

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 \times \$131.61 \times 17 \text{ days} = \0.43

End of month Interest on August 31 contribution..... = $0.00019178 \times \$131.61 \times 1 \text{ day} = \0.03

End of month Interest on all contributions through July 31, 2017 = $0.00019178 \times \$2,407.47 \times 31 \text{ days} = \14.31

End of month interest on all interest through December 31, 2016..... = $0.00019178 \times \$3.67 \times 31 \text{ 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 \times \$1,318.09 \times 22 \text{ days} = \6.55

End of month Interest on August 24 contribution = $0.00022603 \times \$773.67 \times 8 \text{ days} = \1.40

End of month Interest on all contributions through July 31, 2017 = $0.00022603 \times \$467,465.50 \times 31 \text{ days} = \$3,275.50$

End of month interest on all interest through December 31, 2016... = $0.00022603 \times \$101,319.24 \times 31 \text{ 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.