

BEERS

**THE
B
S**

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

BRIEF SUMMARY

This page is intentionally left blank

New York City Board of Education Retirement System

Tier 4 Revised Plan

Also known as

Tier 6 Summary

Effective April 1, 2012

This summary explains the essential points of the new law which establishes the retirement rights of member who join BERS on or after April 1, 2012. If you joined BERS on or after April 1, 2012, you are covered under the Tier 4 Revised Plan, hereafter referred to as Tier 6.

You also may be eligible to participate in – or required to participate in – one of the early retirement programs: (1) 50/25 Early Retirement – Automotive or (2) 25/Out Early Retirement – Special Officers. These programs allow retirement before age 63 without any reduction in benefit. Please read below for information on the early retirement programs, their eligibility requirements, whether your participation is voluntary or mandatory, and description of their benefits that differ from the Tier 6 Plan.

Membership

Membership is open to all employees of the New York City Department of Education who are not eligible to participate in the New York City Teachers' Retirement System. In addition, employees of the New York City School Construction Authority, the Office of the Special Commissioner of Investigation, and School Crossing Guards employed by the New York City Police Department are eligible for membership.

The Automotive and Special Officers Programs are available to certain Tier 6 members who meet the eligibility criteria for those programs.

Mandatory And Voluntary Membership

If you are appointed to a permanent position in the competitive or labor class of civil service, then membership is mandatory for you. If your job title falls within one of the other employment classes, then membership is voluntary for you. (Non-competitive and exempt class employees, provisional positions, and substitute teachers are some examples of positions for which membership is voluntary.) When joining or rejoining, you should speak with your Personnel Manager or Timekeeper to clarify within which precise employment class your particular position falls so that you can determine whether membership is required or optional for you.

If mandatory for you, your membership starts on your official date of appointment. If voluntary for you, your membership starts when your membership application is received by BERS.

How To Join

To become a member of BERS, whether joining for the first time or rejoining, you must complete, and then submit to BERS a Tier 6 Enrollment Application form. At the same time, you are required

to submit a Designation of Beneficiary form. You can change your beneficiaries at any point during your membership by submitting a new Designation of Beneficiary form.

Once your application for BERS membership is received by the retirement system, it is **irrevocable**: you may not withdraw your membership so long as you remain in the employment of a covered employer.

Tier Reinstatement

Due to legislation enacted in 1999, commonly referred to as “tier reinstatement,” BERS members may be able to regain the membership rights of their original BERS membership that had ceased, or the rights of an original membership (that had also ceased) in another New York City or State public employee retirement system.

This means that if you are a Tier 6 member but once were a Tier 1, 2, 3, 4 or 5 member (in BERS or in another New York public retirement system), and you qualify and apply for tier reinstatement, you would go back to the earlier Tier status of your earlier membership as of the official start date of your BERS membership. The date on which your earlier Tier membership began would be reestablished as the official start date of your BERS membership.

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

Contributions

Tier 6 members are required to make contributions to BERS of 3% until March 31, 2013 and then they are required to make regular contributions based on their annual wages during the preceding plan year. For the first three years of membership, annual wages will be projected by the employer. The rate of contribution on and after April 1, 2013 will be determined by the following schedule:

Annual wages	Basic member contributions
\$45,000 or less	3%
greater than \$45,000 up to \$55,000	3.5%
greater than \$55,000 up to \$75,000	4.5%
greater than \$75,000 up to \$100,000	5.75%
over \$100,000	6%

Participants in the Automotive and Special Officer programs are required to make the additional contributions over and above the regular contributions. These additional contributions are outlined below.

All contributions made through payroll deductions are made before federal taxes are taken out of your paycheck. This means that your employee contributions are currently 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 these contributions.

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

Service Credits

Credited Service (that is, employment which counts toward your retirement allowance) can include the following:

- ▶ Membership Service
- ▶ Previous Service
- ▶ Transferred Service
- ▶ Part-time Service
- ▶ Military Service

Membership Service is the service rendered (that is, work performed) after you joined BERS; and it includes all service while you were on the payroll in a position that either required you to join BERS or allowed you to join BERS. Membership service includes paid leave of absence, paid sick leave, paid annual leave, retroactive service under the provisions of tier reversion, and service from an earlier BERS membership (that ceased) granted under the provisions of tier reinstatement.

Previous Service, including Previous Part-time Service, is service rendered prior to the date you became a member of BERS – whether you were employed by the Department of Education, by the City of New York, by the State of New York or any New York State political subdivisions, or by another covered employer. You must purchase such previous service to get credit for it at BERS, and you must be eligible to do so.

Previous Service under the provisions of tier reinstatement, also includes service credited to you during your membership (that ceased) in another New York City or State public employee retirement system. In other words, reinstated service, if rendered in a system other than BERS, is deemed previous service under the law. You do not purchase reinstated service, but you must repay any contributions that were refunded to you.

Transferred Service is service accrued for which you received credit while you were a member of another public retirement system in the City or State of New York. You must first join BERS, then transfer this service to get credit for it at BERS. After such service is transferred, it becomes membership service with BERS.

You should consult with your former retirement system and with BERS concerning any restrictions on transferred service.

Part-time Service (past or present) is service rendered while you were employed by the Department of Education or by another covered employer. BERS will prorate credit for past or present part-time service on the basis one year's worth of service credit if any of the following work schedules apply to you:

- a) you worked 1827 hours during the calendar year; or
- b) you worked 1470 hours during the calendar year in a non-teaching job whose duties are regularly scheduled to be performed only during the school year; or
- c) you worked 180 days or 1170 hours as a substitute teacher

So, if any of (a) through (c) above applies to you and your job, BERS will prorate credit toward your retirement for your part-time service.

Regardless of the number of hours or days you may have worked, you cannot receive more than one year's worth of credit in any calendar year. So even if you worked more than 1827 hours during a calendar year, you would nonetheless receive only one year's worth of service credit for that year (as in work schedule (a) above). Further, the maximum number of hours that will be credited as part-time service is 35 hours in any weekly pay period, and 70 hours in any biweekly pay period.

Military Service is certain duty service in one of the armed forces of the United States that may meet the legal requirements allowing you to apply it toward your retirement. You must purchase credit for such service. You should contact BERS regarding both cost of and eligibility requirements for your military service.

Purchasing Previous Service Credit

If you want to receive credit for previous service – whether full-time or part-time – you must submit a completed Prior Service Application form to BERS and, as already stated, you must pay for such credit and you must be eligible to do so. You are eligible to purchase credit for previous service if your previous service qualifies for retirement credit and was service you performed at the Department of Education or another agency of the City or State of New York before you joined or rejoined BERS.

Cost of Buying Back Previous Service

The cost to purchase credit for previous service is equal to 6% 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 6 Automotive and Special Officer Programs may also be required to pay additional member contributions on all or on a part of the prior service credit they purchase.

BERS calculates the cost of purchasing credit for your previous service, and gives you the option of making the required payment in either 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.

When You Receive Credit For Previous Service

You will need to have two years of membership service to get credit for your previous service. 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.

Under the provisions of tier reinstatement, you need not have completed two years 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.

Remaining In BERS As A Transferred Contributor

If you change jobs and take another position with the City of New York (such as with another city agency entirely), and your new job does not entitle you to BERS membership, you can still remain in BERS as a Transferred Contributor provided that the following apply to you:

- ▶ you start the other position within 60 days of the resignation date from your current job, and
- ▶ you do not withdraw the member contributions from your MCAF account at BERS, and
- ▶ you do not become a member of another New York City or State public employee retirement system.

As a Transferred Contributor, you continue to make contributions toward your retirement allowance through payroll deductions, and hence, you continue to accrue BERS benefits. Your status as a Transferred Contributor is effective as soon as you complete and submit the proper forms to BERS. These forms include a Transferred Contributor Waiver that is irrevocable – this means that you cannot reverse your decision to stay in BERS unless mandated to do so.

Transferring From BERS To Another Retirement System

If you change jobs and take another position with the City or State of New York, and your new job entitles you to membership in another public employee retirement system, you may be eligible to transfer your BERS membership to that system.

You are eligible to transfer your membership to another such system provided that the following apply to you:

- ▶ you resign your position with the Board of Education (or other covered employer), and
- ▶ you do not withdraw the member contributions from your MCAF account at BERS, and
- ▶ you apply to transfer your membership service credit and your contributions within five years of your resignation date. (If you are vested when you resign, the five-year rule does not apply. See "What If Your Employment Ends Before Retirement" for an explanation of vesting.)

To make such a transfer, you must first enroll in the new retirement system; and, within five years of leaving your current job, you must submit the proper forms (unless you are already vested, in which case the five-year rule does not apply) to both your new retirement system as well as to BERS.

Before you make such a decision, it is important that you discuss your particular situation with representatives of both retirement systems. Why? Because your rights and benefits under the new system may not be the same as they are under BERS.

Transferring To BERS From Another System

If you change jobs and your new job entitles you to membership in BERS, and you are a member of another New York City or State public employee retirement system, you may be eligible to transfer your present membership to BERS. If you are so eligible and so long as your membership with the other system is in effect, you would maintain your present membership rights once the transfer is complete.

You should discuss your particular situation with representatives of both retirement systems. And if you decide to transfer to BERS, you should do so under the advisement of a BERS representative to properly execute such a transfer.

What If Your Employment Ends Before Retirement

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 MCAF account balance. You will, however, be eligible to receive a retirement allowance starting at age 63.

If you are a non-vested member, that is, you have 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 the interest will cease and your BERS membership will end (as will your membership rights) and then you must apply for and receive a refund of these contributions.

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

What If You Leave And Return To Service Later

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 a covered employer within a five-year period, you would come back 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.

Returning To Service After Losing Your Membership Rights

Having lost your membership rights, should you return to the employ of the Department of Education or that of another covered employer in the future, and you join BERS again, you may apply to have the rights of your former BERS membership reinstated.

If indeed reinstatement is granted, and you had received a refund of any contributions under your past membership, you would have to pay the refund back, plus 5% compound interest from the date of refund.

Service Retirement And Benefits

The Tier 6 Plan allows a reduced early retirement benefit as early as age 55 for those who are not participants in the Automotive or Special Officers programs. (These programs allow retirement before the age of 63 without a reduction in benefits if the age and service requirements are satisfied.) This means that you can retire between the ages of 55 and 63 under the Tier 6 Plan, but with a reduction in the amount of benefit. So, if you have at least 10 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 6 early service retirement benefits are reduced by 6.5% for each year by which retirement precedes age 63.

For example, if you retire at age 61, your benefits would be reduced like this:
the difference between age 61 and age 63 = 2 years,
therefore, the benefit is decreased by $6.5\% \times 2$ years—that is, by 13%.

If, for example, you retire at age 56, your benefits would be reduced in this way:
the difference between age 56 and age 63 = 7 years,
therefore, the benefit is decreased by $6.5\% \times 7$ years—that is, by 45.5%.

Retirement Under The Tier 6 Plan

If you have at least 10 years of credited service (hence vested), you have made all required membership contributions, and you have reached age 63, then you are eligible to receive Tier 6 Plan Service Retirement Benefits.

To calculate how much your benefit will be, a percentage of your Final Average Salary is multiplied by the number of years of credited service you have accrued.

Your Final Average Salary (FAS) is the average of the annual wages – including overtime pay – you earned during any continuous period of employment for which you were credited with five years of credited service. Of the annual wages used in this calculation, no year's wages can exceed 110% of the average of the previous four years. Additionally, overtime wages used in this calculation cannot exceed \$15,000.

The Tier 6 Plan retirement benefits are calculated as follows:

- ▶ if you have less than 20 years of credited service:
 $1\frac{2}{3}\% \times (\text{final average salary}) \times (\text{years of credited service});$ or
- ▶ if you have 20 or more years of credited service:
 $35\% \text{ plus } 2\% \times (\text{final average salary}) \times (\text{years of credited service in excess of 20 years}).$

Now, if you wish to provide benefits for your survivors by selecting an "Option" (rather than the "Maximum Retirement Allowance"), the amount of your benefits will be reduced. The amount of such reduction would depend on which option you selected.

Any deficit in your MCAF account will result in a reduction in your benefits as well. Nonpayment of an outstanding loan balance, for example, could significantly decrease retirement benefits due you. (Please also be aware that nonpayment of an outstanding loan balance will trigger a federal tax liability, and could result in a tax penalty on the outstanding balance.)

You must file your retirement application at least one day before your date of retirement, making your retirement date effective, at the earliest, the very next day.

Disability Retirement Under Tier 6

You are eligible to receive Tier 6 Ordinary Disability Retirement benefits at any age, provided that the following apply to you:

- ▶ you notify BERS in writing that you request disability retirement; and
- ▶ after a medical examination, the Medical Board finds that you are physically or mentally incapacitated for the performance of gainful employment, and, if you are no longer performing the duties of your job title, that you were so incapacitated when you ceased performance of your duties; and
- ▶ you have 10 or more years of credited service unless your disability is a result of a job-related accident, in which case the 10 year requirement is waived.

You are eligible to receive Tier 6 Accidental Disability Retirement Benefits only if the Medical Board determines that your disability is indeed the result of an accident you suffered while performing your job, and that said accident is not a result of your own willful negligence. Also, the accident would have to have occurred while you were a member of BERS.

If your application for disability retirement is approved, your benefit would be equal to the greater of the two calculations below:

$1\frac{1}{2}\% \times (\text{final average salary}) \times (\text{years of credited service}),$
or $33\frac{1}{3}\% \times (\text{final average salary}).$

If, however, you are eligible for service retirement as well and if your service retirement benefits would in fact be larger than either of the two calculations, then you will get disability retirement benefits that are equal to the service retirement benefits to which you are entitled.

If you were on an approved leave of absence without pay for medical reasons, you must notify BERS in writing that you request Tier 6 Disability Retirement within 12 months after you receive notice that your employment has ended. Otherwise, you must notify BERS in writing that you request Tier 6 Disability Retirement within three months from the last date you were paid. Then, in either case, BERS will send you the application for disability retirement.

The effective date of your disability retirement is either the date on which your application is received by BERS, or the date of your medical examination by the Medical Board – whichever date is later.

How Benefits Are Paid

When you apply for either service retirement or disability retirement, you must choose how you want your retirement allowance to be paid. It is at this point that you must select either the Maximum Retirement Allowance or an Option. This is truly a very, very important choice – and a choice that cannot be changed later than 30 days after first payment of your retirement allowance has been made.

If you do not select one of the options listed below, your benefits will be paid as a maximum retirement allowance. With the maximum retirement allowance you receive a monthly installment whose amount is greater than the amount of any other benefit option. However, the maximum retirement allowance continues for the remainder of your lifetime only and, consequently, does not provide benefits for your survivors. This means that when you die, the benefits stop.

Options, on the other hand, do provide retirement benefits for your survivors, as well as provide you benefits during your lifetime. When you file your retirement application and if you select an option, it is at this point that you pick a beneficiary or beneficiaries once again – whether you have changed your designation since joining BERS or not. In the case of Options 3 and 4, you may also choose a “contingent beneficiary” in addition to your “primary beneficiary.”

In selecting an option, you agree to accept a reduced retirement allowance for the rest of your lifetime. The amount of the reduction depends on which option you select, and also can depend on your age and on your beneficiary’s age. For example, with some of the options, the younger the beneficiary, the greater the reduction, as the payments would have to extend over a longer period of time.

The Options available at retirement are:

► Option 1 and 2 - 100% Joint and Survivor and Other Joint and Survivor Options: You receive a reduced monthly allowance for the rest of your life. Upon your death, your beneficiary receives 100% (Option 1) or 25%, 50%, or 75% (Option 2) of your reduced allowance for the rest of his or her life. If, though, your beneficiary dies before you do, you continue to receive your reduced lifetime benefits, which do not change, and the benefits cease upon your death. With these options, you can name only one beneficiary. You choose your beneficiary when you file your retirement application, and you cannot change your choice of beneficiary later than 30 days after first payment of your retirement allowance has been made.

► Option 3 and 4 - Five-Year Certain and Ten-Year Certain: You receive a reduced monthly allowance for the rest of your life. After payment of the retirement allowance to you for five years (Option 3) or ten years (Option 4), however, there is no further coverage for your beneficiary. If you die within the specified number of years following retirement, your beneficiary continues to receive the reduced monthly payments for the remainder of the period following your retirement.

Yet, if after your death, your primary beneficiary has started to receive benefit payments and then he or she dies before the end of the period, the benefits due for the remainder of the period are paid in a lump sum to your contingent beneficiary. But, if you did not name a contingent beneficiary, these benefits are paid to the estate of your primary beneficiary.

If, though, you primary beneficiary dies before you do and you do not name another primary beneficiary, and then you die within the specified number of years following retirement, the benefits due for the remainder of the period are paid in a lump sum to your contingent beneficiary. But, if you did not name a contingent beneficiary, these benefits are paid to your estate.

With these options, you can name one or more primary beneficiaries, as well as one or more contingent beneficiaries. If you do name more than one beneficiary, the benefits would be divided among them. The age of a beneficiary does not affect the reduction of benefits in the case of these options because these benefits are paid within a finite period of time. You choose your primary and contingent beneficiaries when you file your retirement application, and you can change your choice of beneficiaries at any time – that is, even 30 or more days after first payment of your retirement allowance has been made.

► Option 5 - “Pop-Up” Option: You receive a reduced monthly allowance for the rest of your life. When selecting this option, you must decide what percentage of your benefit – 100% or 50% - your beneficiary is to receive after you die. Your allowance will be reduced according to which percentage you decided on, and you cannot change that decision as to percentage later than 30 days after the first payment of your retirement allowance has been made. Upon your death, your beneficiary will receive either 100% or 50% of your reduced allowance – whichever percentage you picked – for the rest of his or her life.

If, though, your beneficiary dies before you do, your benefit “pops-up” – that is, converts to a Maximum Retirement Allowance which you receive for the remainder of your lifetime only – and the benefits cease upon your death.

You can name only one beneficiary. You choose your beneficiary when you file your retirement application and you cannot change your choice of beneficiary later than 30 days after first payment of your retirement allowance has been made.

Death Before Retirement

Benefits may be paid to your survivors if you die after retirement via the Options previously explained. But benefits also may be paid if you die before retirement.

One of three benefits may be paid if you die before retirement:

- ▶ Ordinary Death Benefit to be paid to your designated beneficiary(ies), that is, whom you chose; or
- ▶ Death Benefit for Vested Members not in Active Service to be paid to your designated beneficiary(ies); or
- ▶ Accidental Death Benefit to be paid to an “eligible beneficiary” as defined by law.

Ordinary Death Benefits are paid to your beneficiary provided that one of the following two scenarios applies to you at the time of your death:

- ▶ you die while in active service, and
 - ▶ you had at least one year of credited service, and
 - ▶ your death is not job-related.
- or
- ▶ 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 the following death benefit.

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 or entity as your beneficiary. Also as before, you can change your selection of beneficiaries at any time up until you retire.

The Ordinary Death Benefit provides a lump sum benefit equal to the following:

- ▶ your MCAF, plus a benefit equal to whichever below applied to you:

<u>Number Of Years Of Credited service</u>	<u>Amount Of Lump Sum Benefit</u>
1 year but less than 2 years	one year's current salary
2 years but less than 3 years	two x current salary
3 or more years	three x current salary

Each year after age 60, the death benefit is reduced by 5% of the original amount that would have been paid. So, if you are in active service and die at age 61, the death benefit that would be paid is reduced to 95% of the original death benefit; age 62 would mean a reduction to 90%, and so on. But, once age 70 or older, the amount is not reduced below 50% of the original death benefit in effect.

Please see the table below for further clarification of these reductions.

<u>Age At Death While Still In Active Service</u>	<u>Amount Of Benefit</u>
61	95% of original benefit in effect
62	90% of original benefit in effect
63	85% of original benefit in effect
64	80% of original benefit in effect
65	75% of original benefit in effect
66	70% of original benefit in effect
67	65% of original benefit in effect
68	60% of original benefit in effect
69	55% of original benefit in effect
70 or over	50% of original benefit in effect

The Ordinary Death Benefit also gives your survivors a benefit should you die after retirement as follows:

<u>Year Of Retirement In Which Death Occurs</u>	<u>Amount Of Benefit</u>
1st year	50% of benefit in effect immediately before retirement
2nd year	25% of benefit in effect immediately before retirement
3rd year and from then on	10% of benefit in effect at age 60; or if you retired before age 60, 10% of benefit in effect at the time of retirement

There is a Death Benefit for Vested Members not in Active Service. If you are not in fact in active service any longer and you die before you would have been eligible to retire, your survivors can still receive a death benefit if the following applies to you at the time of your death: you were vested and you had at least 10 years of service credited toward a retirement allowance with BERS.

The Accidental Death Benefit is paid if BERS determines that your death is indeed the result of an accident you sustained while performing your job, while in active service and while a member of BERS, and that said accident was not a result of your own willful negligence, then 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.

As opposed to the designated beneficiaries chosen by you, the eligible beneficiaries for the accidental death benefit are 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 proportionately until each reaches age 25,
- ▶ to your parents proportionately who depend on you for support,
- ▶ to any other persons proportionately who qualified as a dependent on your final federal income tax return until each reaches age 21,
- ▶ to your designated beneficiaries chosen by you, proportionately.

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.

If you die before retirement, your survivors should meet with a BERS representative who will do the following:

- ▶ determine your survivors' eligibility for benefits,
- ▶ explain the procedures for claiming benefits,
- ▶ calculate any benefits due,
- ▶ outline payment options.

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.

Returning 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 this: 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 Department 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 the New York public service.

Tier 6 Loan Program

Tier 6 members of the Board of Education Retirement System (BERS) are eligible for a loan program under the Qualified Pension Plan (QPP). The Tier 6 Loan program is separate and apart from any other loan program in which you may be eligible to participate. Other BERS loan programs include the Tax Deferred Annuity (TDA) and the Tier Enhancement Loan programs.

This loan is a plan loan that uses your Membership Contribution Accumulation Fund (MCAF) account as collateral. When the loan check is drawn, your account balance is not reduced. However, if you retire or your employment ends and you have an outstanding balance, the outstanding balance and any accumulated interest thereon, may become a deficit in your account and cause a reduction in your benefits.

To be eligible for a Tier 6 Loan, you must have been a member in active service or on an approved leave of absence with pay and have at least one year of membership service. Additional eligibility requirements and information on the Loan program will be provided in the near future. If you have any questions about the Loan program, please contact us.

The 50/25 Early Retirement – Automotive Program

The 50/25 Early Retirement – Automotive Program allows service retirement upon attaining age 50 after 25 years of service without any reduction in retirement benefits. As a participant in this program, you are required to make additional member contributions over and above your regular member contributions.

An Automotive Member in an “eligible position” means a member of BERS employed by the mayoral and non-agencies of the City of New York as a senior automotive service worker, an automotive service worker, an auto body worker, an auto mechanic, a marine maintenance mechanic, an oil burner specialist, a supervisor of mechanics (mechanical equipment), a senior stationary engineer, a stationary engineer, auto mechanic (diesel), auto electrician, auto machinist, machinist or machinist helper.

The Automotive program is an early retirement program that is mandatory for Tier 6 members who are employed in an “eligible position” (as defined above).

A participant in the Automotive program who discontinues service (other than by death or retirement) who prior to such discontinuance, completed 10 but less than 25 years of credited service; and who prior to such discontinuance paid all required additional member contributions and did not withdraw such contributions, is entitled to receive a pension benefit at age 63. Such pension benefit shall be equal to 2% of final average salary, multiplied by the number of years of credited service.

To retire under this program, you must have attained age 50 and have at least 25 years of credited service and be in one of the eligible job titles; and to receive its unreduced benefit, you must have paid all required additional member contributions.

Note that unlike Tier 6 service retirement (for which you must file your retirement application no later than your retirement date), you must file your application for retirement under the Automotive program at least 30 days before your date of retirement.

Beyond your regular employee contributions to BERS, you are required to make additional member contributions at a rate of 4.83% under the Automotive program. So you will continue to contribute an additional percentage of your wages as computed without counting any additional compensation, such as overtime.

Your additional contributions are kept separate from your regular employee contributions in your MCAF account. Usually, just like your regular contributions, your additional contributions are made through payroll deductions before federal taxes are taken out of your paycheck. And like your regular contributions, your additional contributions incur current New York City (if applicable) and State income taxes.

Your Automotive program contributions are credited with an interest rate, as of this printing, of 5%.

Your MCAF annuity and fixed FAS-based pension make up your Automotive program retirement allowance. Your regular annual wages, without including any additional compensation, are used to compute your FAS; and no year's salary can exceed 110% of the average of the previous four years. Retirement benefits are calculated as follows:

$$2\% \times (\text{final average salary}) \times (\text{years of credited service})$$

Please note that any deficit in your Automotive AMC account will result in a Reduction of your retirement benefits.

You are allowed to borrow up to 75% of your additional Automotive program contributions. If you have less than five years in the program, and you no longer hold an eligible position, you can receive a refund of all of your additional contributions, including interest thereon. With five years or more in the program, however, you cannot withdraw any of these additional contributions.

If you terminate in an eligible position, you will no longer be a participant in the Automotive program. And, if you later return to an eligible position, you will again be a participant in the Automotive program. If you received a refund of your additional contributions, you will be required to repay these contributions with interest upon reentry into the program.

The 25/Out Early Retirement – Special Officers Program

The 25/Out Retirement – Special Officers Program allows retirement at any age after 25 years of service in an eligible position, without any reduction in retirement benefits. As a participant in this program, you are required to make additional member contributions over and above your regular member contributions.

A Special Officer Member in an “eligible position” means a member in one of the following job titles: Peace Officers employed by the Department of Education; and transferred contributors to BERS such as these: School Safety Officers employed by the New York City Police Department; Campus Peace Officers at CUNY; Special Officers at mayoral agencies, the New York City Housing Authority, and the Health and Hospitals Corporation; Parking Control Specialists; Taxi and Limousine Inspectors.

The Special Officers program is an early retirement program that is mandatory for Tier 6 members who are employed in an “eligible position” (as defined above). However, a member who is thirty years old or older when first employed in an eligible position may decline participation in the Special Officers program, if he or she elects to opt out within 180 days.

A participant in the Special Officers program who discontinues service (other than by death or retirement) who prior to such discontinuance, completed 10 but less than 25 years of allowable service; and who prior to such discontinuance paid all required additional member contributions and did not withdraw such contributions, is entitled to receive a pension benefit at age 63. Such pension benefit shall be equal to 2% of final average salary, multiplied by the number of years of allowable service.

To retire under this program, you must have at least 25 years of service in one of the eligible job titles; and, to receive its unreduced benefit, you must have paid all required additional member contributions. But if you entered this program and already had previous service in an eligible position, you must then participate in the program for at least two years to retire under its provisions and purchase any previous service necessary to attain the 25 years of service required by the program.

Note that unlike Tier 6 service retirement (for which you must file your retirement application no later than your retirement date), you must file your application for retirement under the Special Officers Program at least 30 days before your date of retirement. There is no minimum retirement age required by this program.

Beyond your regular employee contributions to BERS, you are required to make additional member contributions at a rate of 6.25% under the Special Officers Program. So you contribute an additional percentage of your wages as computed without counting any additional compensation, such as overtime.

Your additional contributions are kept in your Special Officers account separate from your regular employee contributions in your MCAF account. Usually, just like your regular contributions, your additional contributions are made through payroll deductions before federal taxes and 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 these contributions.) Also, like your regular contributions, your additional contributions incur current New York City (if applicable) and State income taxes.

Your Special Officers contributions are credited with an interest rate, as of this printing of, 5%.

Your MCAF annuity and fixed FAS-based pension make up your Special Officers program retirement allowance. Your regular annual wages, without including any additional compensation, are used to compute your FAS; and no year's salary can exceed 110% of the average of the previous four years. Retirement Benefits are calculated as follows:

$$2\% \times (\text{final average salary}) \times (\text{years of allowable service up to a maximum of 30 years})$$

Please note that any deficit in your Special Officers AMC account will result in a reduction of your retirement benefits.

You are allowed to borrow up to 75% of your additional Special Officers contributions. If you have less than 15 years in the program, and you no longer hold an eligible position, you can receive a refund of all of your additional contributions, including interest thereon. With 15 years or more in the program, however, you cannot withdraw any of these additional contributions.

If you terminate service in an eligible position, you will no longer be a participant in the Special Officers program. And, if you later return to a position for Special Officers, you will again be a participant in the Special Officers program. If you received a refund of your additional contributions, you will be required to repay those contributions with interest upon reentry into the program.

Tier Enhancement Loan Programs

Tier 6 members of the Board of Education Retirement System (BERS) who participate in the Automotive or Special Officer programs are eligible for an additional loan program under the Qualified Pension Plan (QPP). These Tier Enhancement Loan Programs are separate and apart from any other loan program in which you may be eligible to participate. Other BERS loan programs include the Tax Deferred Annuity (TDA) and the Tier 6 Loan programs.

This loan is a plan loan that uses your Additional Member Contribution (AMC) account as collateral. When the loan check is drawn, your account balance is not reduced. However, if you retire or your employment ends and you have an outstanding balance, the outstanding balance and any accumulated interest thereon, may become a deficit in your account and cause a reduction in your benefits.

To be eligible for a Tier Enhancement Loan, you must have been a member in active service or on an approved leave of absence with pay and have at least one year of membership service. Additional eligibility requirements and information on these Loan programs will be provided in the near future. If you have any questions about the Loan programs, please contact us.

Change Of Payroll Status

This is crucial: you must notify BERS if your payroll status changes. Why? Because your employee contributions to BERS through automatic payroll deductions will cease when your former status ceases. Such a break in automatically deducted contributions will result in arrears – arrears that you will have to pay. So be sure to confer with your Timekeeper, Personnel Manager, or Payroll Department to remain informed as to your status, and then inform BERS should there be a change.

Change Of Address

This is also crucial: if you plan to move, you must contact BERS for the appropriate change of address form. Then you must return to BERS a signed and notarized form if you are a retiree, or a change of address card if you are an active member. (When in active service, notifying your employer alone as to your change does not suffice.)

All information will then be sent to your new address. What BERS mails to you is extremely important – such as your semi-annual statements, news of critical changes in the law, let alone your checks and tax forms. You do not want such mailings rerouted or lost.

BEERS

RETIREMENT

9



Board of Education Retirement System
65 Court Street, 16th Floor
Brooklyn, NY 11201
929-305-3800 • 800-843-5575