BOARD OF EDUCATION RETIREMENT SYSTEM
OF
THE CITY OF NEW YORK
65 COURT STREET
BROOKLYN, NEW YORK 11201

TIER 4 SUMMARY PLAN DESCRIPTION
TIER 3 PLAN, 25 YEAR EARLY RETIREMENT PROGRAM,
and AGE 57 RETIREMENT PROGRAM Supplements
UPDATE

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Horatio Sparkes
Executive Director
December 2001
Dear Member or Prospective Member:

Since the publication of the Tier 4 Summary Plan Description (SPD), many sweeping and significant legislative changes have taken place that affect your retirement plan. At the Board of Education Retirement System, we want you to remain apprised of all such changes.

In this booklet, we clarify the new laws and their implementation. Just follow the arrows that start on the pages to the left and that direct you to miniature replicas of pages from the Tier 4 Book. These arrows guide you from explanations of the new legislation and then point you to sections within the Tier 4 SPD that the new legislation has changed.

We strongly suggest that you keep this booklet with your Tier 4 book. Please be aware, though, that we discuss herein only that which has changed in your retirement plan. Please also be aware that, should there be any variation between this summary and any applicable laws, rules and regulations, the applicable laws, rules and regulations will govern.

We certainly hope this booklet will be of great help to you and your loved ones.

Sincerely,

Horatio Sparkes
Executive Director
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EARLY RETIREMENT
UNDER THE BASIC TIER 4 PLAN

When You Are Eligible Now To Retire Under Tier 4

Due to a change in law effective October 1, 2000, the Basic Tier 4 Plan now allows a reduced early retirement benefit as early as age 55 for those who are not participants in the 55/25 or 57/5 programs. This means that you can retire between the ages of 55 and 62 under Tier 4, but with a reduction in the amount of benefit. So, if you have at least five years of credited service (and are, hence, vested), you have made all required membership contributions, and you have reached at least age 55, then you are eligible to receive reduced service retirement benefits.

Based on the selection of a Maximum Retirement Allowance and calculated before any further reductions due to the choice of an Option, the Tier 4 early service retirement benefits are reduced as follows:

<table>
<thead>
<tr>
<th>Time Of Early Retirement</th>
<th>Percentage Of Benefit Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>during each / any of the first 24 months before age 62</td>
<td>.5% (or 1/2 of one percent) per month</td>
</tr>
<tr>
<td>during each / any month before age 60</td>
<td>.25% (or 1/4 of one percent) per month</td>
</tr>
</tbody>
</table>

For example, if you retire at age 61, your benefits would be reduced like this:
the difference between age 61 and age 62 = 1 year = 12 months
therefore
the benefit is decreased by .5% x 12 months — that is, by 6 percent.

If, for example, you retire at age 56, your benefits would be reduced in this way:
the difference between age 60 and age 62 = 2 years = 24 months
plus
the difference between age 56 and age 60 = 4 years = 48 months
therefore
the benefit is decreased by .5% x 24 months
plus
.25% x 48 months — that is, by a total of 24 percent.

Remember, the two examples above do not include any further reductions due to an Option you may have selected. Further note that the new legislation permitting early retirement under Tier 4 does not affect the provisos of 55/25 or 57/5. (Both of these programs allow retirement before age 62 without reduction in benefit.) Tier 3’s reduced early retirement benefits and reduced escalation are also not affected.
For members represented by an employee organization for collective bargaining purposes, eligibility for Tier 4 reduced early retirement benefits is indeed retroactive to October 1, 2000. Its full implementation, however, awaits pending contract settlement. In other words, if you want to retire early and are eligible to do so, you will not start receiving payments of your reduced early retirement benefits until the contract between your union and the City of New York is finalized. And, if you in fact retire early but before such a contract is complete, then you will receive benefits retroactive to your actual date of retirement once the contract is settled.
If you want to retire early, now both the Basic Tier 4 Plan and the Tier 3 Plan permit service retirement between the ages of 55 and 62 with a reduction in the amount of the benefit. And just like under Tier 3, this reduction in benefit is permanent. There is a difference, however, in how the reduction is computed under Tier 3 from how it is computed under Tier 4.
TIER 3 SERVICE RETIREMENT BENEFITS

When You Are Vested Under Tier 3
Due to a change in law in 1998, you are automatically vested in the Tier 3 or 4 Plan if you have five years of credited service. (The requirement used to be a minimum of ten years.) So, if you are a Tier 4 member with Tier 3 rights, and you have five or more years of credited service, you will not have the option of vesting early. You must be at least 55 years of age at the time your employment ends, then you are eligible to receive the following:

- a full retirement benefit at or after age 62, or
- a reduced retirement benefit as early as age 55.

When You Are Eligible To Retire Under The Tier 3 Plan
If you are a Tier 4 member with Tier 3 rights, you have at least five years of credited service, you have made all required membership contributions, and you have reached age 55 — then you are eligible to receive Tier 3 Service Retirement Benefits.

Again, Tier 3 allows normal service retirement at or after age 62, or reduced early service retirement between the ages of 55 and 62. So, if you are eligible for Tier 3 benefits, you may retire under Tier 3 instead of Tier 4 in order to get your retirement benefits earlier than the normal retirement age of 62.

Amount Of Tier 3 Benefits And How They Are Computed
To clarify the definition of "primary Social Security benefits" when applied to Tier 3 benefits:

First and foremost, it is necessary to understand the definition of primary Social Security benefits to be applied to the calculations of Tier 3 benefits to follow. The definition is that primary Social Security benefits are the Social Security benefits that result from your covered employment in New York public service — covered employment for which you also receive credited service at BERS.
IMPORTANT CHANGES
TO EMPLOYEE CONTRIBUTIONS

More About Employee Contributions To The Basic Tier 4 Plan

As a Tier 4 member, you are required to make regular contributions to BERS equal to 3% of your annual wages. But due to a change in law effective October 1, 2000, when you complete 10 years of membership or 10 years of credited service, you are no longer required to make these contributions. So once you have either 10 years of membership in the Retirement System or 10 years of credited service — whichever happens first — the deduction from your paycheck of your 3% contributions will automatically stop. Even if you are no longer required to make employee contributions to BERS, you of course continue to pay Medicare and Social Security (FICA) contributions.

Do note that participants in the early retirement programs (55/25 or 57/5), however, are still required to make the additional contributions over and above the standard 3%, whether or not they have 10 or more years of membership or of credited service.

Naturally, once your 3% regular contributions cease, an amount equivalent to those contributions will no longer be channeled into your Member Contributions Accumulation Fund. The funds that already accumulated in your MCAF account while you were making these contributions, though, will continue to earn interest. And of course your pension benefits remain infallible and sound.

For members represented by an employee organization for collective bargaining purposes, this cessation of contributions is retroactive to October 1, 2000, but its full implementation awaits pending contract settlement. This means that, if you had 10 years of membership or 10 years of credited service as of October 1, 2000 — even if you retired after October 1 — you will get a retroactive refund of the contributions you made since that date once the contract between your union and the City of New York is finalized.

This refund will be paid to you in a lump sum. Although not subject to current New York City (if applicable) and State taxes, the payment will be subject to federal income taxes. You may want to consult with a tax advisor in order to ameliorate any tax consequences associated with this refund.
Tier 4 benefits are financed by both employee and employer contributions, and by
the investment returns on those contributions.

About Employee Contributions To The Basic Tier 4 Plan
All Tier 4 members are required to make regular contributions to BERS equal to
3% of their annual wages. Those 3% regular member contributions plus their
interest earnings are called the Member Contributions Accumulation Fund (MCAF).
Participants in the early retirement programs (55/25 or 57/5), however, are
required to make additional contributions over and above the standard 3%. Once
again, please see the 55/25 and 57/5 supplementary sections for details about
those required additional contributions.

Usually, your employee contributions are made to BERS through payroll
deductions before federal taxes are taken out of your paycheck. This means that
your employee contributions are not included as part of your gross income for
federal tax purposes, but instead will be subject to federal taxes when your benefits
are paid out in retirement, or if and when you receive a refund of those
contributions. Current New York City (if applicable) and State income taxes are
imposed on your employee contributions at that time.

In addition to making employee contributions to BERS, you are of course required
to pay Medicare and Social Security (FICA) contributions.

About Employer Contributions
The employer contributions — plus the earnings on BERS investments — fund
much of the cost of BERS retirement benefits. It is the Office of the Comptroller who
calculates and determines how much the employer should put into BERS.
Your employer also makes FICA contributions on your behalf in an amount equal
to your own employee FICA contributions.

Note that the cost to purchase previous service is not affected by the legislative
change to regular employee contributions. That is, if you were to buy back 14
years of prior service, for example, you would still pay the equivalent to 3% of
the wages you earned during the entire 14-year period (plus 5% annual
compound interest) even though the time period you are claiming surpasses 10
years.
More About Employee Contributions To The Tier 3 Plan

Both Tier 3 and Tier 4 members are required to make regular contributions to BERS equal to 3% of their wages. But due to a change in law effective October 1, 2000, once you have either 10 years of membership or 10 years of credited service — whichever happens first — your contributions of 3% will automatically stop.

The following remains unchanged: neither credit toward retirement nor increase in retirement allowance is granted for service beyond 30 years under Tier 3.
TIER 3 SUPPLEMENT

Who is Eligible for Tier 3 Benefits

If you joined BEPS after July 20, 1976 but before September 1, 1983, you are a Tier 4 member who may elect benefits under Tier 3.

But, you do not have the option of electing Tier 3 benefits if you joined BEPS after August 31, 1983 — then you are covered only by Tier 4. Further, you can not mix and match the provisions of Tier 3 and Tier 4 to modify eligibility requirements under either plan.

In general, Tier 4 offers greater benefits than does Tier 3. Under some circumstances, however, Tier 3 might provide you with greater benefits than would Tier 4; or Tier 3 might be the only benefits to which you are entitled. If you want to retire early, for example, Tier 3 permits service retirement between the ages of 55 and 62 with a reduction in the amount of the benefit, whereas the Basic Tier 4 Plan does not permit service retirement before age 62.

Nevertheless, most features of Tier 3 and Tier 4 are similar or identical. Those features that differ significantly are discussed within this supplementary section.

About Employee Contributions to the Tier 3 Plan

Both Tier 3 and Tier 4 members are required to make regular contributions to BEPS equal to 3% of their wages. Under Tier 3, however, members are not required to contribute after 30 years of credited service. This is because neither credit toward retirement nor increase in retirement annuity is granted for service beyond 30 years under Tier 3.
More About Additional Contributions To 55/25

As a participant in 55/25, you are required to make additional member contributions to BERS beyond your regular member contributions equal to 3% of your annual wages. But due to a change in law effective October 1, 2000, once you have either 10 years of membership or 10 years of credited service — whichever happens first — your regular contributions of 3% automatically stop. You are, however, still required to make the additional contributions over and above the standard 3%, whether or not you have 10 or more years of membership or of credited service. So, your requisite additional contributions to 55/25 continue, as before, until you have completed 30 years of credited service (unless, of course, you retire before these 30 years finish).

Further, a change in legislation effective November 21, 2001, decreased these additional contributions to 1.85% of your annual wages. If you are in a physically taxing position, however, you are required to contribute the same added 1.98% of your annual wages as before.

Please see the following tables for further clarification of the changes in your rate of contributions.

| Contributions From 10/1/2000 Through 11/20/2001 |
|--------------------------------------------------|----------------------------------|
| Position You Held Through 11/20/01 | Regular Contributions | Additional Contributions | Total Contributions |
| non-physically taxing position | 3% | 2.85% | 5.85% |
| physically taxing position | 3% | 2.85% + 1.98% | 7.83% |

| ...After 10 Years Of Membership Or 10 Years Of Credited Service |
|--------------------------------------------------|----------------------------------|
| non-physically taxing position | 0% | 2.85% | 2.85% |
| physically taxing position | 0% | 2.85% + 1.98% | 4.83% |
Contributions Beginning 11/21/2001

<table>
<thead>
<tr>
<th>Position You Held Beginning 11/21/01</th>
<th>Regular Contributions</th>
<th>Additional Contributions</th>
<th>Total Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>non-physically taxing position</td>
<td>3%</td>
<td>1.85%</td>
<td>4.85%</td>
</tr>
<tr>
<td>physically taxing position</td>
<td>3%</td>
<td>1.85% + 1.98%</td>
<td>6.83%</td>
</tr>
</tbody>
</table>

...After 10 Years Of Membership Or 10 Years Of Credited Service

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<tr>
<td>non-physically taxing position</td>
<td>0%</td>
<td>1.85%</td>
<td>1.85%</td>
</tr>
<tr>
<td>physically taxing position</td>
<td>0%</td>
<td>1.85% + 1.98%</td>
<td>3.83%</td>
</tr>
</tbody>
</table>

The additional contribution rates apply to wages earned from January 9, 1995 forward.

Your additional contributions are kept in your NYS account — separate from your regular 3% contributions in your NYS account. Usually, just like your regular 3% contributions, your additional contributions are made through payroll deductions before federal taxes are taken out of your paycheck. The additional contributions will be subject to federal taxes when benefits are paid, or if and when you receive a refund of those contributions. Also, like your regular 3% contributions, your additional contributions incur a current New York City (if applicable) and State income taxes. You continue to make additional contributions until you have completed 30 years of credited service.
More About Additional Contributions To 57/5

As a participant in 57/5, you are required to make additional member contributions to BERS beyond your regular member contributions equal to 3% of your annual wages. But due to a change in law effective October 1, 2000, once you have either 10 years of membership or 10 years of credited service — whichever happens first — your regular contributions of 3% automatically stop. You are, however, still required to make the additional contributions over and above the standard 3%, whether or not you have 10 or more years of membership or of credited service. So, your requisite additional contributions to 57/5 continue, as before, until you have completed 30 years of credited service (unless, of course, you retire before these 30 years finish).

Further, a change in legislation effective November 21, 2001, decreased these additional contributions to 1.85% of your annual wages. If you are in a physically taxing position, however, you are required to contribute the same added 1.98% of your annual wages as before.

Please see the following tables for further clarification of the changes in your rate of contributions.

### Contributions From 10/1/2000 Through 11/20/2001

<table>
<thead>
<tr>
<th>Position You Held Through 11/20/01</th>
<th>Regular Contributions</th>
<th>Additional Contributions</th>
<th>Total Contributions</th>
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<td>non-physically taxing position</td>
<td>3%</td>
<td>2.85%</td>
<td>5.85%</td>
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<tr>
<td>physically taxing position</td>
<td>3%</td>
<td>2.85% + 1.98%</td>
<td>7.83%</td>
</tr>
</tbody>
</table>

### …After 10 Years Of Membership Or 10 Years Of Credited Service

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<thead>
<tr>
<th>Position You Held Through 11/20/01</th>
<th>Regular Contributions</th>
<th>Additional Contributions</th>
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<td>non-physically taxing position</td>
<td>0%</td>
<td>2.85%</td>
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</tr>
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<td>physically taxing position</td>
<td>0%</td>
<td>2.85% + 1.98%</td>
<td>4.83%</td>
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</table>
Contributions Beginning 11/21/2001

<table>
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<th>Additional Contributions</th>
<th>Total Contributions</th>
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...After 10 Years Of Membership Or 10 Years Of Credited Service

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<td>physically taxing position</td>
<td>0%</td>
<td>1.85% + 1.98%</td>
<td>3.83%</td>
</tr>
</tbody>
</table>

About The Additional Contributions To 57/5

Beyond your regular member contributions equal to 3% of your annual wages, you are required to make additional member contributions to BEPS under 57/5 until you have completed 10 years of credited service. For service prior to January 1, 1998, the additional contribution is at the rate of 4.35% of your annual wages. Thereafter, the rate is 2.86% of your annual wages. And if you are in a physically taxing position, you are required to contribute another 1.68% of your annual wages, or above the 4.35% or 2.86% of compensation and the regular 3%. Please see the table below for further clarification of these contributions.

The additional contribution rates apply to wages earned from all credited service — that is, whether service rendered before or after the enactment date of the Age 57 Retirement Program.

Your additional contributions are kept in your 57/5 account — separate from your regular 3% contributions in your MCAF account. Usually, just like your regular 3% contributions, your additional contributions are made through payroll deductions before federal taxes are taken out of your paycheck. (The additional contributions will be subject to federal taxes where benefits are paid, or if and when you receive a refund of these contributions.) Also like your regular 3% contributions, your additional contributions incur current New York City (if applicable) and State income taxes. You continue to make additional contributions until you have completed 10 years of credited service.
MORE ON “BUYING BACK” PREVIOUS SERVICE

When You Receive Credit For Previous Service Now

Due to a change in law effective October 1, 2000, you now only need to have two years of membership service to get credit for your previous service. (The minimum requirement used to be five years.) As was the case before, you can claim and pay for the previous service at any time, but remember that you will not receive credit for it until you have completed two years of membership service with BERS.

So, this means that if you have two years of membership service and you buy back three years of prior service — voilà! — you are then vested, since you will have the five years required. Membership service, as before, includes credited service that you may have transferred to BERS from another public retirement system of the City or State of New York. (So now Mr. Nelson — see page eight of the Tier 4 SPD — would only need two years of BERS membership to apply his service from the other system toward his retirement.) Part-timers remember that for you, “two years” do not mean two calendar years.

For those members represented by an employee organization for collective bargaining purposes, the accreditation of previous service at two versus five years of membership service is retroactive to October 1, 2000. But its full implementation awaits pending contract settlement. This means that, even if you purchase your prior service and already have two years of membership service, you will not get credit for it until the contract between your union and the City of New York is finalized.

And under the provisions of tier reinstatement, you must have completed two years (versus five) of membership service with BERS to apply service credited to you during your membership (that ceased) in another New York City or State public employee retirement system.
How Much It Costs To Buy Back Previous Service

The cost to purchase credit for previous service is equal to 5% of the wages you earned during the period(s) of prior service that you are claiming, plus 5% annual compound interest. The interest covers the time period starting from the dates of such service up to the date that full payment is made to BERS. Participants in the Tier 4 early retirement programs may also be required to pay additional member contributions on all or on a part of the prior service credit they purchase. (Once again, please see the supplementary sections for further details on early retirement programs.)

BERS calculates the cost of purchasing credit for your previous service, and gives you the option of making the required payment in either a lump sum or through payroll deductions. These payroll deductions are made after New York City (if applicable), New York State, and federal taxes are taken out of your paycheck.

And if, under the provisions of Tier reinstatement, you wish to apply service credited to you during your membership (that ceased) in BERS or another New York City or State public employee retirement system, then you must repay any contributions that were refunded to you, plus 5% compound interest from the date of refund. Further, you must make 100% payment to BERS in a lump sum.

When You Receive Credit For Previous Service

You can claim and pay for the previous service at any time, but remember that you will not receive credit for it until you have completed five years of membership service with BERS.

Such membership service includes credited service that you may have transferred to BERS from another public retirement system of the City or State of New York. Fishermen should remember that for them, "five years" does not mean five calendar years.

You must also have completed five years of membership service with BERS, under the provisions of Tier reinstatement, to apply service credited to you during your membership (that ceased) in another New York City or State public employee retirement system.
Who Is Now Eligible To Buy Back Previous Service (But Was NOT Eligible Before)

Due to the same change in legislation affecting previous service just described and effective October 1, 2000, you may now be eligible to purchase credit for previous service — whereas you were not before — under the following sets of circumstances:

▶ even if you have a break in New York public service, and
▶ you do not join BERS before the break in service, and
▶ you re-enter the service of a covered employer,
then you may still be able to buy back the previous service you performed before the break.

Also,
▶ if you terminate New York public service, and
▶ you do not join BERS before your termination, and
▶ you enter service with another covered employer,
then you may still be able to buy back the previous service you performed before your termination.

Take note: although your previous service could have been rendered with any public employer in the City or State of New York, it must be service that would have qualified for retirement credit had you been a member of a New York public employee retirement system at that time.

Again, if you are represented by an employee organization for collective bargaining purposes, the conditions outlined above are retroactive to October 1, 2000. But their full implementation awaits pending contract settlement between your union and the City of New York.
Who Is NOT Eligible To Buy Back Previous Service

You cannot purchase credit for certain services under the following sets of circumstances:

- If you have a break in service with a covered employer, and
- You do not join BERS before the break in service, and
- You re-enter the service of that employer.

Then you will not be able to buy back the previous service you performed before the break.

Also:

- If you terminate service with a covered employer, and
- You do not join BERS before your termination, and
- You enter service with another covered employer,

then you will not be able to buy back the previous service you performed before your termination.

Take note: an approved leave of absence is neither a termination nor a break in service.
MILITARY SERVICE CREDIT CLARIFIED

According to legislation enacted in 2000, Military Service is active duty that may be eligible for retirement credit and that was served in one of the armed forces of the United States during certain periods of conflict. These periods of conflict are the following:

- World War II (12/7/41 — 12/31/46);
- Korean War (6/27/50 — 1/31/55);
- Vietnam War (2/28/61 — 5/7/75);
- service, as evidenced by an Expeditionary Medal, in hostilities in Lebanon (6/1/83 — 12/1/87), Grenada (10/23/83 — 11/21/83), Panama (12/20/89 — 1/31/90);
- service in hostilities in the theater of operations including Iraq, Kuwait, Saudi Arabia, Bahrain, Qatar, the United Arab Emirates, Oman, the Gulf of Aden, the Gulf of Oman, the Persian Gulf, the Red Sea, and the airspace above these locations (8/2/90 until the end of such hostilities).

If honorably discharged, you can apply for a maximum of three years of service credit for up to three years of military duty. All or part of your active duty had to have been served within the times outlined above. This means that, even if you only served one day during any of the above periods of conflict, you can nonetheless apply for up to three years of military service credit. For example, if your military duty began on January 31, 1955 — the last day of the Korean War — the rest of your military duty, capped at a maximum of three years, would still be applicable as well.

You must purchase credit for such service and you must have at least five years of credited service to be eligible to receive this credit. The cost of military service is this:

\[
3\% \text{ of the salary you earned during the 12 months before you apply for military service credit} \times \text{the number of years or months for which you are purchasing military service credit.}
\]

You can purchase your military credit either through payroll deductions or in a lump sum. And you can make these payments at any time before your retirement.
Do note that the payments for military credit are considered *employer contributions* and will, consequently, *not* be deposited into your MCAF with the rest of your employee contributions. As always, you may borrow, withdraw, or receive a refund of only that portion credited as employee contributions (plus interest thereon). Therefore, you may not borrow, withdraw, or receive a refund of your payments for military credit.

Also be aware that, if you already got credit for specific military service under the provisos of previous legislation, then you can *not* seek or purchase credit for the same military service under the conditions of this new law. This means that the very same military duty can *not* be counted toward retirement credit twice.
ABOUT CHANGES
TO ORDINARY DEATH BENEFITS

Due to legislation effective October 1, 2000, the election of Death Benefit Plan 1 or Death Benefit Plan 2 is obsolete. Only Death Benefit Plan 2 will apply for any member who joins or rejoins BERS after January 1, 2001. When joining or rejoining BERS, you still must choose and identify your beneficiary or beneficiaries. As was the case before, you can name any person you wish (such as a family member or friend) or entity (such as a charity or other organization of meaning to you) as your beneficiary. Also as before, you can change your selection of beneficiaries at any time up until you retire.

But even if you had already chosen Death Benefit Plan 1, the benefits under Plan 2 would be paid to your survivors, unless the benefits under Plan 1 prove greater. (And for vested members who are not in active service — see page 42 of the Tier 4 SPD — now only Death Benefit Plan 2 would apply as well.)

Again, for those of you who are represented by an employee organization for collective bargaining purposes, the full implementation of this law awaits pending contract settlement between your union and the City of New York. But if you were to die before such contract settlement and you had chosen Death Benefit Plan 1, then your survivors would be paid any additional amount due under Death Benefit Plan 2 once the contract is settled.
Naming a Beneficiary

On the Election of Death Beneficiary Designation of Beneficiary form, which you have to complete when enrolling, you must elect either Death Benefit Plan 1 or Plan 2 (both of which will be described later in this book). At this point you must choose and identify your beneficiary or beneficiaries — clearly a very important decision — so that any Ordinary Death Benefit due will be paid to your survivors according to your wishes.

Your election of Death Benefit Plan 1 or Plan 2 can never be changed as long as you remain a member of BERS, but you can change your selection of beneficiaries up until the time you retire by filing the appropriate form with the Retirement Office. Your severance statement from BERS (which you should look over most carefully) indicates your current beneficiary information — make sure it is what you intend.

When you retire, you will have to select beneficiaries once more. This step will be further explained in the chapters "How to File for Retirement Benefits" and "How Benefits Are Paid."

Take note that you can choose separate beneficiaries for any Tax-Deductible Annuity (TDA) contributions you may have made. For further information about TDA, see the chapter "About the Tax-Deductible Annuity Program."
Again, there is no longer a choice between Death Benefit Plan 1 and Death Benefit Plan 2. Death Benefit Plan 2 would be paid to your beneficiary — regardless of what you picked when joining or rejoining BERS — unless Death Benefit Plan 1 proves greater. Furthermore, Death Benefit Plan 2 has generally been deemed the better of the two plans.
Scenario 2
- you are off the payroll or on leave, but
- you were on the payroll, in active service, and paid within 12 months before your death, and
- you were not gainfully employed since you were last on said payroll, and
- you had at least one year of credited service, and
- your death is not job-related.

Then, your beneficiary receives one of the benefits described next — either Death Benefit Plan 1 or Death Benefit Plan 2, whichever you selected.

Death Benefit Plan 1
If you chose Death Benefit Plan 1, the lump sum benefit would equal the following:
- your Membership Contributions Accumulation Fund (MCAC) plus
  one months salary x number of years of credited service,
  up to a maximum of 30 years,
  or
- provided that you were eligible for a service retirement benefit, and it is greater than the above — then, your MCAC plus
  the value of the employer portion (as determined by the Actuary) of the retirement benefits that would have been due you if you had retired on the day before your death.

Beneficiary Selection
- First Designation
  When you join RSA, you must designate beneficiaries for both Death Benefit Plan 1 and Death Benefit Plan 2.

- Second Designation
  At any time during your membership, you can change beneficiaries.

- Retirement Designation
  At retirement you make one of two designations:
  1. Temporary Beneficiaries
  2. Option Beneficiaries
ADDITIONAL BENEFICIARIES ELIGIBLE FOR ACCIDENTAL DEATH BENEFIT

Due to legislation effective August 30, 2000, a new category of beneficiaries has been added to the list of those eligible to receive the accidental death benefit. As opposed to regular designated beneficiaries, these "eligible beneficiaries" are defined and dictated by law and, thus, the benefit would be paid in the following order:

► to your surviving spouse — unless he or she has renounced survivorship rights in a separation agreement — until he or she remarries,
► to each of your children until he or she reaches age 25,
► to your parents who depend on you for support,
► to any other person who qualified as a dependent on your final federal income tax return until he or she reaches age 21,
► then (if none of the above eligible beneficiaries exist) to the designated beneficiary or beneficiaries chosen by you.

As was the case before, if the requirements for the accidental death benefit are met, a pension will be paid to your eligible beneficiary equal to 50% of the wages you earned during your last year of service, or equal to 50% of your annual wage rate if you had less than one year of service.

Also as before, an application for an accidental death benefit must be filed within 60 days after your death. This 60-day period may be waived provided that an ordinary death benefit has not been paid.
And again, please take serious note: you should always keep all pertinent BERS documents and forms in a location that is known and readily accessible to your beneficiaries or the executor of your estate.
## TIER 3 ORDINARY DEATH BENEFIT INCREASED

Tier 3 lump sum Ordinary Death Benefits are capped at maximum amounts that are increased on a yearly basis and are escalated by up to 3% each year based on increases and decreases in the cost-of-living index.

If you die before age 60, the maximum lump sum death benefit under Tier 3 is now calculated as follows:

<table>
<thead>
<tr>
<th>Number Of Years Of Credited Service</th>
<th>Amount Of Lump Sum Benefit (As Of 4/1/2001)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year but less than 2 years</td>
<td>one year x current salary, but not in excess of $38,400</td>
</tr>
<tr>
<td>2 years but less than 3 years</td>
<td>two x current salary, but not in excess of $76,700</td>
</tr>
<tr>
<td>3 or more years</td>
<td>three x current salary, but not in excess of $95,900</td>
</tr>
</tbody>
</table>
You pay for the additional protection afforded by the Tier 3 Survivor Annuity Benefit. To finance the cost of the survivor annuity, the Tier 3 benefits payable to you or to your survivor are reduced according to actuarial calculations (considering factors such as the life expectancy of your beneficiary, for example).

**Tier 3 Ordinary Death Benefit**

Although death benefits under both Tier 3 and Tier 4 are calculated in the same way for the most part, there are some notable differences. Unlike Tier 4 death benefits whose amounts are not limited, Tier 3 lump sum Ordinary Death Benefits are capped at maximum amounts. These maximum amounts are escalated by up to 3% each year based on increases and decreases in the cost-of-living index. Tier 4 death benefits are not escalated.

If you die before age 60, the maximum lump sum death benefit under Tier 3 is calculated as follows:

<table>
<thead>
<tr>
<th>Number Of Years Of</th>
<th>Amount Of Lump Sum Benefit (as of 4/1/2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year but less than 2 years</td>
<td>one year’s current salary, but not in excess of $37,300</td>
</tr>
<tr>
<td>2 years but less than 3 years</td>
<td>two times current salary, but not in excess of $74,600</td>
</tr>
<tr>
<td>3 or more years</td>
<td>three times current salary, but not in excess of $94,100</td>
</tr>
</tbody>
</table>
RSSL 212 EARNINGS AMOUNT INCREASED

Due to periodic increases in the RSSL Section 212 earnings limitation amount by the State Legislature, this amount has been raised to $25,000 per year as of this printing.

But, as was the case before, if you are age 65 or above and you elect the provisions of RSSL Section 212, you can work in New York public service and not be confined to the earnings limitation, permitting you to earn any amount without a reduction in your retirement allowance payments.
WHAT IF YOU RETURN TO WORK AFTER SERVICE RETIREMENT

Your retirement allowance is not affected if you return to work outside of New York public service, that is, employment with the federal government, or with another state, or in private industry.

What New York public service does include is any employment with the State of New York, or with any county, town, village, school district, special district, or public authority within the State, or with the City of New York, including the Board of Education.

If you return to work within New York public service, your retirement allowance will be suspended for the duration of such employment, unless you qualify for one of the statutory exceptions: Sections 212 or 211 of the Retirement and Social Security Law (RSSL). If you meet the requirements of RSSL Sections 212 or 211, you may be permitted to receive all or a portion of your retirement allowance while employed in New York public service.

RSSL Section 212

If you file with NERBS a statement that you elect the provisions of RSSL Section 212, then you can work in New York public service and earn up to the current earnings limitation amount ($12,000 per year as of this printing) without any reduction in your retirement allowance payments. (The State Legislature periodically increases the Section 212 earnings limitation amount.)

But, if you are age 70 or above and you elect the provisions of RSSL Section 212, you can work in New York public service and not be confined to the earnings limitation, permitting you to earn any amount without a reduction in your retirement allowance payments.
The interest rate is now 7% for all Tier 4, Tier 3, 55/25, and 57/5 loans taken on or after July 1, 1999 through June 30, 2004. If you request a new loan, any outstanding loan balance will be considered part of the new loan at 7% interest. This interest rate may change again in the future based on reviews conducted every five years by the Chief Actuary of the City of New York, and on subsequent legislation.
Maximum Loan Amount: If you have five or more years of credited service, your maximum available loan is the lesser of (a) or (b) below. If you have less than five years of credited service, your maximum available loan is the lesser of (a), (b), or (c) below:

(a) $50,000 minus your highest combined Tier 3 or 4, TDA, and 55/25 or 57/5 outstanding loan balance during the last 12 months, or

(b) 75% of your 55/25 or 57/5 account balance minus your current outstanding loan balance; or

(c) The greater of (1) 50% of your MCAF, TDA, and 55/25 or 57/5 accounts; or (2) $10,000 minus your current combined outstanding loan balance.

Interest Rate: The interest rate for all 55/25 or 57/5 loans is 7.79%. This interest rate may change based on reviews by the Chief Actuary of the City of New York, and on subsequent legislations.

Service Charge: There is a $40 service charge to process a loan. This charge is used to pay for the administrative costs of the 55/25 or 57/5 loan program. The service charge will be considered an additional loan amount when calculating the terms of the loan (that is, duration and repayment). If you are eligible for and you request a $50,000 loan, you will receive a check for $49,960 — to avoid exceeding the $50,000 loan maximum — when the $40 service charge is added to the loan. If you are eligible for and you request a $16,630 loan, you will receive a check for $16,630. Repayments will be calculated on $16,630 — the $40 service charge plus the loan amount. When you apply for the loan, you also have the option to pay the service charge by certified check or money order (personal checks will not be accepted) to avoid having the service charge included in the monthly repayment amount.