

HOW TO CALCULATE THE MONTHLY EARNED INTEREST FOR BERS TAX DEFERRED ANNUITY ACCOUNTS

Tax Deferred Annuity (TDA) Program

The TDA Program offers a choice of two investment options, the Fixed Program and the Variable Program.

The Fixed Program offers you a guaranteed annual rate of return on your investment, set by the New York State legislature. The return on the Fixed Program is currently 7% for UFT members and 8.25% for all other members. The return on the Variable Program is based on stock market fluctuations.

CALCULATION EXAMPLES

UFT Rate:

TDA annual interest rate = 7%

Daily interest factor = $0.07 / 365 = 0.00019178$

Other member rate:

TDA annual interest rate = 8.25%

Daily interest factor = $0.0825 / 365 = 0.00022603$

Interest is compounded annually.

Example 1:

Member A started the TDA program on July 1, 2017 and contributes 35% to the TDA every biweekly pay check. The applicable TDA interest rate is 8.25%.

JULY INTEREST CALCULATION:

July 14 contribution..... = \$1,230.53

July 28 contribution = \$1,963.19

End of month interest on July 14 contribution = $0.00022603 \times \$1,230.53 \times 18 \text{ days} = \dots\dots\dots \5.01

End of month interest on July 28 contribution = $0.00022603 \times \$1,963.19 \times 4 \text{ days} = \dots\dots\dots \1.77

Total July 2017 interest = \$6.78

AUGUST INTEREST CALCULATION:

July contributions = \$3,193.72

July interest = \$6.78

August 11 contribution = \$1,230.53

August 25 contribution = \$1,230.53

End of month interest on August 11 contribution = $0.00022603 \times \$1,230.53 \times 21 \text{ days} = \dots\dots\dots \5.84

End of month interest on August 25 contribution = $0.00022603 \times \$1,230.53 \times 7 \text{ days} = \dots\dots\dots \1.95

End of month interest on July contribution = $0.00022603 \times \$3,193.72 \times 31 \text{ days} = \dots\dots\dots \22.38

Total August 2017 interest = \$30.17

Example 2:

Member B, a UFT member, started the TDA program on October 31, 2016 and now contributes 5% to the TDA every pay check, paid on the 15th and last day of every month. The applicable TDA interest rate is 7%.

Total contributions as July 31, 2017	= \$2,407.47
Total interest accumulated as at December 31, 2016	= \$3.67
August 15 contribution	= \$131.61
August 31 contribution	= \$131.61
End of month Interest on August 15 contribution.....	= 0.00019178 x \$131.61 x 17 days = \$0.43
End of month Interest on August 31 contribution.....	= 0.00019178 x \$131.61 x 1 day = \$0.03
End of month Interest on all contributions through July 31, 2017	= 0.00019178 x \$2,407.47 x 31 days = \$14.31
End of month interest on all interest through December 31, 2016.....	= 0.00019178 x \$3.67 x 31 days = \$0.02
Total August 2017 interest = \$14.79	

Example 3:

Member C started the TDA program on Mar 1, 1999 and now contributes 30% to the TDA every biweekly pay check. The applicable TDA interest rate is 8.25%.

Total contributions (including conversions) as July 31, 2017 ..	= \$467,465.50
Total interest accumulated as at December 31, 2016	= \$101,319.24
August 10 contribution	= \$1,318.09
August 24 contribution	= \$773.67
End of month Interest on August 10 contribution.....	= 0.00022603 x \$1,318.09 x 22 days = \$6.55
End of month Interest on August 24 contribution	= 0.00022603 x \$773.67 x 8 days = \$1.40
End of month Interest on all contributions through July 31, 2017=	0.00022603 x \$467,465.50 x 31 days = \$3,275.50
End of month interest on all interest through December 31, 2016...	= 0.00022603 x \$101,319.24 x 31 days = \$709.94
Total August 2017 interest = \$3,993.39	

Note: The number of days of interest for contributions made within the interest month is equal to the number of days from Pay Date to the end of the month (inclusive).



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For more information on the Tax Deferred Annuity Program please visit the web site at www.nycbers.org.