



# *Office of Labor Relations*

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## *New York State Voluntary Defined Contribution (VDC) Program for City of New York Employees*

*Today's webinar will begin shortly.  
All attendees will remain on mute throughout the webinar.  
Please use the Q&A, located on the right side of your screen, in  
order to submit your questions.*

*Webinar dates:  
August 28, 2020  
August 31, 2020*



# *Today's Topics*

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1. VDC Program Overview
2. VDC Program Key Dates
3. VDC Eligibility
4. VDC Vested and Non-Vested Employees
5. VDC Contributions
6. VDC Process for Agency HR Personnel
7. VDC Statements
8. VDC Website and Resources
9. Q&A Session



## *VDC Program Overview*

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The VDC program is a new defined contribution retirement plan option that will be available to all eligible employees of the City of New York and Public Employers.

This program is separate and distinct from all other City retirement plans. It is an alternative to the City's existing pension systems.

Beginning **October 1, 2020**, the City of New York will be offering the VDC program to eligible employees.

Note: The Plan Sponsor for the VDC program is the State University of New York (SUNY) and the third-party service provider is TIAA.

OLR: Administrator for the City of New York for eligibility verification.



## *VDC Program Overview, continued*

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### *Participating Agencies/Public Employers:*

Mayoral agencies, as well as elected official agencies and non-Mayoral agencies, include:

- DOE (740 H Bank)
- NYCERS (009)
- Police Pension (256)
- Fire Pension (257)
- Water Authority (185)
- TRS (041)

### *Public Employers:*

- NYCHA,
- NYC H+H, and
- SCA



## *VDC Program Key Dates*

<b>October 1, 2020</b>	<b>VDC Program Start Date</b>
August 31, 2020 – October 2, 2020	Special Open Enrollment Period
October 16, 2020	Last Day for Agency HRs to Submit VDC Forms to OLR
November 13, 2020	First Payroll Deductions for All PMS Agencies, NYC H+H, and SCA
November 19, 2020	First Payroll Deductions for NYCHA



# *VDC Program Eligibility*

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## Eligibility Requirements:

- Hired on or after July 1, 2013,
- Must be active status on payroll,
- Be an unrepresented (non-union) full-time or part-time employee,
- Have an annualized salary of \$75,000 or more, **and**
- Not currently a member of any New York City pension system.



# *VDC Program: Vested Employees*

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## *Vested Employees:*

- Those employees who have already completed 366 days of public service in New York City or State as of the VDC program effective date, or
- Those employees who have an employer-sponsored retirement account with Fidelity, TIAA, Voya, or AIG.



# *VDC Program: Non-Vested Employees*

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## *Non-Vested Employees:*

- The vesting period is 366 days of service from the employee's enrollment in the VDC program.
- For those employees who have not yet completed 366 days of public service in New York City or State as of the VDC program effective date, the employee's payroll contributions will be sent directly to the Comptroller's escrow account until the employee completes the vesting period (i.e. 26 paychecks).





# *VDC Program: Required Contributions*

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## Employee Contributions:

Employee contributions are based on percentages relative to the employee's salary:

- Annualized wages of \$75,000.00 = **4.5%**
- Annualized wages of \$75,001.00 to \$100,000.00 = **5.75%**
- Annualized wages of \$100,000.01 or more = **6%**

## City/Public Employer Contributions:

The City/Public Employer will contribute 8% of the employee's salary.

Note: Employee and employer contributions will be sent to TIAA for investment with the applicable investment provider.



# COMPARING THE VOLUNTARY DEFINED CONTRIBUTION (VDC) PROGRAM AND DEFINED BENEFIT PLANS

Plan feature	VDC Program	Defined benefit plans
<b>What do you get when you retire?</b>	Your balance is available when you retire, or you can choose a fixed, monthly income through annuity investments. Benefits are not guaranteed for life; income is limited to the funds available in the account.	A fixed, lifetime monthly income in retirement. Benefit is guaranteed by the State Constitution.
<b>When are you fully vested?<sup>1</sup></b>	After more than one year of City service. Vesting is immediate if you own employer-funded retirement contracts with any VDC vendors, or if you have 366 days of service with any public employer within New York State.	After 10 years of credited service for Tier 6 members. Earlier tiers have different vesting requirements. Please contact your pension system for details about your specific plan.
<b>Who is responsible for choosing the investments?</b>	You are responsible for choosing your own investments.	Professional investment managers on behalf of the City of New York.
<b>Are employee contributions required?</b>	Yes. Same for both plan types. See contribution chart below.	Yes. Same for both plan types. See contribution chart below. Please contact your pension system for details about your specific plan.
<b>How much does your employer contribute?<sup>2</sup></b>	Your employer contributes 8% of your salary (subject to IRS annual contribution limits).	Your employer contributes an annual amount determined by the New York City Chief Actuary in order to ensure that your guaranteed benefit upon retirement is fully funded.
<b>When can you retire and begin taking money from the plan?<sup>2</sup></b>	No minimum retirement age. <i>Tax penalties may apply if you withdraw money before turning 59½.</i>	Retirement age and benefits are based on the provisions of your plan. Please contact your pension system for details about your specific plan.
<b>Can your account move with you if you work for a different employer?</b>	Yes. You should contact the investment providers for more information on eligibility and taxation of rollovers.	No.
<b>Are loans available?<sup>2</sup></b>	Yes, up to 50% of your balance with a maximum aggregate loan balance of \$50,000, reduced by the highest outstanding balance of loans from all qualified employer plans of the same employer.	Yes, up to 75% of the amount you contributed with a maximum aggregate loan balance of \$50,000, reduced by the highest outstanding balance of loans from all qualified employer plans of the same employer.

continued

Plan feature	VDC Program	Defined benefit plans
<b>Can you name beneficiaries?</b>	Yes.	Yes.
<b>Can you get credit for public service within New York State or City prior to joining a plan?</b>	No.	Yes, except for service while a VDC member.
<b>Can you receive credit for military service?</b>	No.	Yes.
<b>Are there disability benefits?</b>	No.	Yes.
<b>Can you receive NYC health benefits as a retiree?</b>	No.	Yes; you must have 10 years of credited service to qualify for retiree health benefits.
<b>Can you receive benefits from the Management Benefits Fund (MBF) as a retiree?</b>	No.	Yes; you must have 10 years of credited service to qualify for retiree health benefits.
<b>Is there a cost-of-living adjustment after retirement?</b>	No.	Yes.

<sup>1</sup> Vested refers to an employee's right, usually earned over time, to receive some retirement benefits regardless of whether or not he or she remains with the employer.

<sup>2</sup> Subject to IRS limits and other salary limitations.

CONTRIBUTION CHART	
Annual salary rate of pay	Contribution rate
Wages of \$45,000 or less	3.00%*
Wages of \$45,000.01 to \$55,000	3.50%*
Wages of \$55,000.01 to \$75,000	4.50%*
Wages of \$75,000.01 to \$100,000	5.75%
Wages greater than \$100,000	6.00%

Salary rate will be considered in reaching the \$75,000 threshold. For example, if a part-time employee makes \$45,000 working 60% of a full-time schedule, then the salary rate would be \$75,000, and would qualify the employee to enroll in the VDC Program.

\*These contribution rates apply if your annual salary rate of pay decreases after your VDC enrollment.

Please note that this information has been prepared as a general summary of the Retirement System Options available to eligible New York State and New York City employees. It cannot provide you with the complete details on retirement matters. You should carefully review and research the options available to you before making a decision as to which Retirement System to join. Only authorized representatives from each Retirement System or Investment Provider are adequately knowledgeable and experienced to fully address your questions or to assist you with many of the technical aspects of their respective Systems. The information contained in all SUNY publications and websites is intended only as a basic summary overview and to provide you with basic points for your consideration. You are invited to contact representatives from the Retirement System in which you are interested for additional information or with specific questions about their respective System or specific benefits.

Additional important implications may flow from your enrollment decision that warrant your consideration. These may include eligibility for retiree health benefits. We urge you to consult with your Human Resources/Benefits Office to help you make an informed decision.



# *VDC Process for OLR and Agency HR Personnel*

## *How to Obtain the Employee Eligibility List (PMS agencies):*

Provide OLR\* with the name/contact information of the person designated to receive the VDC employee eligibility list for your agency



OLR provides the VDC eligibility list to the designated agency personnel so that he/she can notify eligible employees about the VDC program



Agency HR notifies OLR if the information on the VDC eligibility list needs to be updated (add, change, or remove)

\*Agency contact information must be e-mailed to Sang Hong ([shong@nyceplans.org](mailto:shong@nyceplans.org)) and Christina Guertin ([cguertin@nyceplans.org](mailto:cguertin@nyceplans.org))



# *VDC Process for OLR and Agency HR Personnel, continued*

## *Notify Employees of Program Information and Instructions:*

Agency HRs distribute the following program information to eligible employees:

- 1) VDC SPD
- 2) VDC Verification and Acknowledgment Form
- 3) VDC Declination Form, and
- 4) VDC Comparison Chart



Advise employees to review the program information, including comparison chart between the VDC and pension program.

Advise all eligible employees to return either form back to the Agency HR no later than October 2, 2020 (Special Enrollment Period).



Agency HR reviews the forms and submits them to OLR for approval no later than October 16, 2020. If enrolling, employee must complete and initial all sections of the VDC Form, including Section C, without exception. Otherwise, the form will be rejected and returned to the agency HR.

Note: Newly hired employees must submit forms to agency HR within 30 days of their hire date.



The VDC Program is the New York State Voluntary Defined Contribution Program

# Voluntary Defined Contribution (VDC)

Eligibility Verification & Acknowledgment Form for Employees of the City of New York & Public Employers

**Do NOT complete this form if you are a current member of a pension system & do not meet the eligibility requirements.**  
Visit the VDC Web site at [nyc.gov/vdc](http://nyc.gov/vdc) to review the Summary Plan Description and to learn more about the enrollment process.

## SECTION A EMPLOYEE INFORMATION (ALL SECTIONS MUST BE COMPLETED.)

SOCIAL SECURITY NUMBER	EMPLOYEE ID NUMBER	DATE OF BIRTH	DAYTIME PHONE NUMBER
- - - - -		/ /	( ) -
LAST NAME		FIRST NAME	M.I.
HOME ADDRESS - NUMBER AND STREET			APT. NO.
CITY			STATE ZIP CODE
AGENCY NAME (NOT DIVISION)			
WORK/HOME EMAIL ADDRESS			

## SECTION B PRIOR RETIREMENT PLAN PARTICIPATION INFORMATION

- Have you ever worked for a public employer in New York State or City prior to your employment in your current position for 366 days or more?  Yes  No
- Did you join a public pension fund or retirement system of New York State, including those of New York City?  Yes  No
- Are you presently receiving a retirement benefit from any public pension fund or retirement system of New York State?  Yes  No
- Do you currently own a vested employer-sponsored retirement account with: Fidelity, AIG, TIAA or Voya?  Yes  No

If you answered **Yes** to any of the questions above, please attach documentation establishing the nature and duration of any such period of prior public employment in New York State or City and/or the nature, duration and current status of any existing membership or account.

## SECTION C ACKNOWLEDGMENT OF ENROLLMENT AND PARTICIPATION IN VDC PROGRAM

**VDC Agreement:** In order to acknowledge that you understand the effects of your participation in the VDC Program, please affirm that you have read and understand the following statements by entering your initials into each corresponding box.

- By participating in the New York State VDC Program: Initial
- I understand that I will not be eligible to join any New York City pension fund or retirement system during my participation in the VDC Program. [ ]
  - I understand that I am not eligible to buy back service credit in a New York City pension fund during my participation in the VDC Program. [ ]
  - I understand that I will not be eligible for disability or in-service death benefits offered through any New York City pension fund or retirement system should I incur a disability or die during my participation in the VDC Program. [ ]
  - I understand that I will not be eligible to receive retiree health benefits on the basis of employment during which I participated in the VDC Program, even if I remain so employed for 10 years or longer, unless I have a previously vested membership with any New York City pension fund or retirement system of sufficient duration to independently render me eligible to receive retiree health benefits. [ ]
  - I understand that I will not be eligible to receive retiree Management Benefits Fund benefits on the basis of employment during which I participated in the VDC Program, even if I remain so employed for 10 years or longer, unless I have a previously vested membership with any New York City pension fund or retirement system of sufficient duration to independently render me eligible to receive retiree Management Benefits Fund benefits. [ ]
  - I understand that the pre-tax payroll deductions into the VDC Program are mandatory, fixed by law at a specific percentage of my salary, and cannot be stopped, once deductions begin. [ ]
  - I understand that if I am a part-time employee, my salary will be annualized and the payroll deductions will be applied to my annualized salary. [ ]
  - I understand that the investments available to me through the VDC Program, once I satisfy the one-year vesting period, carry risk and outcomes and benefits are not guaranteed. I understand that such investments were not selected or approved by my employer, the City of New York, and that my employer cannot advise me about my investment decisions in the VDC Program. [ ]
  - I acknowledge that the City of New York will deduct FICA taxes from my pay during my participation in the VDC Program. I have been advised that if the Social Security Administration and Internal Revenue Service determine that the VDC Program is an alternative to Social Security and not otherwise subject to mandatory Social Security coverage, then VDC participants will be ineligible for Social Security benefits for the period of their participation. In that event, the Old Age, Survivors, and Disability Insurance portion of the FICA deductions made from my pay during my participation in the VDC Program may be refundable from the Internal Revenue Service to the extent permitted by federal law. [ ]
  - I understand that as a participant in the VDC Program, I am also eligible to participate in the New York City Deferred Compensation Plan. [ ]
  - I acknowledge that I have read the VDC Program Summary Plan Description and I understand that my decision to enroll in the VDC Program is irrevocable. [ ]

irrevocable.

## D EMPLOYEE SIGNATURE

By signing this form, I hereby authorize the City of New York to begin payroll deductions once my enrollment has been processed through the system and I understand that my participation may not be withdrawn as long as I remain in City service.

DATE
/ /

## E AGENCY CERTIFICATION (TO BE COMPLETED BY AUTHORIZED AGENCY PERSONNEL) - PLEASE PRINT

AGENCY CODE NUMBER	OSU	TITLE NAME	EMPLOYMENT STATUS	EFFECTIVE DATE OF TITLE	ANNUALIZED SALARY
/ /			<input type="checkbox"/> FT <input type="checkbox"/> PT	/ /	\$
AGENCY START DATE	<input type="checkbox"/> I affirm that I have notified the employee that they can choose the VDC Program or one of the City's defined benefit programs, but not both.			PHONE NUMBER	DATE
/ /	AUTHORIZED AGENCY REPRESENTATIVE SIGNATURE:			( ) -	/ /

Digitally signed application electronically to: [leapfile.net](mailto:leapfile.net)

**Please send written requests for general information about the VDC Program, including questions about eligibility:**  
[nyc.gov/vdc](http://nyc.gov/vdc)  
[vdcmail@nyceplans.org](mailto:vdcmail@nyceplans.org)

## AGENCY CERTIFICATION (DO NOT WRITE IN THIS SECTION)

/ /	VDC REPRESENTATIVE SIGNATURE:	VESTED PERIOD: <input type="checkbox"/> DEFERRED <input type="checkbox"/> ANNUALIZED
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The VDC Program is the New York State Voluntary Defined Contribution Program

# Voluntary Defined Contribution (VDC) Declination Form for Employees of the City of New York & Public Employers

## SECTION A EMPLOYEE INFORMATION

SOCIAL SECURITY NUMBER - -	EMPLOYEE ID NUMBER	DATE OF BIRTH / /	DAYTIME PHONE NUMBER ( ) -	
LAST NAME		FIRST NAME		M.I.
HOME ADDRESS - NUMBER AND STREET				APT. NO.
CITY			STATE	ZIP CODE
AGENCY NAME (NOT DIVISION)				
WORK/HOME EMAIL ADDRESS (REQUIRED)				

## SECTION B EMPLOYEE SIGNATURE

By signing this form, I do hereby acknowledge that the City of New York/Participating Employer is offering the New York State Voluntary Defined Contribution (VDC) program, which is an optional retirement program.

I affirm and acknowledge the following:

- I. I have been given enrollment information regarding the VDC Program and have been provided the opportunity to enroll in the VDC Program by the City of New York or a Participating Employer within thirty (30) days of my hire date.

**And**

- II. I am choosing NOT to enroll in the VDC Program. I understand that, by declining to enroll in the VDC Program within thirty (30) days of my hire date, I will NOT be eligible to join the VDC Program during my employment with the City.

SIGNATURE	DATE / /
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## SECTION C AGENCY CERTIFICATION (TO BE COMPLETED BY AUTHORIZED AGENCY PERSONNEL) - PLEASE PRINT

I affirm that I have notified the employee named above that they can choose the VDC Program or one of the City's defined benefit programs, but not both. The employee is declining to participate in the VDC Program.

SIGNATURE	DATE
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Please submit the certified application electronically to:  
<https://nyc-vdc@leapfile.net>

**VDC Program Contact Information:**  
nyc.gov/vdc  
vdcmail@nyceplans.org

## VDC CERTIFICATION (DO NOT WRITE IN THIS SECTION)

DATE OF COMPLETION / /	VDC REPRESENTATIVE SIGNATURE:	VESTED PERIOD: <input type="checkbox"/> DEFERRED <input type="checkbox"/> IMMEDIATE
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# *VDC Process for OLR and Agency HR Personnel, continued*

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## How to Submit VDC Forms to OLR:

Submit all employee forms securely to:

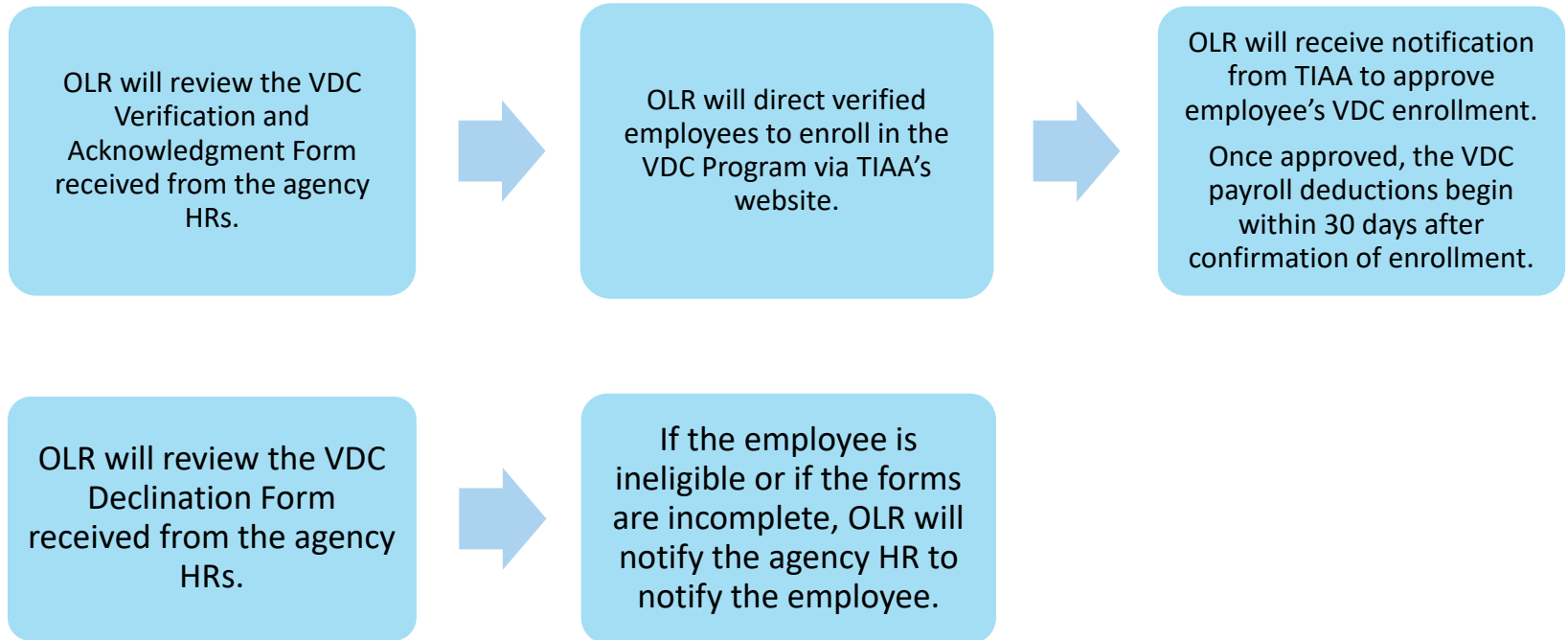
<https://nyc-vdc.leapfile.net>

Important: Do NOT mail forms.



# *VDC Process for OLR and Agency HR Personnel, continued*

*OLR sends Notification to Employee to Enroll in VDC Program via TIAA Website:*







# *VDC Process for OLR and Agency HR Personnel, continued*

## Contributions:

### For Vested Employees:

OLR transmits payroll deduction files to TIAA for vested employees for both employee and employer contributions. TIAA will update VDC individual account records and direct the payroll contributions to the selected investment providers.

### For Non-Vested Employees:

OLR maintains payroll deduction records for non-vested employees until 26 paychecks are met.



### For Non-Vested Employees:

OLR transmits contributions to TIAA once the employee meets the vesting period (26 paychecks):

- 1) Employee contributions
- 2) Employer contributions
- 3) Interest on both contributions



# VDC Statements

## Statements for Non-Vested Employees:

### Quarterly Statement

OLR issues employee's a quarterly statement detailing payroll deduction amounts by each pay date.



### Completion of Vesting Period Statement

OLR issues a final employee statement with the following amounts that were transmitted to TIAA:

- 1) Employee contributions
- 2) Employer contributions
- 3) Interest on both contributions

### Ceased Employees Prior to Vesting:

If the employee doesn't complete the vesting period, then OLR will issue a statement for the following:

- 1) Employee contributions
- 2) Interest on employee contribution only



## *VDC Websites/Resources*

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City of New York VDC Website (VDC program information & forms):  
(Employees – Send questions using the *Email the VDC Program* link)

[nyc.gov/vdc](https://nyc.gov/vdc)

HR Personnel - Send questions regarding the VDC program to:

[VDCmail@nyceplans.org](mailto:VDCmail@nyceplans.org)

SUNY VDC Website:

[vdc.ny.gov](https://vdc.ny.gov)



## *Q&A Session*

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The remaining time will be used to answer any questions that were submitted during the webinar.

You can also submit your question now using the Q&A located on the right side of your screen.

*Thank you for attending  
today's webinar!*