

What if Your Employment Ends? - Tier 2

Important pension information for BERS members separating from service

Whether you are retiring, resigning or are being terminated, as you separate from service there are steps you must take to assure immediate pension benefits or to preserve future benefits.

YOUR BERS PENSION ACCOUNT

1. Have you met the age and service requirements to be able to retire with full benefits?

Eligibility Requirements

- PLAN C: You should be at least age 62 and have 25 or more years of qualifying service.
- PLAN D: You should be at least age 62 and have 5 or more years of credited service. Under this plan, you may also retire and receive reduced benefits if you are 55 or older but less than 62 years of age.

Early Retirement Program participants, such as, 55/25 or 55/27 participants can retire prior to age 62 with unreduced benefits provided they meet the eligibility requirements of their particular program.

Note: Certain eligible members receive one-twelfth of a year of additional retirement credit for each year of service rendered up to the date of retirement up to a maximum of two years. This service is counted as qualifying service for the 25-year requirement.

If you are eligible to retire (having met both age and service requirements), please come in to BERS (65 Court Street, 16th Floor) or call us at (929) 305-3800 to make an appointment to see a retirement benefits counselor. You should indicate that you are a Tier 2 member when you call. As a Tier 2 member, you must file for retirement at least 30 days before separation from the Board of Education.

2. Have you met the service requirement, but not the age requirement to be able to retire?

Deferred Retirement

If you meet the service requirements, but are not old enough to retire, you may be able to file for retirement, but defer benefit payments. This means that you would be officially retired, would gain health benefits, but would defer receiving a pension check until you meet the age requirement (62 years). Under this plan, you may receive reduced pension benefits if you retire between 55 and 62 years of age.

To file for deferred retirement benefits, you must:

- Be less than 62 years of age
- Have 20 or more years of qualifying service, but fewer than 25 years (the last 5 years of employment must be continuous service)
- File a retirement application with BERS at least one day before separation.

3. If you are not eligible to retire under any of the above conditions, you should ensure that you file a vesting application before separation from service to preserve any future retirement benefits.

Vested Members

If you are less than 62 years of age and separate from service having completed at least 5 years of credited service — and the last five of these years are continuous service completed immediately before your employment ends — you have the following options:

- Elect a vested retirement allowance. Under this option full retirement benefits are payable at age 62 and reduced benefits are payable as early as age 55. You must:
 - Convert from Plan C to Plan D prior to your resignation or termination
 - File a vesting application with BERS at least one day before resignation or termination; or
- Elect to receive a refund of your accumulated contributions in a lump sum, in lieu of a vested retirement allowance.



**Board of Education
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65 Court Street
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4. What if you do not qualify for vesting?

Non-Vested Members

If you separate with less than 5 years of credited service you may:

- Elect to receive a refund of all or part of your accumulated contributions in a lump sum. A withdrawal of all your pension contributions automatically ceases your membership in BERS and in the BERS TDA Program (if applicable); or
- Elect to leave your accumulated contributions in your account. These funds will continue to accumulate earnings for up to five years from your date of separation. After five years, no further earnings will be credited to your account. Your contributions are not automatically returned to you once your separation exceeds 5 years. In order to obtain a refund, you must submit a completed application to the Retirement System.

5. What happens if you leave and return to service later?

Maintaining Your Membership Rights

If you separate from service before retirement and return later, you will be able to maintain your membership rights in BERS if:

- You are vested
- You separate from service before you are vested *and* you do not withdraw more than 50% of your contributions *and* your absence does not exceed five years.

Returning to Service After Losing Your Membership Rights

If you return to service after losing your membership rights, you will come back as a Tier 6 member.

To reinstate your credited service and tier membership you must:

- Complete an application for Tier Reinstatement
- Pay any refunds of your accumulated contributions plus interest.

Becoming a Transferred Contributor

If you accept another position in New York City service that does not entitle you to BERS membership, you may elect to remain at BERS as a Transferred Contributor, provided you:

- Accept the other position within 60 days of resigning from your current job, and
- Do not withdraw your accumulated contributions
- Complete an irrevocable Transferred Contributor Waiver Form and submit to BERS

Note: Transferred Contributors may not continue to contribute to the TDA Program unless you remain in education service.

PENSION LOANS

If You Are Retired

If you retire and had an outstanding loan at retirement, you were not permitted to liquidate your pension loan by way of installment payments after retirement. Your net benefit would be actuarially reduced as long as you receive pension payments. This does not have to mean a permanent reduction in your pension benefits. You can repay your loan and eliminate the actuarial reduction on your pension. Chapter 511 of the laws of 2005 became effective August 16, 2005; this law applies to all retirees in all tiers.

This balance must be paid in a lump sum; BERS will not accept installment payments.

Interest is not added. The loan repayment amount will be the same as the balance at the time of retirement. Once the full payment is processed, future benefits will no longer be reduced by the loan. Benefits prior to this repayment will not be readjusted. To make a lump sum payment, contact BERS to request a lump sum payment amount, and the payment due date.



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If You Resign/Are Terminated

If you resign or are terminated and you have an outstanding loan, you must request to make monthly repayments directly to BERS before you are removed from active payroll status. If no loan payments are received in any 90 day period, your loan will be in default and will be considered a distribution. If a distribution occurs, you will receive a 1099R and it will be reported to the Internal Revenue Service. There may be tax consequences associated with this distribution.

YOUR BERS TDA ACCOUNT

When you retire, resign, or otherwise end your employment with the Board of Education, you have several options available to you.

If You Are Retired

At retirement, you may arrange to receive regular payments through the purchase of an annuity, make a direct withdrawal, rollover, or transfer of your account. You can also elect to have a TDA Deferral status at retirement, which allows you to leave your contributions and earnings in the TDA Program until Required Minimum Distributions begin at the age of 70½.

If You Are A Vested Member

If you leave employment after attaining vested rights in the pension system, you may withdraw the balance of your TDA account or you may elect to have a TDA Deferral status. Electing TDA Deferral status allows you to continue your participation in the TDA Program until your retirement or until Required Minimum Distributions begin at the age of 70½.

If You Are Not A Vested Member

Should you leave employment for any reason before vesting in the pension system, you may withdraw the balance of your TDA account at any time. If you do not withdraw your QPP account balance, your TDA account will continue to accrue earnings for up to five years from the date of your resignation. A withdrawal of your QPP account balance will automatically terminate your participation in the TDA Program.

TDA LOANS

If You Are Retired

If you retire and become a TDA Deferred Participant with an outstanding loan balance you must request to make monthly repayments directly to BERS before you are removed from active payroll status. If no loan payments are received in any 90 day period, your loan will be in default and will be considered a distribution. If a distribution occurs, you will receive a 1099R and it will be reported to the Internal Revenue Service. There may be tax consequences associated with this distribution.

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