contribution amount. For 2013, single taxpayers earning \$29,500 a year or less, heads of household earning \$44,250 a year or less, and married taxpayers filing jointly who earn \$59,000 or less — may qualify for a tax credit of up to \$1,000 per person (\$2,000 if filing jointly).

Please contact your tax advisor for additional information. Other deductions and credits may reduce or eliminate the amount you can claim.

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).

# Review Your Beneficiary Designation

The New Year is an excellent time to assess all of your financial information to make sure you are heading in the right direction. Your beneficiary designation is very important and is one item that should be reviewed periodically. You work hard, and if it is your goal to provide benefits for your loved ones, you must be diligent in making sure that your benefits will definitely go to the beneficiary(ies) of your choosing.

Most people choose a beneficiary or beneficiaries at the start of their employment and rarely give these designations a second thought. Over the years there may be reasons to update those designations but many forget to contact BERS about these updates. If any of your beneficiaries change their address, change their name or predecease you, you must fill out a new Designation of Beneficiary form. Other situations that may require your changing a designation may be additions to the family due to birth or adoptions, life changing events such as a marriage, a court ordered Domestic Relations Order which determines how assets will be divided between parties in a divorce settlement, or you may simply choose to change your beneficiaries based on preference.

If you named your spouse as beneficiary, then later divorced on or after July 7, 2008, but would like your former spouse to continue to be your beneficiary, you must submit a new Designation of Beneficiary form after the date of your divorce. If you do not submit an updated Designation of Beneficiary form after the date of your divorce, then your estate will automatically become your beneficiary regardless of the fact that you would like to have your ex-spouse receive your death benefit. If you have remarried, it is very important that you submit a new Designation of Beneficiary form to ensure that your benefits go to the person of your choice.

There have been many cases where a loved one was omitted due to an outdated beneficiary designation. Make sure that the person that you wish to receive your hard earned pension will benefit and not someone else. If you do not indicate a beneficiary or beneficiaries then the courts will decide how your assets will be distributed and this may not be what you intended.

BERS has two types of Designation of Beneficiary Forms, one for your Qualified Pension Plan (QPP) and another for the Tax-Deferred Annuity Plan (TDA). If you participate in the TDA, be sure to review those designation forms also, as your QPP designations will not apply to your TDA benefits and conversely your TDA designation will not apply to your QPP benefits.

Remember, it is not sufficient to only indicate your retirement benefit beneficiaries in your will. If your will names a particular beneficiary or beneficiaries, and the Beneficiary Designation Form on file with BERS indicates different people, this discrepancy may cause a problem for your beneficiaries in how the money will be distributed. Please note: BERS will always distribute your retirement benefits based on the most current beneficiary information on file whether or not it matches your will or wishes at the time of distribution. This is why you should review and update your beneficiary designations periodically to make sure that they match your wishes for the distribution of your benefits.

QPP and TDA Designation of Beneficiary forms and their accompanying instruction forms are available for download from the BERS web site at <https://www.nycbers.org/UI/OnlineForms.aspx>. Make your current wishes known by updating your Beneficiary Designation Forms at BERS and other financial institutions if applicable.

# Remember To Check Your Pay Stubs Regularly

Members should always check, on a regular basis, their paycheck stubs or retirement check stubs (quarterly retirement statements if receiving a check by direct deposit) to ensure the proper deductions are being made.

Your pay stub should accurately reflect deductions for pension contributions and if applicable, TDA participation, and/or loan repayments. Checking your pay stubs or statements on a

regular basis will help to avoid unnecessary overpayments or underpayments.

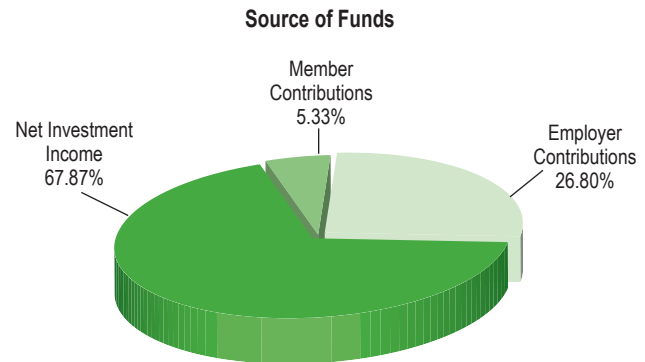
If you have any questions regarding payments or withdrawals on your pay stubs, retirement check stubs or statements pertaining to your BERS membership, please contact the retirement system at (718) 935-5400 for assistance.

# 2013 Financial Reports Issued

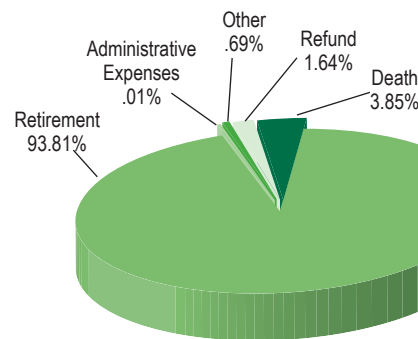
An unqualified opinion was issued by independent auditors Deloitte & Touche, LLP regarding the financial statements for the fiscal year ended June 30, 2013. This opinion indicates that the financial statements present fairly, in all material respects, the net assets of the Plan as of June 30, 2013 and 2012, and the changes in the Plan net assets for the years then ended, in conformity with Generally Accepted Accounting Principles.

In addition, we are proud to announce that BERS was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. This is the twenty seventh consecutive year that BERS is a recipient of this prestigious national award. The Certificate of Achievement recognizes conformance with the highest standards for preparation of state and local government financial reports. Thanks goes to all of the staff of the Actuary, the Comptroller and BERS who worked on these reports for another job well done.

The following is a summary of the Statement of Assets and the Statement of Changes in Plan Net Assets as of June 30, 2013. The charts reflect the sources and uses of funds added and deducted from the Plan Assets.



**Uses of Funds as a Percentage of Total Expenditure**



\*Other consists primarily of transfers to other retirement systems.

Statement of Assets As of June 30, 2013		
Assets (in thousands)		
Cash		\$903
Receivables		\$143,722
Commercial Paper		\$20,700
Short Term Funds		\$27,694
Debt Securities		\$803,895
Equities		\$1,867,990
Collateral		\$296,382
Other Assets		\$658
<b>Total Assets</b>		<b>\$3,161,944</b>
Liabilities (in thousands)		
Accounts Payable		\$11,190
Payables-Investments		\$192,937
Accrued Benefits		\$7,784
Securities Lending		\$296,382
<b>Total Liabilities</b>		<b>\$508,293</b>
<b>NET ASSETS</b>		
on June 30, 2013		<b>\$2,653,651</b>

Changes in Assets During Fiscal Year 2013		
Cash Position (in thousands)		
Net Assets		
On June 30, 2013		\$2,310,599
<b>Additions</b>		
Member Contributions		\$39,056
Employer Contributions		\$196,246
Net Investment Income		\$497,071
Other		(\$176,301)
<b>Total Additions</b>		<b>\$556,072</b>
<b>Deductions</b>		
(in thousands)		
Benefits Payments and other disbursements		\$204,093
Administrative expenses		\$8,927
<b>Total Deductions</b>		<b>\$213,020</b>
<b>NET ASSETS</b>		
on June 30, 2013		<b>\$2,653,651</b>

## Questions and Answers

**Q. I am a Tier 6 member of the retirement system. If I am terminated by my employer, do I lose my future retirement benefit?**

A. You are automatically vested in the Tier 6 Plan if you have a minimum of 10 years of credited service. Vesting means acquiring the right to receive the benefits specified by your particular retirement program after having carried out a fixed duration of employment and membership in the retirement system. If you have 10 or more years of credited service and your employment ends, you cannot get a refund of your Membership Contributions Accumulation Fund (MCAF) account balance. You will be eligible to receive a retirement allowance starting at age 63.

If you are a non-vested member who has less than 10 years of credited service when your employment ends, you may choose one of the following alternatives:

- you can receive a refund of your MCAF account balance (employee contributions and earnings thereon) if you apply for such – if you receive such a refund, however, the interest on your account and your membership in BERS will end; or
- you can leave your contributions in your MCAF account, and the contributions will continue to earn

interest for up to five years, at which point, unless you have returned to work, the interest will cease and your BERS membership will end (as will your membership rights). At that point, you must apply for and receive a refund of these contributions.

There may be tax consequences associated with a refund of contributions.

If your employment ends with the Department of Education (or another covered employer) before retirement and then you return later, you may be able to maintain Tier 6 membership rights in BERS and retain the credited service you had earned before your employment ended if the following apply to you:

- you are vested, or
- your employment ends before you are vested, you do not withdraw your MCAF, and your time out of service does not exceed five years.

In general, should you return to the employ of the Department of Education or of another covered employer within a five-year period, you would return as a Tier 6 member with the same rights and privileges that you had before your employment ended. Your future credited service would then be added to your past credited service.

Christine Bailey, Executive Director



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