

BERS

TIER

4

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

Summary Plan Description

With Tier 3 Supplement

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

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Horatio Sparkes
Executive Director

June 2000

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Dear Member or Prospective Member:

Planning properly for your retirement and future financial security is extremely important. Therefore, the Board of Education Retirement System is eager that you understand your retirement plan — whether you are already a member or are considering joining.

Within this book, we explain many features of your particular plan and benefits. We heartily recommend, though, that you take a serious look at the Glossary of key terms and acronyms, as some of the information in this book can get rather complex, requiring the use of technical financial, legal, or administrative language.

Before you delve into this book, a bit of broad background should be of interest: the Board of Education Retirement System of the City of New York (BERS) was founded in 1921 to provide a retirement system to Board employees other than those eligible to join the New York City Teachers' Retirement System.

The Board of Education Retirement System's structure, procedures, and benefits are determined by administrative rules and regulations, and by law. BERS itself is governed by a Board of Trustees that includes representatives both of the employees and of the employer.

BERS' assets have grown to more than \$1.9 billion. Every year, the Chief Actuary of the City of New York appraises these assets to reconfirm their value and assesses BERS' liabilities and obligations so as to secure payment of benefits. Every two years an independent auditor examines BERS to insure that the System continues to operate soundly. And further, as required by law, both an independent certified public accountant and the New York State Insurance Department rigorously audit BERS' operations. In other words, BERS functions and transactions are regularly subject to careful and extensive scrutiny — to protect you and your benefits.

BERS is run by a committed staff known for their dedication to the members. And although we believe this book will answer many of the questions you may have about retirement, we urge you nevertheless to visit the Retirement Office to discuss your questions with one of our representatives.

Once again, we trust this book will be of assistance to you and your loved ones.

Sincerely,


Horatio Sparkes
Executive Director

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INTRODUCTION

This Summary Plan Description book (SPD) outlines features and benefits provided by the Board of Education Retirement System of the City of New York (BERS) under its Tier 4 Plan. Descriptions of the Tier 3 Plan, 25 Year Early Retirement Program (55/25), and Age 57 Retirement Program (57/5) can be found in the supplementary sections. Loan programs, disability and death benefits (and more) are also summarized herein.

Through a careful read of this book and with an understanding of its contents, you can take utmost advantage of these benefits and, thus, better plan for your future. It is also a wise idea to keep this book in a safe place, readily available for future reference.

You should keep in mind, though, that it is only a summary plan description, so if you have further questions, contact the Retirement Office located in Room 1603, at 65 Court Street, Brooklyn, New York, 11201, (718) 935-5400 or (800) 843-5575 (outside of New York State). One of our representatives will be pleased to help you.

Please be aware that, in the event of discrepancies between this summary and any applicable laws, rules and regulations (which could change), the applicable laws, rules and regulations will govern. Retirement benefits are also subject to certain maximum limitations under Section 415 of the Internal Revenue Code, as well as subject to periodic Cost-Of-Living Adjustments (COLA).

Also know that it is the policy of the Board of Education Retirement System not to discriminate on the basis of race, color, creed, religion, national origin, age, disability, marital status, sexual orientation, or gender in its benefit programs, activities, and employment policies, as required by law.

GLOSSARY

active service

(when applied to BERS membership status)

service rendered while being paid on the payroll of the Board of Education or that of a covered employer, or while a transferred contributor; active service does not include being on a noncontributory leave of absence without pay or in retirement.

actuarial/actuary

mathematical and statistical calculations, especially calculations that pertain to annuity payments and benefits payments, using risk factors such as life expectancy and other demographic data; an actuary is one who performs such calculations.

annuity

a sum of money (variable or fixed) paid out yearly or at other regular intervals.

beneficiary

the person or entity named to receive moneys after a member's death.

collateral

an asset (such as an MCAF, 55/25, or 57/5 account) pledged by the borrower to the lender until a loan is repaid.

compound interest

interest paid on both the principal and the accrued interest (that is, interest on interest); such interest can be compounded annually, semi-annually, or at other regular intervals.

contingent beneficiary

a secondary beneficiary who would receive survivor benefits should the primary beneficiary die.

cost-of-living index

gauges the prices of services used and goods bought by the standard consumer; these figures then provide the basis for adjustments made to Social Security payments, pension payments, and more.

covered employer/covered employment

in addition to the New York City Board of Education, employment with the New York City School Construction Authority and the Office of the Special

GLOSSARY

Commissioner of Investigation, and employment as a School Crossing Guard employed by the New York City Police Department.

creditable service

employment that can count toward retirement credit and allowance.

credited service

employment that counts toward retirement credit and allowance.

default

failure to make scheduled payments, as required, of principal or interest.

deficit

an insufficient balance or shortage in an account (such as an MCAF, 55/25, or 57/5 account).

discontinued member

a member not in active service.

distribution

any withdrawal from a pension plan or tax-deferred retirement account.

effective date of retirement

the actual date on which one's retirement becomes operative and begins.

EFT

the deposit of a payment directly into a bank account through Electronic Funds Transfer.

escalation

incremental increases in the amount of benefit payable.

FAS

Final Average Salary is the average of the annual wages — including overtime pay — earned during any three consecutive calendar years, or it is the average of the annual wages earned during the final 36 months immediately preceding a member's retirement date. Whichever average is greater would constitute the FAS. Of the annual wages used in this calculation, no year's wages can exceed 110% of the average of the previous two years. The period used to compute the FAS would be greater than three years if a member worked on a basis other than full-time, or had absences without pay during the 36 months immediately preceding retirement.

GLOSSARY

FICA

Federal Insurance Contributions Act requires employers to withhold wages and make payments to a government fund that is to provide retirement, disability, and other benefits.

insurance premium

a fee paid for contractual insurance protection.

liquidate

settle, clear, or eliminate (such as a debt or loan).

MCAF

Membership Contributions Accumulation Fund is the account in which the regular employee contributions accumulate and earn interest.

New York City education service

(when applied to BERS membership eligibility and conditions only)

the Board of Education, the School Construction Authority, and the Office of the Special Commissioner of Investigation.

New York Clearing House

an association of banks that exchange checks, electronic funds transfers, and the like, from one member bank to another.

New York Public Service

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.

payable

those moneys which can or must be paid to someone (such as benefits).

prorate

assess, divide, and distribute.

reduced escalation

growth in the amount of benefit payable at a smaller percentage with each increase.

rescind

take back, withdraw, cancel (such as an application).

GLOSSARY

retirement allowance

the actual moneyed benefit payable to the retiree.

retroactive

calculated into the past (such as payments and contributions).

RSSL

Retirement and Social Security Law refers to the legislation governing retirement of certain public employees, and old age and survivor insurance coverage.

service rendered

employment engaged in, work performed.

service retirement

normal retirement — as opposed to disability retirement — after the length of service and at the age specified by the particular retirement program.

Social Security quarters

refer to the credits earned under FICA.

TDA

Tax-Deferred Annuity, covered in Section 403(b) of the Internal Revenue Code, is a retirement savings program wherein tax-deferred deposits and tax-deferred interest thereon accumulate.

1099-R

statement sent to taxpayers and to the Internal Revenue Service by the payers of distributions (such as those from pensions, annuities, or retirement plans).

tier reinstatement

refers to granting certain members the 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.

vesting

acquiring the right to receive the benefits specified by a retirement system's particular retirement program after having carried out a fixed duration of employment and membership in said retirement system.

WHO IS A TIER 4 MEMBER

If you joined BERS after July 26, 1976, you are covered under the Tier 4 Plan.

But, for those Tier 4 members who joined BERS after July 26, 1976 but before September 1, 1983, you have an alternative: you may elect benefits under Tier 3, should Tier 3 provide you with greater benefits than would Tier 4. Please see the supplementary section for a clarification of Tier 3 eligibility requirements and benefits to determine whether such may apply to you.

On the other hand, you do not have the option of electing Tier 3 benefits if you joined BERS after August 31, 1983—then you are automatically covered by Tier 4.

In the meantime, there are yet further alternatives for certain Tier 4 members: you may be eligible to participate in either of two early retirement programs — the 25 Year Early Retirement Program (55/25) or the Age 57 Retirement Program (57/5). These two programs allow retirement before age 62 without any reduction in retirement benefits.

Some BERS members, however, must participate in 57/5. Once again, please see the supplementary sections for clarification of the 55/25 and 57/5 programs, their eligibility requirements, and their benefits.

And lastly, pay close attention to the following: due to a change in law in 1999, certain members who join or rejoin BERS may be granted 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 join or rejoin BERS, the rights of your former BERS membership (or those of your former New York public employee retirement system) might be reinstated. This legislation is commonly referred to as "tier reinstatement."

So, if you in fact qualify for and choose tier reinstatement, then you would go back to the tier status of your earlier membership.

Is BERS Membership Mandatory Or Voluntary

If you are appointed to a permanent position in the competitive or labor class of the civil service, then BERS membership is mandatory for you. If your job title falls within one of the other employment classes, whether your position be full-time or part-time, then BERS membership is voluntary for you. (Provisional titles, non-competitive titles, exempt class employees, and substitute teachers are just some examples of positions for which BERS membership is voluntary.) 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 BERS 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. Please note well: once your application for BERS membership is received by the retirement system, it is irrevocable; and you may not withdraw your membership so long as you remain in New York City education service. This means that you can *not* reverse your decision to join BERS once that application arrives at the BERS Retirement Office so long as you stay employed in New York City education service.

Who Is Eligible For BERS Membership

Membership in BERS is open to all employees of the Board 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 BERS membership.

HOW TO JOIN BERS

To become a member of BERS, you must complete, and then submit to the Retirement System, both an Enrollment Application form as well as an Election Of Death Benefit/Designation of Beneficiary form.

When enrolling, you ought to discuss with a BERS representative where you have worked in the past. Why? Because your prior employment just might be applicable toward retirement credit at BERS. So, before you consider any transaction involving retirement benefits or rights from a former job (withdrawal of contributions, for example), you should be well informed as to the possible consequences.

Further, when joining or rejoining BERS, you should also have a thorough first talk with a BERS representative to achieve the following: find out if the 1999 law (earlier described) establishing tier reinstatement indeed applies to you, sort out your former membership dates and the circumstances under which your former membership ended, determine whether you must repay refunded contributions, and so on.

A fact-based tale shows why such a thorough first talk with a BERS representative is advisable:

Mr. Nelson, a BERS member nearing retirement age, never, ever mentioned anything to any BERS representative about his old State government job, nor about his lengthy membership (since ended) in another New York State public employee retirement system. Having been a member of BERS for five years now, he could apply his credited service from the other system toward retirement credit at BERS. And this would notably increase his retirement allowance. Meanwhile, Mr. and Mrs. Nelson had been relying on his pension — a mere pittance compared to what it could be — their hopes for pleasant retirement years dashed. Most fortunately, due to an offhanded remark about the upstate lifestyle during a conversation with a BERS representative, Mr. Nelson's earlier job and membership were discovered. Now, with this significant amount of credited service to be applied at BERS, the Nelsons can enjoy the comfortable retirement they deserve. If this had come up *after* he retired though, it would certainly have been too late!

Naming A Beneficiary

On the Election Of Death Benefit/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 so 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 semi-annual 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-Deferred Annuity (TDA) contributions you may have made. (For further information about TDA, see the chapter "About The Tax-Deferred Annuity Program.")

BENEFICIARY SELECTION

First Designation

When you join BERS, you must designate beneficiaries for either Death Benefit Plan 1 or Death Benefit Plan 2

Second Designation

At any time during your membership, you can change beneficiaries

Retirement Designation

At retirement you make up to two designations

- 1 Temporary Beneficiaries**
- 2 Option Beneficiaries**

WHO PAYS FOR YOUR BENEFITS

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. These 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 these requisite 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 these contributions. Current New York City (if applicable) and State income taxes are imposed on your employee contributions all along.

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 Actuary 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.

WHAT KIND OF SERVICE COUNTS AND HOW

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, and service from an earlier BERS membership granted under the provisions of tier reinstatement.

But, take note: in general, membership service that counts toward retirement credit does not include any leave of absence without pay.

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 Board of Education, or by the City of New York, or 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. Eligibility and how to purchase credit are both explained in the very next chapter.

Previous Service and Previous Part-time Service, under the provisions of tier reinstatement, also include service credited to you during your membership (that ceased) in BERS or another New York City or State public employee retirement system. You do not purchase this service, but you must repay any contributions that were refunded to you. Eligibility and cost are also explained in the very next chapter.

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, and which you must then transfer to BERS 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 restrictions on transferred service.

Part-time Service (past or present) is service rendered while you were employed by the Board of Education or by another covered employer. BERS will prorate credit for past or present part-time service on the basis of 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.

The case of Ms. Smith, a part-time office aide, is a good example of how part-time service is prorated:

Due to all kinds of familial responsibilities, she only worked 608 hours during the last year; if the sparseness of her hours continues, then she will take three years to complete one year's worth of credited service.

Also be aware that, regardless of the number of hours or days you may have worked, you can not receive more than one year's worth of credit in any calendar year. To illustrate using work schedule (a) above: even if you were to have worked more than 1827 hours during a calendar year, you would nonetheless receive only one year's worth of service credit for that year. 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 served 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.

HOW YOU "BUY BACK" PREVIOUS SERVICE

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.

Who Is Eligible To Buy Back Previous Service

You are eligible to purchase credit for previous service if the following applies to you:

either

- ▶ your previous service qualifies for retirement credit and was service performed during your continuous employment by the Board immediately preceding your becoming a BERS Member;

or

- ▶ your previous service now qualifies for retirement credit — whereas it did not qualify before — because you were in a job that did not allow you to join a public employee retirement system of the City or State of New York at that time (for example, part-timers and "hourlies" first became eligible to join in 1988 due to a change in law), or you were in a job that did not allow you to join BERS itself (as was the case for "provisionals" who first became eligible to join BERS in 1986 due to a change in law);

or

- ▶ you had previously received credit for service with a public retirement system in the State of New York but your membership had ended prior to joining or rejoining BERS.

How Much It Costs To Buy Back Previous Service

The cost to purchase credit for previous service is equal to 3% 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 want 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 this 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. Part-timers should remember that for them, "five years" do 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 NOT Eligible To Buy Back Previous Service

You can not purchase credit for certain previous service 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.

**SERVICE
THAT CAN
COUNT
TOWARD
RETIREMENT
CREDIT**

Membership Service

Previous Service

Transferred Service

Part-time Service

Military Service

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 accept 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 retirement system.

As a Transferred Contributor, you continue to make contributions toward your retirement allowance through payroll deductions, and you continue to accrue benefits. However, you will not be eligible to make contributions to the Tax-Deferred Annuity Program at BERS unless you remain in education service.

Your status as a Transferred Contributor is in force 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 can not reverse your decision to stay in BERS unless mandated to do so.

TRANSFERRING YOUR MEMBERSHIP

Transferring To Another 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, 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 is waived.)

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 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 so as to properly execute such a transfer.

WHAT IF YOUR EMPLOYMENT ENDS BEFORE RETIREMENT

What Happens To Your Membership And Contributions If You Are A Vested Member

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. Due to changes in law in 1998 and 2000 respectively, as a BERS member, you are automatically vested in the Basic Tier 4 Plan or Age 57 Retirement Program if you have a minimum of five years of credited service. (The requirement used to be a minimum of 10 years in both cases.)

If your employment ends and you have at least five years of credited service — hence vested — but less than 10 years, you can either remain vested, maintain your right to receive a retirement allowance at age 62 (or at age 57 if you are in the 57/5 program), and leave your contributions in your MCAF account; or you can get a refund of the balance in your MCAF account. If you receive such a refund, however, your membership in BERS will end, as will end your right to receive a retirement allowance at age 62 (or 57 if you are in 57/5). Further, there may be tax consequences associated with such a refund.

But if, as a vested member, you have 10 or more years of credited service and your employment ends, you can not get a refund of your MCAF account balance. You will, however, be eligible to receive a retirement allowance starting at age 62 (or 57 if you are in 57/5).

There is an exception to the above provisos for vested members: if you joined BERS before July 16, 1989, you can receive a refund of your MCAF account balance instead of a retirement allowance. However, you can withdraw your contributions only after reaching age 62. Again, there may be tax consequences associated with such a refund.

What Happens To Your Membership And Contributions If You Are A Non-Vested Member

If your employment ends and you have less than five years of credited service, hence non-vested, you have two options:

- ▶ you can receive a refund of your MCAF account balance 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 membership in BERS will end.

There is an exception to the above provisos for non-vested members: if you joined BERS before July 16, 1989, you can leave your contributions in your MCAF account until you reach age 62 or thereafter and the contributions will continue to earn interest — no five-year limit, in other words.

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

WHAT IF YOU LEAVE AND RETURN TO SERVICE LATER

Maintaining Your Membership Rights

If your employment ends with the Board of Education (or another covered employer) before retirement and then you return later, you may be able to maintain Tier 4 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, and you do not withdraw your MCAF, and your time out of service either does not total more than five years in any period of up to 10 consecutive years, or does not total more than 10 years in any period of up to 25 consecutive years.

In general, should you return to the employ of the Board of Education or of a covered employer within a five-year period, you would come back as a Tier 4 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.

Approved leaves of absence without pay do not constitute time out of service and do not affect your membership; but such leaves are not included in your credited service.

Returning To Service After Losing Your Membership Rights

Having lost your membership rights, should you return to the employ of the Board of Education or that of a 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.

**Prior Service that
can be applied to
Credited Service**

five years

Membership Service

**YOU
BECOME
VESTED
HERE**

**YOU
JOIN
BERS
HERE**

SOME BASICS ABOUT SERVICE RETIREMENT AND BENEFITS

When You Are Vested Under Tier 4

Due to a change in law in 1998, you are automatically vested in the Basic Tier 4 Plan if you have five years of credited service. (The requirement used to be a minimum of 10 years.)

When You Are Eligible To Retire Under The Basic Tier 4 Plan

If you have at least five years of credited service (hence vested), you have made all required membership contributions, and you have reached age 62, then you are eligible to receive Basic Tier 4 Plan Service Retirement Benefits.

Amount Of Basic Tier 4 Plan Benefits And How They Are Computed

To calculate how much your benefits 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 three consecutive calendar years, or it is the average of the annual wages you earned during the final 36 months immediately preceding your retirement date. Whichever average is greater will constitute your FAS. Of the annual wages used in this calculation, no year's wages can exceed 110% of the average of the previous two years.

However, the period of time used to compute your FAS would be greater than the standard three years if either you worked on a basis other than full-time, or if you had absences without pay in the final 36 months immediately preceding your retirement. Check with BERS to see if this applies to you.

The Basic Tier 4 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:
 - $2\% \times \text{final average salary} \times \text{years of credited service}$
up to a maximum of 30 years
 - plus
 - $1\frac{1}{2}\% \times \text{final average salary} \times \text{years of credited service}$
in excess of 30 years.

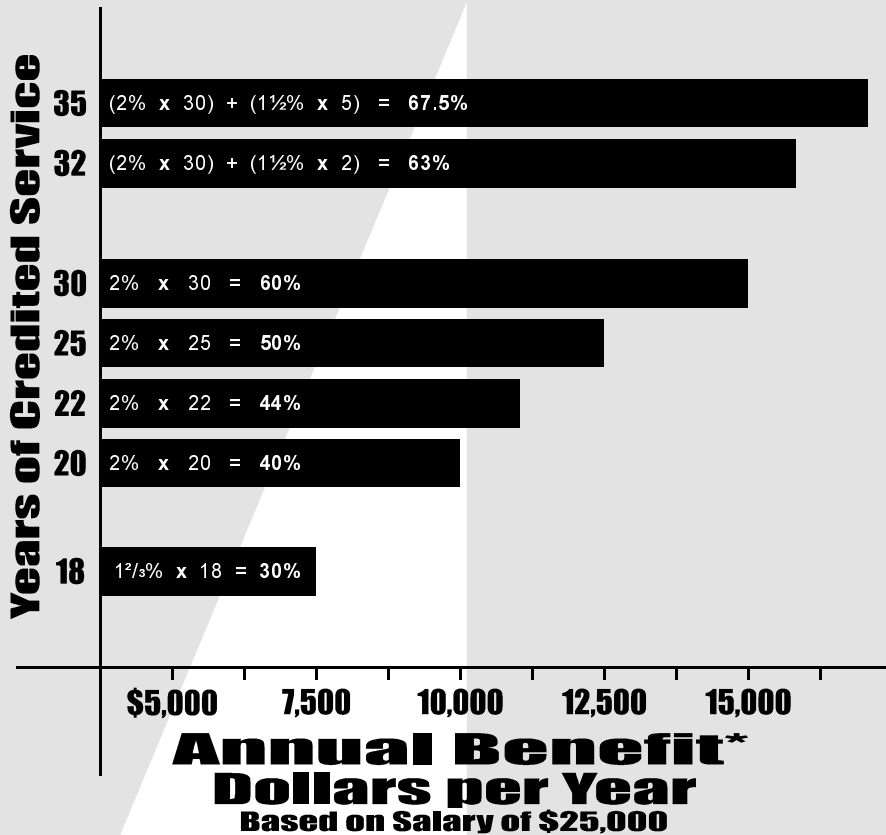
The table below is merely an illustrative example of the amount of Tier 4 benefits that would be paid at age 62 based on different numbers of years of service. The figures are also based on the selection of a "Maximum Retirement Allowance" as opposed to the selection of an "Option" (both of which will be explained in the chapter "How Benefits Are Paid"), and are based on a final average salary of \$25,000.

Number Of Years Of Credited Service	Benefits As A Percentage Of Your FAS	Your Annual Benefit
18	$1\frac{2}{3}\% \times 18 = 30\%$	\$ 7,500
20	$2\% \times 20 = 40\%$	\$10,000
22	$2\% \times 22 = 44\%$	\$11,000
25	$2\% \times 25 = 50\%$	\$12,500
30	$2\% \times 30 = 60\%$	\$15,000
32	$(2\% \times 30) + (1\frac{1}{2}\% \times 2) = 63\%$	\$15,750
35	$(2\% \times 30) + (1\frac{1}{2}\% \times 5) = 67\frac{1}{2}\%$	\$16,875

Now, if you wish to provide benefits for your survivors by selecting an "Option" (rather than the "Maximum Retirement Allowance" examples used in the table before and graph to follow), the amount of your benefits would 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.)

Meanwhile, if you are planning to retire in the near future and wish to have a detailed calculation of your estimated retirement benefits (including the amounts of any "Option" you may have selected), you should call the BERS Retirement Office to request this information.



* Based on selection of Maximum Retirement Allowance

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.

HOW TO FILE FOR RETIREMENT BENEFITS

First, you should speak with your Timekeeper, Personnel Manager, or Payroll Department to see if you have any paid leave coming to you; then you should address how to handle your accrued vacation time, sick time, and terminal leave. Most importantly, you should consult them and determine the last day that you will be on payroll — and then inform BERS of that date. Your last day on payroll is the date that is crucial to BERS. Of course, once you decide to retire, you should inform your bureau head or supervisor of this decision.

Next, you should make an appointment to meet with a BERS representative at least three months before your retirement date. During this appointment you get a retirement application, information about your retirement payment options, information about your rights within your specific retirement program, and the approximate amount of your retirement allowance.

Then, if you are currently working or are on an approved leave, if you meet all eligibility requirements, and you want to retire, you must file an application for service retirement with BERS. When filing this application, you should request that your actual date of retirement be the day after the last day you are an employee.

Advisably, you should complete and return these same application forms as soon as you make your decision to retire. But you *must* file your retirement application at least one day before your date of retirement, making your retirement effective, at the earliest, the very next day. In either case, your actual date of retirement would be the same.

And when you file for service retirement, you choose and identify a beneficiary or beneficiaries once again.

Withdrawal Of Your Application For Retirement

You can withdraw your application for service retirement at anytime up to the day before the actual date of your retirement. But to do so, you must file with BERS a written request to rescind your retirement application.

WHAT IF YOU BECOME DISABLED

Tier 4 Ordinary Disability Retirement Eligibility

You are eligible to receive Tier 4 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.

Tier 4 Accidental Disability Retirement Eligibility

You can retire with less than the 10 years of credited service normally required 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.

Disability Retirement Benefits

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

$1 \frac{2}{3}\% \times \text{final average salary} \times \text{years of credited service,}$

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 above two calculations, then you will get disability retirement benefits that are equal to the service retirement benefits to which you are entitled.

How To File For Disability Retirement

If you were on an approved leave of absence without pay for medical reasons, you must notify BERS in writing that you request Tier 4 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 4 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. And, just as if you were filing for service retirement, you pick a beneficiary (or beneficiaries) once again when you file 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.

What If You Are No Longer Eligible For Disability Retirement

If, after a medical examination, you are deemed able to engage in gainful employment, your name will be placed on a list of preferred eligibles for appointment to a public service position in a salary grade no higher than that from which you retired. Your Disability Benefits would be continued until you are first offered such a position at such salary grade.

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 can *not* be changed once first payment of your retirement allowance has been made. Therefore, it is crucial that you read carefully and fully understand the explanations to follow as you consider your selection.

Maximum Retirement Allowance

If you do not select one of the options listed next, 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

Options, on the other hand, do provide retirement benefits for your survivors, in addition to providing 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.

Option 1

100% Joint And Survivor: You receive a reduced monthly allowance for the rest of your life. Upon your death, your beneficiary receives 100% 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.

You can name only one beneficiary, and you can *not* change your choice of beneficiary once first payment of your retirement allowance has been made.

Option 2

Other Joint And Survivor Options: You receive a reduced monthly allowance for the rest of your life. When selecting this option, you must decide what percentage of your benefit — 25%, 50%, or 75% — your beneficiary is to receive after you die. Your allowance will be reduced according to which percentage you decided on, and you can *not* change that decision as to percentage once first payment of your retirement allowance has been made. Upon your death, your beneficiary will receive 25%, 50%, or 75% of your reduced allowance — whichever percentage you picked — 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.

You can name only one beneficiary, and you can *not* change your choice of beneficiary once first payment of your retirement allowance has been made.

Option 3

Five-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, however, there is *no* further coverage for your beneficiary.

If you die within five years following retirement, your beneficiary continues to receive the reduced monthly payments for the remainder of the five-year 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 five-year period, the benefits due for the remainder of the five-year 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, your primary beneficiary dies before you do and you do not name another primary beneficiary, and then you die within five years following retirement, the benefits due for the remainder of the five-year 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 Option 3, 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 Option 3 because its 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 after first payment of your retirement allowance has been made.

Option 4

Ten-Year Certain: You receive a reduced monthly allowance for the rest of your life. After payment of the retirement allowance to you for 10 years, however, there is *no* further coverage for your beneficiary.

If you die within 10 years following retirement, your beneficiary continues to receive the reduced monthly payments for the remainder of the 10-year 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 10-year period, the benefits due for the remainder of the 10-year 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, your primary beneficiary dies before you do and you do not name another primary beneficiary, and then you die within 10 years following retirement, the benefits due for the remainder of the 10-year 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 Option 4, 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 Option 4 because its 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 beneficiary at any time — that is, even 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 can *not* change that decision as to percentage once 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, and you can *not* change your choice of beneficiary once first payment of your retirement allowance has been made.

Note again: once that first payment of your retirement allowance has been made, your choice of Maximum Retirement Allowance or Options 1, 2, 5 (and choice of beneficiary thereunder) is in force and can *not* be changed. Although you can *not* change your choice of Option 3 or 4 either, under Options 3 and 4 you *can* change your beneficiaries at any time.

Naming A "Temporary" Beneficiary When Filing For Retirement Benefits

Within your application for retirement, you will find an additional form asking you to nominate a beneficiary or beneficiaries to be paid benefits under Option 4, Ten-Year Certain. On said form, you can choose separate beneficiaries for any TDA contributions you may have made.

This added designation of beneficiaries is a backup if you selected the Maximum Retirement Allowance, which does not provide for any beneficiaries, in case the following eventuality were to occur: if you die after retirement but before first payment of your retirement allowance has been made, then these "temporary" beneficiaries would receive benefits under Option 4, Ten-Year Certain. But then, once first payment of your retirement allowance has been made, the Maximum Retirement Allowance — if that is what you picked — is in force.

Payment Of Benefits

Retirement benefit payments are made once per month, on the last day of the month. BERS can either send your check directly to your home, or BERS can deposit your payment directly into your bank account through Electronic Funds Transfer (EFT) — commonly known as direct deposit. EFT is a faster and safer method of payment, but is open to you only if your bank is a member of the New York Clearing House. (Talk to an official at your bank to find this out.) To choose EFT, you also must get from BERS and complete an Electronic Funds Transfer Application form, have it signed by an official at your bank, and then return it to BERS.

Benefit Statements And Tax Forms

If you choose to receive payment via check, a stub will be attached to the monthly check. If you choose Electronic Funds Transfer, each calendar quarter you will receive a statement showing the amount of benefits paid to you. With either method of benefits payment, each year you will be sent a 1099-R with the information necessary for preparing your federal, state, and local income tax returns.

WHAT IF YOU DIE BEFORE RETIREMENT

Death Benefits

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 four kinds of 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
- ▶ **Alternative Death Benefit For Members Who Joined BERS Before July 26, 1986**
to be paid to your designated beneficiary(ies); 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

Upon joining BERS, you are required to choose between Death Benefit Plan 1 and Death Benefit Plan 2. As you recall, your choice of Death Benefit Plan 1 or 2 can *never* be changed so long as you remain a member of BERS.

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

Scenario 1

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

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 (MCAF)
plus
one month's salary \times number of years of credited service
up to a maximum of 36 years;
or
- ▶ provided that you were eligible for a service retirement benefit,
and it is greater than the above — then, your MCAF
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.

Death Benefit Plan 2

Or, if you chose Death Benefit Plan 2, the lump sum benefit would equal the following:

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

Number Of Years Of Credited Service	Amount Of Lump Sum Benefit
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

After three or more years of service, the maximum benefit is equal to three times your current salary.

Reductions In Death Benefit Plan 2 While Still In Active Service After Age 60

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.

Age At Death While Still In Active Service	Amount Of Benefit
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

Reductions In Death Benefit Plan 2 After Retirement

Death Benefit Plan 2 also gives your survivors a benefit should you die after retirement. If you die during your first year of retirement, the death benefit is reduced to 50% of the benefit in effect immediately prior to your retirement, regardless of your age at retirement. If you die during your second year of retirement, the death benefit is reduced to 25% of the benefit in effect immediately prior to your retirement, regardless of your age at retirement. And if you die during your third year of retirement or thereafter, the benefit is reduced to either 10% of the benefit that was in effect at age 60 or, if you retired before age 60, to 10% of the benefit in effect at the time of your actual retirement. During your retirement, the benefit is not reduced to below 10% of the benefit in effect at age 60. Or, if you retired before age 60, the benefit is not reduced to below 10% of the benefit in effect at the time of your actual retirement. Hence, the ultimate amount to be paid to your survivors would depend on the amount of time between your date of retirement and your death. Please see the table below for a further clarification of these reductions.

Year Of Retirement In Which Death Occurs	Amount Of Benefit
1 st year	50% of benefit in effect immediately before retirement
2 nd year	25% of benefit in effect immediately before retirement
3 rd 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

Alternative Death Benefit

For Members Who Joined BERS Before July 26, 1986

If you joined BERS before July 26, 1986 and you die while in active service and before retirement, your survivors can receive an alternative death benefit if it proves greater than the Tier 4 Death Benefit Plans 1 or 2 just described. This alternative benefit would be paid to either your designated beneficiary(ies) or to your estate, whichever applies. This benefit — payable in either a lump sum or as an annuity — is calculated as follows:

$$\frac{1}{12} \times \text{wages you earned during the last 12 months of active service} \times \text{number of years of credited service up to a maximum of 36 years}$$

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. As already discussed in the chapter "What If Your Employment Ends Before Retirement," once you have been a member of BERS for 10 years, you can *not* terminate your membership.

So, as a BERS member for 10 years or more, even if you had discontinued working for the Board of Education or another covered employer, your survivors are entitled to a death benefit. The benefit goes to the beneficiary(ies) whom you selected or goes to your estate. The benefit would be equal to one half of the amount of Ordinary Death Benefit — Death Benefit Plan 1 or 2, whichever you chose — that your survivors would have gotten had you died on your last day of active service.

Accidental Death Benefit

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 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.

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.

What Your Survivors Should Do If You Die Before Retirement

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.

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 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 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 of or a portion of your retirement allowance while employed in New York public service.

RSSL Section 212

If you file with BERS 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 (\$17,000 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.

RSSL Section 211

If you are employed in New York public service outside of the New York City Board of Education, your postretirement employer can apply for an RSSL Section 211 waiver for you. And if such a waiver is granted, you can continue to receive the full amount of your retirement allowance payments during such employment.

But if you are reemployed by the New York City Board of Education, and your employer secures an RSSL Section 211 waiver for you, you can continue to receive your full retirement allowance payments only on condition that the following applies to you. The difference between the two below can not be greater than your postretirement earnings from the Board of Education:

- ▶ your retirement allowance (as calculated before any reductions due to an Option you may have selected) plus any cost-of-living increases
- and
- ▶ the current salary of the position from which you retired then rounded up to the nearest amount divisible by \$500.

For example, if your maximum retirement allowance is \$16,875 per year (including any cost-of-living increases), and your old job currently pays \$25,000 per year, this stipulation would be figured as follows:

$$\begin{aligned} & \$25,000 - 16,875 = \$8,125 \\ & \text{rounded up to the nearest amount divisible by } \$500 = \$8,500. \end{aligned}$$

Therefore, your postretirement earnings from the Board of Education could not exceed \$8,500 per year.

HEALTH INSURANCE BENEFITS FOR RETIREES

The City of New York provides health insurance coverage for eligible retirees and their dependents (that is, legal spouse or registered domestic partner, and other eligible dependents).

In order to continue health insurance coverage after your retirement for you and the above list of dependents, you must file an application several months before your retirement date with the Office of Health and Welfare of the Board of Education (or that of your covered employer). Unless you have a Health and Welfare representative on-site (as do the School Construction Authority and the Office of School Food and Nutrition Services), you contact:

The Division of Human Resources
Office of Health and Welfare
65 Court Street, 3rd Floor
Brooklyn, NY, 11201
Telephone: (718) 935-2312

Further, if you are a transferred contributor, contact your particular employer's Health and Welfare Office.

Once retired, however, you direct all issues and inquiries to:

New York City Health Benefits Program
40 Rector Street, 3rd Floor
New York, NY, 10007
Telephone: (212) 513-0470

This is critical, so please take note: upon your death, City health insurance benefits for your above mentioned dependents will end *immediately* unless your dependents choose to continue coverage via direct payment to the health plan itself.

It is also important to remember that when you or any of your dependents reach age 65, you must each apply for Medicare on your own.

Although there may be deductions in your retirement allowance payments to pay for the cost of certain health benefits, BERS does *not* administer health care benefits for retirees. So, once again, refer to the New York City Health Benefits office at 40 Rector Street after you have retired.

WELFARE FUND BENEFITS

If you are a member of a union welfare fund plan, you may be eligible for added benefits such as life and health insurance. For further information, please contact your union's welfare fund representative.

ABOUT THE TAX-DEFERRED ANNUITY PROGRAM

Beyond participating in one of the BERS retirement plans, you have the added option of making employee contributions to the BERS Tax-Deferred Annuity Program (TDA). Authorized by Section 403(b) of the Internal Revenue Code, the TDA Program gives you important tax incentives to save for retirement.

Not only does a TDA supplement your Social Security benefits and your pension, but it also establishes a pool of tax-deferred assets for you. The interest earned on a TDA is also tax-deferred.

Participation in the TDA Program is entirely voluntary. If you want to participate, you must complete a Salary Reduction And Enrollment Agreement with BERS. For more information about the TDA Program, refer to the BERS TDA Enrollment Kit and brochure therein.

ABOUT PENSION LOANS

Loan programs are available to participants in the Tax-Deferred Annuity, 25 Year Early Retirement, and Age 57 Retirement Programs. For information on the latter two loan programs, see the 55/25 and 57/5 supplementary sections. For information on TDA loans, refer to the BERS TDA Loan brochure.

There is another loan program available to you as a Tier 3 or Tier 4 member. It is a loan program separate and apart from any other loan program in which you are eligible to participate.

The BERS pension plan funds this loan; and it is a loan that uses your MCAF account as collateral. When the loan check is drawn, your account balance is not reduced by the amount of the loan. But, if you retire or if your employment ends, and you have an outstanding loan, the outstanding balance becomes a deficit in your MCAF account. (Such a deficit will result in a reduction in your benefits.)

Who Is Eligible To Take A Loan: If you are in active service or on leave of absence with pay, have at least one year of membership service, and are not in default with a previous loan, then you are eligible to take a loan. You can only have one outstanding loan at any time. You can take only one loan in a 12-month period.

Note: if you have a balance from a previous loan when you apply for a new loan, your new loan will include the amount necessary to pay off the previous loan.

Minimum Loan Amount: The minimum loan amount is \$1,000. If you have an existing outstanding loan, the minimum amount you can borrow is \$250, provided the sum of the existing loan and the new loan total \$1,000.

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 5 years of credited service, your maximum available loan is the least 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 twelve months; or
- (b) 75% of your MCAF 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 Tier 3 or 4 loans taken after June 30, 1995 is 7.75%. If you request a new loan, any outstanding loan balance will be considered part of the new loan at 7.75% interest. This interest rate may change based on reviews by the Chief Actuary of the City of New York, and on subsequent legislation.

Service Charge: There is a \$40 service charge to process a loan. This charge is used to pay for the administrative costs of the Tier 3 or 4 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 \$10,000 loan, you will receive a check for \$10,000. Repayments will be calculated on \$10,040 — 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.

Loan Insurance: The insurance premium for all Tier 3 or 4 loans taken on or after July 1, 1998 is 0.3%. If you request a new loan, any outstanding loan balance will be considered part of the new loan with a 0.3% insurance premium. But if you have an outstanding loan balance for a loan taken before July 1, 1998, and you have not taken another loan since then, your insurance premium is 0.5%. This insurance premium will be considered when calculating your repayment amount when you apply for the loan. Your new loan will be fully insured 30 days after the date of your loan check. The insurance rate may change based on reviews by the Chief Actuary of the City of New York. If you have an outstanding loan balance at the time of your death and your loan is insured, your loan will be liquidated.

Loan Duration and Repayment: The maximum repayment period for all Tier 3 or 4 loans is 48 months.

The amount borrowed — together with interest, the insurance premium, and the service charge — is repaid in regular installments in a period of up to four years. Repayments are generally made through payroll deductions. If you are not receiving paychecks (that is, you are on leave of absence without pay), you must make monthly payments directly to BERS. Monthly payments made directly must agree with the amount calculated when the loan is initiated.

A lump sum payment option to pay off an outstanding loan balance is also available. To make a lump sum payment, contact BERS to request a lump sum payment amount and the payment due date.

Note: your minimum loan repayment cannot be less than 2% of your gross salary per paycheck.

Defaults: Your loan will be considered in default if no payments are received within any 90-day period. The outstanding loan balance is considered a distribution and will be reported to the Internal Revenue Service. You will receive a 1099-R for the taxable portion of the distribution. There may be tax consequences associated with such a distribution. Insurance is discontinued for any loan that goes into default.

What If You Take A Loan At Retirement

An outstanding loan balance at retirement is considered a distribution and will be reported to the Internal Revenue Service. Unless the outstanding loan is fully paid, you will receive a 1099-R for the taxable portion of the distribution. There may be tax consequences associated with such a distribution.

Note: any outstanding loan at retirement will reduce your retirement allowance.

What If You Resign Or Are Terminated

If you resign or are terminated, you must contact BERS immediately to make arrangements for the repayment of your loan. If no payment is received within 90 days of the last payment, the outstanding loan balance will be considered a distribution. The distribution will result in a 1099-R and will be reported to the Internal Revenue Service. There may be tax consequences associated with such a distribution.

What If You Transfer Your Membership To Another Retirement System

If you transfer to another retirement system, your outstanding loan balance will also be transferred, provided that the new retirement system is willing to accept the outstanding loan. If the new retirement system cannot accept the outstanding loan, you must contact BERS immediately to make arrangements for the repayment of your loan. If no payment is received within 90 days of the last payment or the entire loan is not repaid at the time of your transfer, the outstanding loan balance will be considered a distribution. The distribution will result in a 1099-R and will be reported to the Internal Revenue Service. There may be tax consequences associated with such a distribution.

Loan Balance Information

Your Semi-Annual Statement from BERS includes information concerning your loan activity and availability.

Note: once your loan application is processed, the loan cannot be cancelled.

TIER 3 SUPPLEMENT

Who Is Eligible For Tier 3 Benefits

If you joined BERS after July 26, 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 BERS after August 31, 1983 — then you are covered only by Tier 4. Further, you can not mix and merge 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 BERS 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 allowance is granted for service beyond 30 years under Tier 3.

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 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 this: 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.

The Tier 3 normal service retirement benefits (at age 62) are calculated as follows:

- ▶ if you have less than 20 years of credited service:

$$1\frac{2}{3}\% \times \text{final average salary} \times \text{years of credited service} \\ \text{minus} \\ 50\% \text{ of your primary Social Security benefits; or}$$

- ▶ if you have 20 or more years of credited service:

$$2\% \times \text{final average salary} \times \text{years of credited service} \\ \text{up to a maximum of 30 years} \\ \text{minus} \\ 50\% \text{ of your primary Social Security benefits.}$$

Note: the above computations reflect a maximum retirement allowance as calculated before any reductions due to an Option you may have selected.

Also note again: under Tier 3, you are *neither* granted credit *nor* do you receive an increase in retirement allowance for service beyond 30 years.

The Tier 3 reduced early service retirement benefits (between ages 55 and 62) 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:

$$2\% \times \text{final average salary} \times \text{years of credited service} \\ \text{up to a maximum of 30 years.}$$

Since your payments begin before age 62, the early service retirement benefits would be reduced as follows:

Age At Retirement	Percentage Of Benefit Reduction
61	6.7%
60	13.3%
59	16.7%
58	20.0%
57	23.3%
56	26.7%
55	30.0%

Then, when you reach age 62, a maximum retirement allowance (as calculated before any reductions due to an Option you may have selected) will be further reduced by 50% of your primary Social Security benefits. That is, 50% of said Social Security benefits will be subtracted from your Tier 3 retirement benefits once you are age 62.

Please note that, as with Tier 4, any deficit in your MCAF account will result in a reduction in your Tier 3 retirement benefits. 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.)

Escalation: Postretirement Increases

If you retire at or after age 65, your service retirement benefits are escalated (that is, are increased) annually at a rate equal to the lesser of the following two: either 3% or the increase in the cost-of-living index. If there is a decrease in the cost-of-living index though, your service retirement benefits then decrease by the lesser of the following two: either 3% or the decrease in the cost-of-living index. These computations constitute "full postretirement escalation." In either case, however, your retirement benefits will never be reduced below the amount of your initial payment at retirement.

But if you retire between the ages of 62 and 65, your Tier 3 benefits are escalated on a *reduced* basis: $\frac{1}{36}$ for each month your retirement date preceded your turning age 65. That is to say, within each annual increase in your benefits, there is a decrease of $\frac{1}{36}$ for each month that passed between when you retired and when you turn 65. This computation constitutes "partial postretirement escalation," also called reduced escalation.

For example, if you were to retire at age 63, your benefits would be subject to reduced escalation as follows:

the difference between age 63 and age 65 = 2 years = 24 months;

therefore,

each annual escalation is decreased by $\frac{1}{36} \times 24$ months (which is $\frac{24}{36}$, or $\frac{2}{3}$).

Meanwhile, you can postpone receipt of your service retirement benefits until age 65 in order to get a full postretirement escalation, or you can postpone receipt until age 62 for partial postretirement escalation.

HOW TO FILE FOR TIER 3 RETIREMENT BENEFITS

The sole difference between filing for retirement under Tier 3 versus Tier 4 is this: during your appointment with a BERS representative, he or she will compute whether Tier 3 would offer you greater benefits than would Tier 4.

Otherwise, the steps you should take, those whom you should consult and inform, and so on, do not differ; nor do the rules and procedures regarding withdrawal of your retirement application.

And when you file for Tier 3 service retirement, you choose and identify a beneficiary or beneficiaries once again.

WHAT IF YOU BECOME DISABLED UNDER TIER 3

The definition of primary Social Security benefits to be applied to both eligibility for and calculations of Tier 3 Disability Retirement Benefits is the same as that explained before. Once again, the definition is this: 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.

Whereas Tier 3 Disability Retirement Benefits subtract primary Social Security Disability benefits, Tier 4 Disability benefits are not so reduced and often provide a higher allowance than would Tier 3. Nonetheless, Tier 3 Disability might be the only benefits available to you if your disability is not the result of a job-related accident, and if you do not have enough years of credited service to qualify for Tier 4 Disability Retirement.

So even if you are not in fact eligible for Tier 4 Disability Retirement, as a Tier 4 member with Tier 3 rights, you may be eligible to receive Tier 3 Disability Retirement Benefits.

For example:

- ▶ if you are indeed granted primary Social Security Disability benefits, and
- ▶ your disability did not result from a job-related accident, and
- ▶ you have at least five — but less than ten — years of credited service, then you are eligible for Tier 3 Ordinary Disability Retirement.

On the contrary, you would not be eligible for Tier 4 Ordinary Disability Retirement under such circumstances, that is, with less than ten years of credited service.

Usually it is required that you be awarded primary Social Security Disability benefits in order for you to be eligible for Tier 3 Disability Retirement. But even if you are not eligible for said Social Security benefits because of your age (that is, you are 65 or older), or because you lack of the required number of quarters, you still may be eligible for Tier 3 Disability Retirement.

Tier 3 Ordinary Disability Retirement Eligibility

You are eligible to receive Tier 3 Ordinary Disability Retirement Benefits if you meet all of the following requirements:

- ▶ you notify BERS in writing that you request ordinary disability retirement while you are a member in active service (read on for definition of "active service" to be applied here), and
- ▶ you are awarded primary Social Security Disability benefits (unless denied due to age or lack of the required number of quarters; then, after a medical examination, the Medical Board finds that you are indeed disabled), and
- ▶ you have at least five years of credited service (read on for definition of "five years" to be applied here).

To further clarify "active service" when applied to Tier 3 Disability Retirement — whether Ordinary or Accidental:

For the purpose of filing an application for Tier 3 Ordinary or Accidental Disability Retirement Benefits, you are considered to be in active service provided that the following apply to you:

- ▶ you are on the payroll of and being paid by a covered employer;
- or
- ▶ you are on an approved leave of absence without pay, and
- ▶ your leave was granted for medical reasons, and
- ▶ your leave has been in effect without interruption since you were last paid by and on the payroll of a covered employer.

To further clarify "five years of credited service" when applied to Tier 3 Ordinary Disability Retirement:

For the purpose of meeting the minimum requirement of five years of credited service for Tier 3 Disability Retirement Benefits, your service includes all credited service you rendered as a BERS member, plus all continuous New York public service you rendered immediately before you became a BERS member. In other words, your employment with New York City or State — if uninterrupted — up until your joining BERS can count toward this five-year eligibility requirement.

Ordinary Disability Retirement Benefits

If your application for Tier 3 Ordinary Disability Retirement is approved, your benefit would be equal to the greater of the two calculations below:

either

2% x final average salary x years of credited service up to a maximum of 30 years
minus
50% of your primary Social Security Disability benefits
minus
100% of your Workers' Compensation payments;

or

33¹/₃% of final average salary
minus
50% of your primary Social Security Disability benefits
minus
100% of your Workers' Compensation payments.

Tier 3 Ordinary Disability Benefits are automatically escalated by up to 3% a year based on increases or decreases in the cost-of-living index. Such escalation begins on the first day of the next April that follows the effective date of your ordinary disability retirement.

As is the case with service retirement, Tier 3 Ordinary Disability Retirement Benefits can be paid as a maximum retirement allowance or as an Option you select at retirement.

Tier 3 Accidental Disability Retirement Eligibility

There is no minimum service requirement for Tier 3 Accidental Disability Retirement. You are eligible provided that all of the following apply to you:

- ▶ you notify BERS in writing that you request accidental disability retirement while you are a member in active service (the same definition of "active service" explained before is to be applied here), and
- ▶ you are awarded primary Social Security Disability benefits (unless denied due to age or lack of the required number of quarters), and
- ▶ the Medical Board finds that your disability, as determined by the Social Security Administration, is indeed the result of an accident you suffered while performing your job and while a member of BERS, and that said accident is not a result of your own willful negligence.

Accidental Disability Retirement Benefits

If your application for Tier 3 Accidental Disability Retirement is approved, your benefits are calculated as follows:

60% x final average salary
minus
50% of your primary Social Security Disability benefits
minus
100% of your Workers' Compensation payments.

Tier 3 Accidental Disability Retirement Benefits are automatically escalated in the same way as are Tier 3 Ordinary Disability Retirement Benefits.

As is the case with service retirement, Tier 3 Accidental Disability Retirement Benefits can be paid as a maximum retirement allowance or as an Option you select at retirement.

How To File For Tier 3 Disability Retirement

You must notify BERS in writing that you request Tier 3 Disability Retirement; then BERS will send you the application. And, just as if you were filing for service retirement, you pick a beneficiary (or beneficiaries) once again when you file for disability retirement.

The effective date of your Tier 3 disability retirement is the date on which you become eligible for primary Social Security Disability Retirement benefits.

What If You Are No Longer Eligible For Tier 3 Disability Retirement

Should you be found no longer eligible for primary Social Security Disability benefits before you reach age 65, your Tier 3 disability benefits will be discontinued. If, after a medical examination, you are deemed able to engage in gainful employment, your name will be placed on a list of preferred eligibles for appointment to a public service position in a salary grade no higher than that from which you retired. Your Tier 3 Disability Benefits would be continued until you are first offered such a position at such salary grade.

TIER 3 OPTIONS

Like Tier 4, when you apply for either service retirement or disability retirement under Tier 3, you must choose how you want your retirement allowance to be paid: you select either the Maximum Retirement Allowance or an Option. Under Tier 3 (also the case with Tier 4), this is a choice that can *not* be changed once first payment of your retirement allowance has been made.

As for Tier 3 benefit payment choices, the provisions of the Maximum Retirement Allowance, Options 1, 3, 4, and 5 are the same as those of Tier 4. Option 2, however, is different in one respect: you select the percentage of benefit to be received by your beneficiary in increments of 10%, versus 25% under Tier 4. Please see the paragraph below for further clarification.

Option 2 Under Tier 3

Other Joint And Survivor Options: You receive a reduced monthly allowance for the rest of your life. When selecting this option, you must decide what percentage of your benefit — 90% or less in a percentage divisible by 10 — your beneficiary is to receive after you die. That is, you can choose 90%, 80%, 70%, or 60%, and so on, down to 10%. Your allowance will be reduced according to which percentage you decided on, and you can *not* change that decision as to percentage once first payment of your retirement allowance has been made. Upon your death, your beneficiary will receive 90% or less of your reduced allowance — whichever percentage you picked — 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.

You can name only one beneficiary, and you can *not* change your choice of beneficiary once first payment of your retirement allowance has been made.

WHAT IF YOU DIE BEFORE RETIREMENT UNDER TIER 3

Death Benefits Under Tier 3

One of five kinds of benefits may be paid to your survivors if you die before retirement:

- ▶ **Tier 3 Survivor Annuity Benefit**
to be paid to your designated beneficiary(ies); or
- ▶ **Tier 3 Ordinary Death Benefit**
to be paid to your designated beneficiary(ies); or
- ▶ **Alternative Death Benefit For Members
Who Joined BERS Between July 27, 1976 And July 25, 1986**
to be paid to your surviving spouse; or
- ▶ **Death Benefit For Tier 3 Vested Members NOT In Active Service**
to be paid to your designated beneficiary(ies); or
- ▶ **Tier 3 Accidental Death Benefit**
to be paid to an eligible beneficiary as defined by law.

Tier 3 Survivor Annuity Benefit

You are eligible to select the Tier 3 Survivor Annuity Benefit if you are in active service, or if you have left service and have postponed receipt of your retirement benefits, and you have reached age 55 in either case.

If you select the Tier 3 Survivor Annuity Benefit and if you were to die between the ages of 55 and 62 or before first payment of your retirement allowance has been made, then your beneficiary would get a Joint And Survivor annuity under Option 1 or 2. (Of course, you also have to choose between Option 1 and 2 when selecting this benefit.) The survivor annuity would be paid to your beneficiary in lieu of any other death benefit offered, unless another benefit is greater. If indeed another death benefit is greater, the greater benefit would be paid instead of the survivor annuity.

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 so escalated.

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

Number Of Years Of Credited Service	Amount Of Lump Sum Benefit (As Of 4/1/2000)
1 year but less than 2 years	one year's current salary, but not in excess of \$37,300
2 years but less than 3 years	two x current salary, but not in excess of \$74,500
3 or more years	three x current salary, but not in excess of \$93,100

Reductions In Tier 3 Ordinary Death Benefit While Still In Active Service At Age 60 Or Older

Once age 60, and each year thereafter, 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 60, the death benefit that would be paid is reduced to 95% of the original death benefit; age 61 would mean a reduction to 90%, and so on. But, once age 69 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.

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

Alternative Death Benefit For Members Who Joined BERS Between July 27, 1976 And July 25, 1986

If your designated beneficiary is your surviving spouse, he or she can choose an alternative to the Tier 3 lump sum Ordinary Death Benefit just described provided that the following apply to you:

- ▶ you joined BERS between July 27, 1976 and July 25, 1986; and
- ▶ you would have been eligible for retirement benefits on the date of your death.

This alternative benefit is a pension computed as follows:

a lump sum payment equal to one-third of
the Tier 3 lump sum Ordinary Death Benefit
plus

a pension equal to 1% x final average salary x years of credited service.

Do note that if your surviving spouse is more than 10 years younger than you, however, this alternative benefit would be reduced according to actuarial calculations because of such age difference.

Further, if your spouse remarries or dies before payment of an amount equal to the full Tier 3 lump sum Ordinary Death Benefit (as described in the earlier section), then the following would happen: the difference between the amount paid and the full Tier 3 lump sum Ordinary Death Benefit would be paid either to your spouse (if remarried) or to his or her estate, respectively.

Death Benefit For Tier 3 Vested Members NOT In Active Service

Due to a change in law in 1998, your survivors can receive a death benefit if the following apply to you at the time of your death:

- ▶ you discontinued service with 10 or more years of credited service; and
- ▶ you died on or after January 1, 1997; and
- ▶ you were not yet eligible to receive retirement benefits; and
- ▶ your beneficiary or your estate is not eligible to receive any other option or death benefit from BERS.

The benefit would be equal to one-half of the amount of Ordinary Death Benefit that your survivors would have gotten had you died on your last day of active service.

Tier 3 Accidental Death Benefit

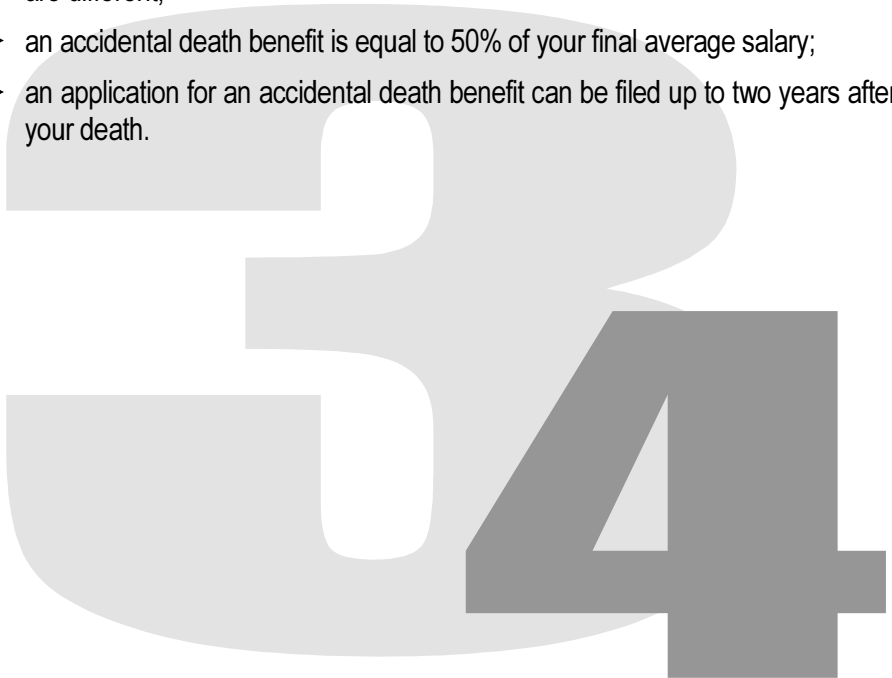
The Tier 3 Accidental Death Benefit is a pension paid to an eligible beneficiary as dictated by law, is equal to 50% of your final average salary, and is subject to immediate escalation. Different from Tier 4 filing deadlines, an application for a Tier 3 Accidental Death Benefit can be filed up to two years after your death.

WHAT ARE THE MAIN DIFFERENCES BETWEEN TIER 3 AND TIER 4

In sum, Tier 3 and Tier 4 differ most notably in that the following features apply only to the Tier 3 Plan:

- ▶ members who joined BERS after July 26, 1976 but before September 1, 1983 may elect benefits under Tier 3;
- ▶ you are not required to make regular membership contributions after 30 years of credited service (since neither credit toward retirement nor increase in retirement allowance is granted for service beyond 30 years under Tier 3);
- ▶ retirement benefits are payable as early as age 55;
- ▶ benefits are reduced for early retirement before age 62;
- ▶ starting at age 62, 50% of your primary Social Security Retirement benefits is subtracted from Tier 3 benefits;
- ▶ benefits include automatic partial postretirement escalation (reduced escalation) if you retire between the ages of 62 and 65, and include full post-retirement escalation if you retire at or after age 65;
- ▶ a BERS representative will compute whether Tier 3 would offer you greater benefits than would Tier 4;
- ▶ to be eligible for disability retirement, you must be granted primary Social Security Disability benefits (unless denied due to age or lack of the required number of quarters);
- ▶ for the purpose of filing for disability retirement, interpretation of the terms of "active service" is somewhat different from the standard definition;
- ▶ for the purpose of fulfilling the minimum requirement for ordinary disability retirement, interpretation of "five years of credited service" is different from the standard definition;
- ▶ in addition to 50% of your primary Social Security Disability Retirement benefits, 100% of your Workers' Compensation payments is subtracted from ordinary and accidental disability benefits;

- ▶ disability retirement benefits are automatically escalated (and are computed differently overall);
- ▶ the effective date of disability retirement is the date on which you become eligible for primary Social Security Disability Retirement benefits;
- ▶ you select the percentage of benefit payable to your beneficiary in increments of 10% (versus 25%) under Option 2;
- ▶ a survivor annuity benefit is available as an alternative death benefit;
- ▶ an alternative death benefit is available for those who joined BERS between July 27, 1976 and July 25, 1986;
- ▶ ordinary death benefits are capped at maximum amounts;
- ▶ accidental death benefits are escalated annually;
- ▶ certain provisions of the death benefit for vested members not in active service are different;
- ▶ an accidental death benefit is equal to 50% of your final average salary;
- ▶ an application for an accidental death benefit can be filed up to two years after your death.



TIER TIMELINE

TIER 3

If you joined BERS after July 26, 1976 but before September 1, 1983, you are considered a TIER 4 member with the option of TIER 3 benefits.

1976

TIER 4

If you join BERS after August 31, 1983, you are considered a TIER 4 member.

1983

55/25 & 57/5

1995 legislation established the 25 Year Early Retirement and the Age 57 Retirement Programs.

1995

THE 25 YEAR EARLY RETIREMENT PROGRAM (55/25)

The 25 Year Early Retirement Program (55/25) allows retirement before the normal retirement age of 62 without any reduction in retirement benefits for those eligible Tier 4 members who elected this program. As a participant in 55/25, you may retire and receive a full service retirement allowance at age 55, if you have 25 or more years of credited service; or at age 50, if you have 25 or more years of credited service in a physically taxing position. As a participant in 55/25, you are also required to make additional member contributions over and above your regular member contributions.

Those features of 55/25 that either differ from or are added to the Basic Tier 4 Plan are the features discussed within this supplementary section.

Who Is Eligible To Participate In 55/25

To clarify the definition of "eligible position" when applied to 55/25:

An eligible position is any position that qualifies you for membership in BERS — such as a position with the Board of Education, the School Construction Authority, the Office of the Special Commissioner of Investigation, or with another covered employer. There are exceptions: any position represented by a recognized teachers' organization for collective bargaining purposes is not an eligible position with respect to 55/25.

Further, if on June 28, 1995 you were employed by the City of New York in a position that qualified you for the 55/25 program at the New York City Employees' Retirement System (NYCERS), then you may also be eligible for 55/25 at BERS.

55/25

If, on June 28, 1995, you were employed by the Board of Education, by another covered employer, or by the City of New York, you may be or may have been eligible to choose to participate in 55/25. You meet the eligibility requirements if the following applied to you on June 28, 1995:

- ▶ you were in active service in an eligible position (as defined earlier); or
- ▶ you were on an approved leave of absence without pay from an eligible position, and you returned to active service in an eligible position within five years after said leave of absence began; or
- ▶ you were on suspension without pay from an eligible position and, thereafter, you were reinstated from that suspension to active service in that eligible position; or
- ▶ you were vested but you were not in active service on that date, and then you later became employed in active service in an eligible position.

Who Is NOT Eligible To Participate In 55/25

If, on June 28, 1995, you were not employed in an eligible position with the Board of Education, another covered employer, or the City of New York, and you were not vested — then you are not eligible for 55/25.

And, once again, even if your position does indeed qualify you for BERS membership, if you hold any position as a substitute teacher or any other position represented by a recognized teachers' organization for collective bargaining purposes, then you are not eligible for 55/25.

How To Participate In 55/25

To elect or to have elected to participate in 55/25, you must submit (or have submitted) an application to BERS according to the following provisos:

- ▶ if you were in active service and in an eligible position on June 28, 1995, and you wanted to participate, you had to submit an application no later than 5 p.m. on September 26, 1995; or
- ▶ if you were employed in an eligible position on June 28, 1995, but you were not a member of BERS in active service on that date, and later you become a member of BERS in active service and in an eligible position — then you have 90 days to apply for 55/25 from the time you become a BERS member in active service in an eligible position.

Once you elect to participate in 55/25, that choice is *irrevocable* so long as you are in an eligible position. This means that you can *not* reverse your decision to participate in 55/25 so long as you are in an eligible position as earlier defined. The sole exception would be under these limited circumstances: if, at the time you elect this program, you could not possibly accumulate at least 25 years of credited service by age 62 — even if you were to work full time each year until age 62 — then you may withdraw from 55/25 within two years of submitting your application.

How Vesting Works

At five years of credited service, all Tier 4 members are automatically vested in the Basic Tier 4 Plan, with the right to receive a pension at age 62. Under 55/25, however, you are *neither* vested with the additional right to receive your retirement allowance earlier than the normal retirement age of 62, *nor* with the additional right to postpone receipt of your retirement allowance until age 55. In other words, 55/25 does not grant any additional vesting beyond that of the Basic Tier 4 Plan.

In order to receive retirement benefits under 55/25, you must have 25 or more years of credited service and be at least 55 years of age. If your employment ends before you meet either or both of those requirements, you will be covered by the regular Tier 4 vesting provisions.

When You Are Eligible To Retire Under 55/25

If you have at least 25 years of credited service, you have made all required membership and additional contributions, and you have reached age 55, then you are eligible to receive full service retirement benefits.

And if you have at least 25 years of credited service in a physically taxing position, you have made all required membership and additional contributions, and you have reached age 50, then you are eligible to receive full service retirement benefits.

How 55/25 Benefits Are Computed

Under 55/25, your retirement benefits are calculated in the same way as are Basic Tier 4 Plan retirement benefits. Please note that any deficit in your MCAF or 55/25 account will result in a reduction in your retirement benefits. 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.)

About The Additional Contributions To 55/25

Beyond your regular member contributions equal to 3% of your annual wages, you are required to make additional member contributions to BERS under 55/25. For service prior to January 1, 1998, this additional contribution is at the rate of 4.35% of your annual wages. Thereafter, the rate is 2.85% of your annual wages. And if you are in a physically taxing position, you are required to contribute another 1.98% of your annual wages over and above the 4.35% or 2.85% and the regular 3%. Please see the table below for further clarification of these contributions.

Contributions Pre-1998			
Position You Held Pre-1998	Regular Contributions	Additional Contributions	Total Contributions
non-physically taxing position	3%	4.35%	7.35%
physically taxing position	3%	4.35% + 1.98%	9.33%

Contributions Post-1997			
Position You Held Post-1997	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%

The additional contribution rates apply to wages earned from January 8, 1995 forward.

Your additional contributions are kept in your 55/25 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 when 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 30 years of credited service.

Take note: if you were not a member of either BERS or NYCERS on July 1, 1993, you also owe retroactive additional contributions, with interest, for all credited service rendered prior to January 8, 1995.

Employee Contributions And Employer Contributions: Loans, Withdrawals, Refunds

The additional member contributions fund the additional benefits as well as the additional expense of the 55/25 program. Once paid into the system, 50% of your additional contributions are considered employer contributions, and 50% are considered employee contributions.

You may borrow, withdraw, or receive a refund of only that portion credited as *employee* contributions (50% of additional contributions), plus interest thereon. Withdrawals or refunds of these contributions are permitted only under the following circumstances:

- ▶ death, or
- ▶ disability retirement, or
- ▶ ending participation within two years of submitting your application (which you were permitted to do, as discussed earlier, because you could not possibly accumulate at least 25 years of credited service by age 62 — even if you were to work full time each year until age 62), or
- ▶ retirement at age 62 or later (and you were in active service immediately prior to retirement, and in active service for a total of at least six months during each of the two 12-month periods immediately preceding retirement), or
- ▶ transfer to an ineligible position in another public employment retirement system, or
- ▶ termination of employment for economic reasons on the part of the employer.

Further, if you are in a physically taxing position, you are also entitled to a refund of the employee portion (50%) of your extra additional contributions of 1.98% provided the following apply to you:

- ▶ you retire at or after age 55 but before age 62, and
- ▶ you have 25 or more years of credited service in a physically taxing position, and
- ▶ you were in active service immediately prior to retirement, and in active service for a total of at least six months during each of the two 12-month periods immediately preceding retirement.

What If Your Employment In An Eligible Position Ends

If you terminate service in an eligible position, you will no longer be a participant in 55/25. And if you later return to an eligible position, you will again become a participant in 55/25. If you received a refund of the employee portion of your contributions, you will be required to repay those contributions with interest. (You also would have to pay contributions for credited service you may have accrued during your lapse in participation in 55/25.)

THE AGE 57 RETIREMENT PROGRAM (57/5)

The Age 57 Retirement Program (57/5) allows retirement before the normal retirement age of 62 without any reduction in retirement benefits for those eligible Tier 4 members who participate in this program. As a participant in 57/5, you may retire and receive a full service retirement allowance at age 57 if you have five or more years of credited service; or at age 50, if you have 25 or more years of credited service in a physically taxing position. As a participant in 57/5, you are also required to make additional member contributions over and above your regular member contributions.

Those features of 57/5 that either differ from or are added to the Basic Tier 4 Plan are the features discussed within this supplementary section.

Who Is Eligible To Participate In 57/5

To clarify the definition of "eligible position" when applied to 57/5:

An eligible position is any position that qualifies you for membership in BERS — such as a position with the Board of Education, the School Construction Authority, the Office of the Special Commissioner of Investigation, or with another covered employer. There are exceptions: any position represented by a recognized teachers' organization for collective bargaining purposes is not an eligible position with respect to 57/5.

You meet the eligibility requirements for 57/5 only if the following applied to you on June 28, 1995:

- ▶ you were *not* employed in an eligible position with the Board of Education, another covered employer, or the City of New York;
- ▶ and then you do qualify for 57/5 when you become employed in an eligible position and are a member in active service.

Who Is NOT Eligible To Participate In 57/5

If, on June 28, 1995, you were employed in an eligible position with the Board of Education, another covered employer, or the City of New York; or you were vested but not in active service on that date — then you are not eligible for 57/5.

And, once again, even if your position does indeed qualify you for BERS membership, if you hold any position as a substitute teacher or any other position represented by a recognized teachers' organization for collective bargaining purposes, then you are not eligible for 57/5.

57/5

How To Participate In 57/5: Is Participation Mandatory or Voluntary

Tier 4 members who qualify for 57/5 fall into two categories: those for whom participation is mandatory, and those for whom it is voluntary.

Participation in 57/5 is mandatory if the following apply to you:

- ▶ you were not in an eligible position on June 28, 1995; and
- ▶ your current Tier 4 membership begins after that date;

then you must participate in 57/5 once you become a BERS member in active service and are in an eligible position.

And, if mandatory, your participation in 57/5 is automatic, and it begins on your membership date.

Participation in 57/5 is voluntary if the following apply to you:

- ▶ you were not in an eligible position on June 28, 1995; and
- ▶ you had established your current Tier 4 membership in a New York public employee retirement system in New York State on or before June 28, 1995;

then you may choose to participate in 57/5 once you are employed in an eligible position and are in active service.

If you want to participate in 57/5, you have 90 days to apply from the time you become eligible. Your decision to participate is *irrevocable* so long as you are in an eligible position. This means that you can *not* reverse your decision to participate in 57/5 so long as you are in an eligible position as earlier defined. And if you fail to apply within these 90 days, you lose the right to participate.

When You Are Vested Under 57/5

Due to a change in law in 2000, as a participant in 57/5, you are automatically vested with the right to receive a pension at age 57 if you have five years of credited service. (The requirement used to be a minimum of 10 years.)

Hence, if your employment ends and you have five or more years of credited service, and you have paid all required additional contributions, then you are entitled to a retirement benefit payable at age 57.

When You Are Eligible To Retire Under 57/5

If you have at least five years of credited service, you have made all required membership and additional contributions, and you have reached age 57, then you are eligible to receive full service retirement benefits.

And if you have at least 25 years of credited service in a physically taxing position, you have made all required membership and additional contributions, and you have reached age 50, then you are eligible to receive full service retirement benefits.

How 57/5 Benefits Are Computed

Under 57/5, your retirement benefits are calculated in the same way as are Basic Tier 4 Plan retirement benefits. Please note that any deficit in your MCAF or 57/5 account will result in a reduction in your retirement benefits. 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.)

57/5

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 BERS under 57/5 until you have completed 30 years of credited service. For service prior to January 1, 1998, this additional contribution is at the rate of 4.35% of your annual wages. Thereafter, the rate is 2.85% of your annual wages. And if you are in a physically taxing position, you are required to contribute another 1.98% of your annual wages over and above the 4.35% or 2.85% of compensation and the regular 3%. Please see the table below for further clarification of these contributions.

Contributions Pre-1998

Position You Held Pre-1998	Regular Contributions	Additional Contributions	Total Contributions
non-physically taxing position	3%	4.35%	7.35%
physically taxing position	3%	4.35% + 1.98%	9.33%

Contributions Post-1997

Position You Held Post-1997	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%

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 when 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 30 years of credited service.

Employee Contributions And Employer Contributions: Loans, Withdrawals, Refunds

The additional member contributions fund the additional benefits as well as the additional expense of the 57/5 program. Once paid into the system, 50% of your additional contributions are considered employer contributions, and 50% are considered employee contributions.

You may borrow, withdraw, or receive a refund of only that portion credited as *employee* contributions (50% of additional contributions), plus interest thereon. Withdrawals or refunds of these contributions are permitted only under the following circumstances:

- ▶ death, or
- ▶ disability retirement, or
- ▶ retirement at age 62 or later (and you were in active service immediately prior to retirement, and in active service for a total of at least six months during each of the two 12-month periods immediately preceding retirement), or
- ▶ transfer to an ineligible position in another public retirement system, or
- ▶ termination of employment with less than 10 years of credited service.

Further, if you are in a physically taxing position, you are also entitled to a refund of the employee portion (50%) of your extra additional contributions of 1.98% provided the following apply to you:

- ▶ you retire at or after age 57 but before age 62, and
- ▶ you have 25 or more years of credited service in a physically taxing position, and
- ▶ you were in active service immediately prior to retirement, and in active service for a total of at least six months during each of the two 12-month periods immediately preceding retirement.

What If Your Employment In An Eligible Position Ends

If you terminate service in an eligible position, you will no longer be a participant in 57/5. And if you later return to an eligible position, you will again become a participant in 57/5. If you received a refund of the employee portion of your contributions, you will be required to repay those contributions with interest. (You also would have to pay contributions for credited service you may have accrued during your lapse in participation in 57/5.)

ABOUT LOANS FROM THE 55/25 AND 57/5 PROGRAMS

If you are a participant in the 55/25 or 57/5 Program, there is a loan program available to you based on the additional contributions required by the program. It is a loan program separate and apart from any other loan program in which you are eligible to participate.

The BERS pension plan funds this loan; and it is a loan that uses your 55/25 or 57/5 account as collateral. When the loan check is drawn, your account balance is not reduced by the amount of the loan. But, if you retire or if your employment ends, and you have an outstanding loan, the outstanding balance becomes a deficit in your 55/25 or 57/5 account. (Such a deficit will result in a reduction in your benefits.)

Who Is Eligible To Take A Loan: If you are in active service or on leave of absence with pay, have at least one year of membership service, have made additional contributions either to the 55/25 or 57/5 program, and are not in default with a previous loan, then you are eligible to take a loan. You can only have one outstanding loan at any time. You can take only one loan in a 12-month period.

Note: if you have a balance from a previous loan when you apply for a new loan, your new loan will include the amount necessary to pay off the previous loan.

Minimum Loan Amount: The minimum loan amount is \$1,000. If you have an existing outstanding loan, the minimum amount you can borrow is \$250, provided the sum of the existing loan and the new loan total \$1,000.

55/25 & 57/5

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 least 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 7.75%. This interest rate may change based on reviews by the Chief Actuary of the City of New York, and on subsequent legislation.

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 \$10,000 loan, you will receive a check for \$10,000. Repayments will be calculated on \$10,040 — 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.

Loan Insurance: The insurance premium for all 55/25 or 57/5 loans is 0.3%. This insurance premium will be considered when calculating your repayment amount when you apply for the loan. Your new loan will be fully insured 30 days after the date of your loan check. The insurance rate may change based on reviews by the Chief Actuary of the City of New York. If you have an outstanding loan balance at the time of your death and your loan is insured, your loan will be liquidated.

Loan Duration and Repayment: The maximum repayment period for all 55/25 or 57/5 loans is 48 months.

The amount borrowed — together with interest, the insurance premium, and the service charge — is repaid in regular installments in a period of up to four years. Repayments are generally made through payroll deductions. If you are not receiving paychecks (that is, you are on leave of absence without pay), you must make monthly repayments directly to BERS. Monthly payments made directly must agree with the amount calculated when the loan is initiated.

A lump sum payment option to pay off an outstanding loan balance is also available. To make a lump sum payment, contact BERS to request a lump sum payment amount and the payment due date.

Note: your minimum loan repayment cannot be less than 2% of your gross salary per paycheck.

Defaults: Your loan will be considered in default if no payments are received within any 90-day period. The outstanding loan balance is considered a distribution and will be reported to the Internal Revenue Service. You will receive a 1099-R for the taxable portion of the distribution. There may be tax consequences associated with such a distribution. Insurance is discontinued for any loan that goes into default.

What If You Take A Loan At Retirement

An outstanding loan balance at retirement is considered a distribution and will be reported to the Internal Revenue Service. Unless the outstanding loan is fully paid, you will receive a 1099-R for the taxable portion of the distribution. There may be tax consequences associated with such a distribution.

Note: any outstanding loan at retirement will reduce your retirement allowance.

What If You Resign Or Are Terminated

If you resign or are terminated, you must contact BERS immediately to make arrangements for the repayment of your loan. If no payment is received within 90 days of the last payment, the outstanding loan balance will be considered a distribution. The distribution will result in a 1099-R and will be reported to the Internal Revenue Service. There may be tax consequences associated with such a distribution.

What If You Transfer Your Membership To Another Retirement System

If you transfer to another retirement system, your outstanding loan balance will also be transferred, provided that the new retirement system is willing to accept the outstanding loan. If the new retirement system cannot accept the outstanding loan, you must contact BERS immediately to make arrangements for the repayment of your loan. If no payment is received within 90 days of the last payment or the entire loan is not repaid at the time of your transfer, the outstanding loan balance will be considered a distribution. The distribution will result in a 1099-R and will be reported to the Internal Revenue Service. There may be tax consequences associated with such a distribution.

Loan Balance Information

Your Semi-Annual Statement from BERS includes information concerning your loan activity and availability.

Note: once your loan application is processed, the loan cannot be cancelled.

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- **Find out if BERS membership is mandatory or voluntary for you**

- **Determine which program you are eligible for**
- **Let BERS know about any prior retirement system membership**
- **If rejoining, ask how tier reinstatement might apply to you**
- **Fill out appropriate enrollment and beneficiary forms**

- **Make sure beneficiaries are always up-to-date**
- **Look into buying back prior service**
- **Transfer in any eligible credited service**
- **Notify BERS of any payroll status or address changes**
- **Consider additional retirement savings through a TDA**
- **Expect semi-annual statements**

**YOU ARE A
NEW EMPLOYEE**

**YOU
JOIN
BERS**

**YOU ARE IN
ACTIVE SERVICE**

WHAT TO DO WHEN...

- **Make loan repayment arrangements**
- **Find out if you are vested**
- **If you have less than 10 years of service, decide what to do with your MCAF account**

- **Notify BERS of all address changes**
- **Expect 1099-R tax forms**
- **If you chose EFT, inform BERS of any banking changes**
- **If reemployed, seek waivers**
- **And most importantly, enjoy your retirement!**

- **Contact your Timekeeper, Personnel Manager, Payroll Department**
- **Make an appointment with a BERS representative**
- **Pick a retirement benefit**
- **Designate beneficiaries**
- **Check into continuing health insurance coverage**
- **Choose method of benefit payment (EFT or mail)**
- **Complete and submit retirement application forms**

**YOU TERMINATE
EMPLOYMENT**

**YOU PREPARE
FOR RETIREMENT**

**YOU ARE
RETIRED**

NOTES

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NOTES

NOTES

Project Editors

Jane Lippman

Christine Bailey

Designer / Graphic Artist

Vincent Maldonado

Assistant Designer

Marisol Lopez

Principal Writer

Jane Lippman

Executive Director

Horatio Sparkes



**Board of Education
Retirement System
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(718) 935-5400
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www.nychers.org**

