



**BERS**

Board of  
Education  
Retirement  
System

Securing your financial future today.

**2024**

**Tax Deferred Annuity Program**



**If you want  
the opportunity  
to start saving  
more money  
for your  
retirement, join  
the BERS TDA  
Program today.**



# Table of Contents

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Introduction	1
Current participants	2
New participants	2
Maximizing your TDA contributions	3
Investment choices	4
Roth Contributions	4
Flexibility	5
Advantages of Pre-tax Contributions	6
Loans	7
Withdrawals	7
Direct withdrawals	8
Hardship withdrawals	8
Retirement options	8
Transfers/Rollovers	9
Required Minimum Distributions	9
When employment ends before retirement	10
For your beneficiary	10
Important reminders	11
Additional information	11
Determining your contribution percentage	12

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## Introduction

Fantastic! We are glad that you are taking a moment to consider the BERS Tax Deferred Annuity Program.

How far are you from retirement? Will you be able to retire and have sufficient savings? Remember that in retirement, your income will be significantly less than it is today. You **must** begin planning now to ensure that in addition to your pension and Social Security payments, you have sufficient savings to maintain your desired standard of living.

There are two ways to maintain your standard of living: reduce your expenses, or **increase your savings**. In retirement, you will still have the following expenses: electricity, gas, telephone, water and sewage, car insurance, food, housekeeping supplies, clothing, transportation, health, entertainment, gifts, home furnishings, pets, personal care products and services, and probably a few others.

Rather than cut back on your needs, we encourage you to increase your retirement income today by joining or increasing your contributions to the BERS Tax Deferred Annuity Program (TDA), authorized under section 403(b) of the Internal Revenue Code.

The BERS TDA Program is specifically designed to encourage retirement savings for those in education service. You may choose to make your TDA contributions on a pre-tax basis, on a Roth basis, or a combination of the two. When you make pre-tax contributions, your savings are not taxed now (when you, as an active worker, are likely in a higher tax bracket), but upon withdrawal in retirement (when you will likely be in a lower tax bracket). When you make Roth contributions, these contributions are taxed when they are earned, but with proper planning the earnings may be entirely tax-free, as described on page 4.

Regular, consistent contributions, made while you are working, will make certain that you have sufficient monies to meet your retirement needs. If you are unsure about how much you can afford to save, start small with 3% of your gross pay. If you would like to increase your current TDA contributions, you can contribute any percentage of your salary up to 85%.

Consider saving more today, to ensure that you **retire on a solid foundation!**

If you have any questions regarding the BERS TDA Program, please call BERS at (929) 305-3800. ■

## Current participants

Starting in 2024, BERS will permit TDA participants to make contributions on a Roth basis. Unlike pre-tax TDA contributions, Roth contributions are taxed when they are made. If you would like to make Roth contributions to the BERS TDA program, you can sign up by submitting a TDA Investment Change form, or by submitting a request through the online Member Self-Service (MSS) portal. For more information about Roth contributions, please see page 4.

If you are currently enrolled in the TDA Program, do not wish to change your contribution rate or investment option for 2024, and do not wish to begin making Roth contributions, then no action is needed. Your participation will continue automatically into 2024 based on your current elections. However, we encourage you to read this booklet thoroughly to understand the provisions of the program.

You can contribute up to 85% of your salary to the TDA Program, provided your contributions are within the dollar limit imposed by the IRS. The dollar limit for calendar year 2024 contributions is shown on your personalized TDA Investment Change form; see page 3 for more details.

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## New participants

If you are not currently participating in the BERS TDA Program, you may file the enclosed TDA Enrollment form at any time to begin contributions in 2024. As a new enrollee, ***you must indicate the percentage of salary you wish to contribute on a pre-tax and/or Roth basis, and how you want these contributions allocated between the Fixed and Variable Programs.*** If you return the form without indicating a contribution rate and investment option, the Enrollment form will be returned to you and no action will be taken. Please read the instructions and this booklet very carefully before completing the form.

Contributions will begin with the first payroll in January 2024 if your form is received on or before December 1, 2023. Otherwise, your contributions will begin as early as possible, within 60 days after BERS receives your application.

Your current contribution rate does not guarantee that you will contribute the maximum allowed in 2024. You should refer to the worksheet on page 12 of this booklet to estimate your contribution percentage for 2024 if you would like a specific amount deducted per payroll contribution.

Please note that you are only allowed to make contributions to your TDA account using money earned from your primary job. BERS cannot take TDA deductions from any additional paychecks that you may receive outside of your primary job. If this scenario applies to you and you would like to continue contributing the same amount to your TDA, we suggest that you consider increasing your contribution rate from your primary paycheck.

Your current investment election will remain in effect unless you tell BERS to change it by returning a completed TDA Investment Change form or by submitting a request through the online MSS portal.

If you wish, you can change your current beneficiary(ies) by completing and returning the TDA Designation of Beneficiary form. Please refer to the beneficiary instruction sheet for details on how to complete this form. ■

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Instead of submitting a paper form, you may also enroll in the BERS TDA Program by submitting a request through the online Member Self-Service (MSS) portal.

If you are currently a participant in another 403(b) plan, or in a 401(k) plan, you can still elect to participate in the BERS TDA Program, but note that contribution limits apply across all 403(b) and 401(k) plans.

Please complete the TDA Designation of Beneficiary form when you enroll. Your TDA beneficiary designation is very important, and is separate from the beneficiary designation you made when you joined the pension plan.

School Crossing Guards, School Safety Agents employed by NYPD, Transferred Contributors outside of DOE employment, and employees of the School Construction Authority are not eligible to participate in the BERS TDA Program. ■

## Maximizing your TDA contributions

Generally, the maximum contribution amount for 2024 is the lesser of 85% of your gross compensation or \$23,000. This maximum includes both Pre-tax and Roth contributions. Although the law allows contributions of up to 100% of salary, you need to ensure that your contribution rate will allow enough remaining salary to cover post-tax payroll deductions, such as union dues, loan repayments, health insurance and other deductions. If you don't, many consequences may result, including loan defaults, union dues arrears and forfeiture of health coverage.



### Age-Based Catch-Up Contributions

Lastly, members aged 50 or older are eligible to contribute an additional \$7,500 above the \$23,000 limit in 2024.



### Service-Based Catch-Up Contributions

Members of BERS who have been employed by the Department of Education for at least 15 years, and whose combined TDA and 401(k) contributions during their employment average less than \$5,000 annually, may be eligible for service-based catch-up contributions. Service-based Catch-up contributions can be as much as \$3,000 each year (above the \$23,000 limit), and are limited to a lifetime total of \$15,000.

You can elect to contribute up to 85% of your gross pay to the BERS TDA Program. This maximum includes both pre-tax and Roth contributions. You may choose a percentage that allows contributions to be deducted from your pay for the entire year without reaching your dollar limit. Or, if you meet your goal amount before the last payroll of the year, BERS will automatically stop your contributions when you reach your dollar limit. Participants who are paid on multiple payrolls should be careful to ensure that their TDA deductions are taken from the primary job only.

If you participate in the BERS TDA Program and a 457 plan, you do not have to coordinate contributions to both plans. You are allowed to contribute the maximum under each

plan separately. However, if you participate in the BERS TDA Program and another 403(b) plan, or a 401(k) plan, contributions must be combined and must not jointly exceed your 2024 dollar limit.

BERS cannot coordinate contributions across multiple plans, and so cannot guarantee that your deductions will stop at the dollar limit if you are making contributions to more than one tax-deferred savings plan.

A worksheet has been provided on page 12 that can help you estimate your contribution percentage based on the dollar amount you decide to contribute each payday. ■

## Investment choices

The BERS TDA Program offers a choice of two investment options, the Fixed Program and the Variable Program.

- 1 The Fixed Program** offers you a guaranteed annual rate of return on your investment, set by the New York State legislature. The return on the Fixed Program is currently 7% per year for UFT members and 8.25% per year for all other members.
- 2 The Variable Program** invests in a fully diversified portfolio of common stock. The financial objective is to capture the return of the broad equity market, while attempting to control its short-term volatility. The value of your Variable Program holdings is based on the investment performance of the portfolio and may increase or decrease from month to month. Since this program is subject to the fluctuations of the stock market, it may carry higher risk than the Fixed Program, but offers the potential for greater return. The Variable Program is currently co-invested in the Teacher's Retirement System Tax Deferred Annuity Variable A Program, and returns are based on the performance of the investments in that program. The Variable Program also includes a 4% annual incremental increase credited monthly to your accumulated units.

The BERS TDA Program is a self-sustaining program. The expenses for administration of the Fixed Program are covered by a charge to contributing participants, currently \$0. Additionally, to cover the expenses of the Variable Program, a base charge is levied against the assets. Currently, this base charge is 2/100ths of 1% of the assets per month. ■

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## Roth Contributions

Beginning January 1, 2024, BERS will permit TDA participants to make contributions on a Roth basis.

Roth contributions are taxed when they are made. This means that you will not get the benefit of deferred taxation for any Roth contributions you make. However, there are other advantages to participating in a Roth program.

Your **Roth contributions** are not subject to federal or New York State tax when paid out to you, since this tax has already been withheld at the time of contribution.

**Any earnings on your Roth contributions** are entirely free from federal and New York State tax when paid out to you, as long as the refund takes place in the fifth year from your first Roth

contribution or later, and as long as you are at least 59½ years of age or disabled. For example, if you make your first Roth contribution on March 1, 2024, and you turn 59½ in 2028, your Roth earnings will be free from federal or New York State tax if paid out on or after January 1, 2029. However, if you receive a refund of your Roth earnings before that date, then these earnings will be subject to federal and New York State tax. (If you reside in, or plan to move to, a different state, consult a tax professional regarding the tax treatment of your Roth funds.)

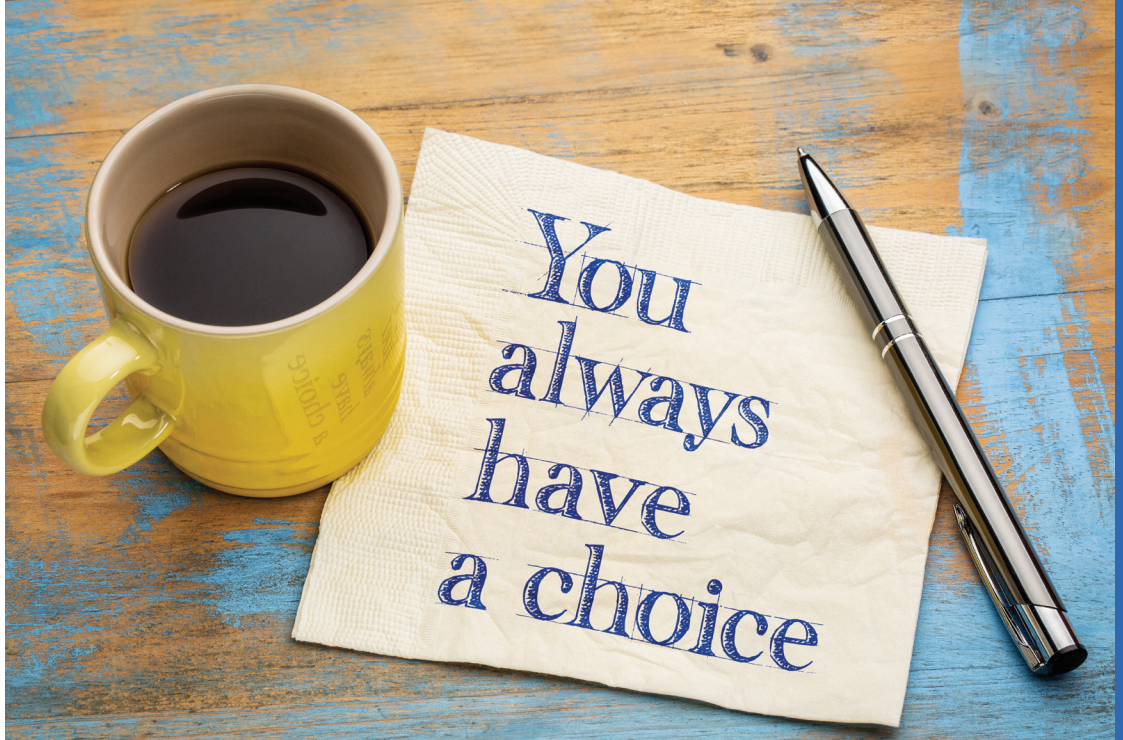
As a general rule, pre-tax TDA contributions reduce your tax burden during your working years, while Roth contributions reduce your tax burden in retirement. However, please note that BERS cannot provide legal or tax advice. If you need advice as to whether Roth contributions would be

advantageous for you, you should discuss the question with your tax professional.

Your Roth contributions to the BERS TDA will be invested in the same way as your pre-tax contributions. The fixed interest rate, the variable incremental increase, and the variable unit value are all the same for Roth contributions as for pre-tax contributions.

### How to sign up for Roth contributions:

You can sign up for Roth contributions by submitting a TDA Investment Change form and filling in a value greater than 0 in the box "Roth \_\_\_%." For example, if you wish to contribute 10% of your income to the TDA Program on a pre-tax basis and 5% of your income to the TDA Program on a Roth basis, enter "Pre-tax 10%" and "Roth 5%." The sum of these two fields should not exceed 85%. ■



## Flexibility

The BERS TDA Program allows for flexibility in the selection of a percentage of salary you wish to contribute and how you wish to allocate your contributions between the Fixed and Variable Programs.

Each quarter, you may change the way your future contributions and past contributions are invested between the Fixed and Variable Programs by filing a TDA Investment Change form with BERS. Contributions can be split between the Fixed Program and the Variable Program in whole number multiples of 5%. Your investment percentages to the Fixed and Variable Programs must add up to 100%.

You may convert a portion of your past contributions from Fixed to Variable or from Variable to Fixed. The converted portion must be a multiple of 5%.

You may convert past contributions from one account to the other over a period of 3 or 12 months.

Your completed TDA Investment Change form must be received at least 30 days before the beginning of the next calendar quarter. The following table shows the 2024 schedule for submitting the TDA Investment Change form:

<u>Deadline for BERS to Receive your form</u>	<u>Effective date of change</u>
November 30, 2023	January 1, 2024
February 29, 2024	April 1, 2024
May 31, 2024	July 1, 2024
August 30, 2024	October 1, 2024

You can stop contributing to the TDA Program at any time by filing a TDA Investment Change form and by checking the Stop Contribution check box. Your contributions will stop as soon as possible, but no later than 60 days after BERS receives your form.

You can increase or decrease your rate of contribution to the TDA Program, both pre-tax and Roth, by filing a TDA Investment Change form at any time. These updates will be processed as soon as possible, but no later than 60 days after BERS receives your form. As an alternative to filing a form, you may also update your contribution rate by submitting a request through the online MSS portal. ■



## Advantages of Pre-tax Contributions

When making pre-tax TDA contributions, you enjoy immediate tax advantages over after-tax savings programs. The following chart compares the income of a hypothetical TDA participant with the income of a non-participant and is for illustration purposes only. Both participants earn and save the same amount of money monthly, but one utilizes the pre-tax contributions to the BERS TDA Program while the other utilizes a savings program without the benefit of tax deferral.

The chart assumes that a 3% pre-tax contribution has already been taken from your gross pay and a marginal tax rate of 12% (2024, single filing status) applies. Your tax savings will vary according to your personal contribution rate and tax bracket.

	TDA Participant	Non-Participant
Gross Pay	\$1,500	\$1,500
Pension Contribution (3%)	45	45
TDA Pre-tax Contribution Amount (10%)	145	0
Current Taxable Income	1,310	1,455
Federal Tax (12%)	157	174
After Tax Income	1,152	1,280
After Tax Savings Amount	0	145
Net Income	1,152	1,135

As the chart above illustrates, the TDA participant who makes pre-tax contributions will have a lower Current Taxable Income than the non-participant. Therefore, the TDA participant will pay fewer taxes and, in some cases, may even have a higher net income.

You may also be eligible to take advantage of a tax credit called the Saver's Tax Credit. The Saver's Tax Credit is a federal income tax credit for investing in a retirement plan, such as the BERS TDA Program. The amount of credit you are entitled to is based upon your contribution amount and credit rate. Your Adjusted Gross Income (AGI) is the basis for the credit rate, which ranges from 10% to 50% of your contribution amount.

The Saver's Tax Credit is in addition to any deduction or exclusion allowed for your contributions. The chart below illustrates how it works.

Credit Rate	Income Limits			Maximum Credit
	Married Joint Return	Head of Household	Others	
50%	Up to \$46,000	Up to \$34,500	Up to \$23,000	\$1,000
20%	\$46,001 to \$50,000	\$34,501 to \$37,500	\$23,001 to \$25,000	\$400
10%	\$50,001 to \$76,500	\$37,501 to \$57,375	\$25,001 to \$38,250	\$200

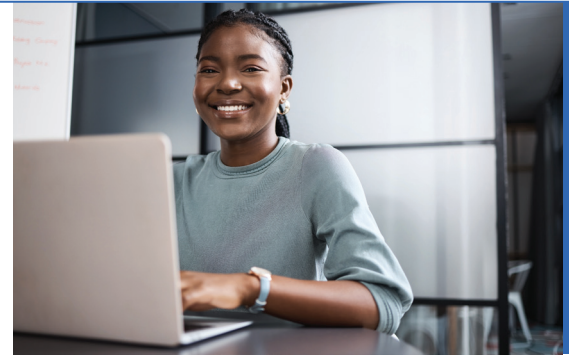
The above advantages apply when contributing to the TDA Program on a pre-tax basis. For the advantages of contributing to the TDA Program on a Roth basis, please see page 4 above.

The TDA Program also gives you the convenience of payroll deductions. You decide your contribution percentage rate and your allocation between the Fixed and Variable Programs. In addition to the convenience, payroll deductions allow you to invest the same amount at regular intervals. This strategy, known as dollar cost averaging, can be a successful tool when investing in the Variable Program for long-term growth. Dollar cost averaging allows you to buy more units when the value is low and buy fewer units when the value is high. ■

## Loans

You may be eligible to take a loan from your TDA account if you:

- (a) have been a TDA participant for at least one year, and
- (b) are a BERS member in active service, are on an approved leave of absence, have resigned with vested retirement benefits, or are retired, having deferred your TDA account, and
- (c) are not in default on an existing TDA, Pension, or Tier Enhancement loan, and
- (d) have not taken a TDA loan in the last 12 months.



Every loan you take out will be computed and maintained separately. Please refer to the current TDA Loan Program brochure, available at <http://www.nycbers.org>. ■

## Withdrawals

Withdrawals are also available to TDA participants in certain circumstances. Since the BERS TDA Program was established to assist you in retirement savings, the IRS has imposed certain restrictions on withdrawals before retirement.

You are able to withdraw all or a portion of your account if you:

- are no longer a member of BERS for any reason, or
- are at least age 59½, or
- have a hardship (see page 8 for IRS hardship conditions), or
- have a TDA account in Deferral status (see page 10 - When Employment Ends), or
- have a December 31, 1988 balance and are not yet age 59½.

If you decide to close your QPP account with BERS, you must also withdraw or roll over all of your TDA funds.

If you withdraw funds from the Variable Program, the value of your account will depend upon the unit value for the month following the receipt of your request for the withdrawal. If however, your withdrawal is made in conjunction with your retirement, the value of your variable account will depend on the unit value for the month in which you retire.

Members currently on leave with or without pay are not eligible to withdraw from the TDA program unless they are at least 59½ years old or meet the criteria for a hardship withdrawal outlined on page 8. ■

## Direct withdrawals

The IRS may impose an additional 10% tax on all Direct Withdrawals unless:

- You make your withdrawal after age 59½; or
- You make your withdrawal in conjunction with your termination of employment in or after the year in which you attain age 55; or
- Your withdrawal is made in conjunction with your disability or service retirement. ■

## Hardship withdrawals

If you are suffering a hardship as defined under federal law, you may request a refund from your TDA even if you are an active member, or on leave with or without pay. This refund must not exceed the amount of the hardship you are facing.

The pre-tax portion of any hardship withdrawal that you receive is subject to a mandatory federal income tax withholding of 20%, as well as any applicable state and local taxes (if you live in New York City, that means New York State and New York City income taxes). If your hardship withdrawal includes any Roth funds, then no income tax will be withheld from a refund of any Roth contributions, but any earnings on your Roth contributions may be taxable if withdrawn before the fifth year from your first contribution, or if you are under 59½ years of age and not disabled. **For more on Roth contributions, see page 4 above.**

The taxable amount withdrawn may also be subject to a 10% federal income tax penalty in the year of the withdrawal. According to IRS guidance, permissible hardships include:

- Medical expenses incurred by you, your spouse, or dependents. Your withdrawal is used to pay medical

expenses to the extent that those expenses are deductible for federal income tax purposes.

- Payments of funeral and related expenses for the employee's spouse, dependents, and non-dependent children.
- Payment for post-secondary school tuition for you, your spouse, or dependents.
- Payment to prevent the eviction from, or foreclosure on your principal residence.
- The first-time purchase of a principal residence. The IRS may waive the penalty on the first \$10,000.00 withdrawn. Any amount over the \$10,000.00 will be subject to additional tax penalties.
- Expenses for the repair of damage to your principal residence that would qualify for the casualty loss deduction allowed by Section 165 of the Internal Revenue Code, excluding damage from progressive deterioration (described in IRS Publication 547).
- Expenses or losses related to a federally declared FEMA Disaster Area.

BERS suggests that you keep all documents that pertain to hardship withdrawals on file for seven years. ■

## Retirement options

At retirement, you have a number of options for what to do with your TDA account. You may (a) elect to defer your TDA at retirement, which allows you to leave your TDA contributions and earnings in your account until Required Minimum Distributions begin; (b) arrange to receive regular payments through the purchase of an annuity, (c) make a direct withdrawal of your entire TDA balance, or (d) roll your entire TDA balance over to an IRA or other retirement plan.

If you defer your TDA at retirement, you may request a full or partial refund at any time.

Retired participants may elect to receive their TDA payments in the form of a fixed or variable annuity, which provides monthly payments in addition to your pension. ■



## Transfers/Rollovers

You may transfer or roll over your TDA funds to an IRA or other retirement account, provided you meet the conditions outlined for withdrawals on page 8. A direct transfer or rollover allows you to move up to 100% of your account balance and retain the status of your funds, whether pre-tax or Roth, until they are subsequently withdrawn. Pre-tax funds can only be rolled over to pre-tax accounts, and Roth funds can only be rolled over to Roth accounts. The check is payable directly to your new investment provider.

If you transfer to another public employee retirement system, you may be able to transfer your TDA account directly to that system. You should discuss this with your new retirement system before requesting a direct transfer from your BERS TDA account. If your new retirement system cannot accept the TDA transfer, then you will need to either withdraw or

roll over the balance of your TDA account. Interest on your TDA balance will cease accruing on the account as of the date your transfer is completed.

Rollovers from your TDA account can be made to an IRA, another TDA plan, a 401(a) or (k) retirement plan, a profit-sharing or stock bonus plan, or a governmental 457 plan. The receiving plan must be able to accept TDA funds into your account there. You should check with any new investment provider you are considering before requesting a rollover of your TDA funds.

You may also be eligible to transfer all or a portion of your TDA account to purchase pension credit for service prior to your membership in BERS (prior service), as well as military service. Please call BERS for the necessary forms, or visit <http://www.nycbers.org>. ■

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## Required Minimum Distributions

The IRS mandates that you begin making withdrawals from your pre-tax TDA balance at a certain age depending on your employment status. If you elect TDA Deferral status, you will have to begin receiving payments from your TDA balance prior to April 1st of the year following the year in which you reach age 73. Note that any contributions made before December 31, 1986 along with the earnings on those contributions, may be deferred until age 75. If you are still in active service, you do not have to begin receiving any TDA payments unless you are age 75 and have TDA contributions that were made prior to December 31, 1986.

A Direct Withdrawal of TDA funds that equals or exceeds your RMD amount would satisfy IRS requirements for the year; a Direct Withdrawal in a lesser amount would count toward your RMD, but you would still be required to receive the difference.

The RMD amounts are federally taxed in the year in which they are distributed. You can designate the percentage of federal tax withholding you would like applied to your RMD. If you do not make an election, a 10% withholding will automatically be applied to your RMD payment.

You can meet these requirements by receiving a Required Minimum Distribution (RMD) of your TDA account, paid annually as long as you maintain a TDA balance. RMDs are made annually based on an IRS Uniform Lifetime Table. Special rules apply if your spouse is at least ten years younger than you and is your only beneficiary. If you are age 73 or older, you can elect to receive your RMD each year automatically from your BERS TDA account. BERS will remind you beginning at age 73 of the IRS requirements regarding distributions. For information regarding RMDs, please visit <http://www.nycbers.org>. If you fail to complete and return the form, BERS will issue an RMD using the default selections.

If you maintain multiple TDA accounts (for example, one at BERS and one at TRS), it is possible to use distributions from one TDA account to satisfy your RMD obligation for both TDA accounts, as long as the amount distributed is at least equal to the sum of the two RMDs. If you are fulfilling your RMD obligation to the BERS TDA by receiving an excess distribution from another TDA account, you will need to notify BERS each year. Otherwise, BERS will issue an RMD, as required by law.

**Note: Roth contributions to the BERS TDA, along with earnings on these contributions, are exempt from RMDs during your lifetime. RMDs would still apply to Roth balances owned by inherited account holders**

**following your death. Inherited account holders may be your TDA beneficiaries or alternate payees under a Domestic Relations Order, if they choose to leave their assigned TDA balance of with BERS. ■**

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## When employment ends before retirement

When you resign or otherwise end your employment with the Department of Education before retirement, you have several options available to you.

If you leave employment after attaining vested rights under the BERS QPP, you may (a) elect to defer your TDA account, which allows you to leave your contributions and earnings in your account until Required Minimum Distributions begin; (b) make a direct withdrawal of your entire TDA balance; or c) roll it over to an IRA or other retirement plan.

Should you terminate your employment for any reason before vesting in the QPP, you may withdraw or roll over the balance of your TDA account at any time. If you do not withdraw your QPP account balance, your TDA account will continue to accrue interest, if applicable, for up to five years from the date of your resignation. A withdrawal of your QPP account balance will automatically terminate your participation in the TDA Program, and all interest will cease as of that date, unless it had ceased already. ■



## For your beneficiary

The BERS TDA program allows you to list one or more beneficiaries to receive the balance of your TDA account in the event of your death. If you wish, you can change your current beneficiary(ies) by completing and returning the TDA Designation of Beneficiary form. Please refer to the beneficiary instruction sheet for details on how to complete this form. You should review the listing of your current beneficiaries as shown on your statements and update your designation, if desired. If any of your beneficiaries have moved, you should submit a new form indicating their new address, otherwise BERS may be unable to locate them in

the event of your death. If you do not have a designation on file for the TDA Program at the time of your death, the account balance will be paid to your estate. Note that your beneficiary designation for the TDA Program is separate from your designation for your BERS pension or any other benefit. As an alternative to filing a form, you may also update your beneficiaries by submitting a request through the online MSS portal.

If you die prior to withdrawing or annuitizing your TDA account, your TDA balance will be paid to your designated beneficiary(ies) shown on the form last filed with BERS. Beneficiaries have the option to keep their funds in the BERS Variable Program. A beneficiary who chooses to do so will become an inherited account holder and will be responsible for any required minimum distributions.

The surviving beneficiary of a member with a TDA account may also be able to roll the TDA funds over into their own IRA, TDA, 401(k), or 457 plan, as long as their own plan will accept the rollover. Pre-tax funds can only be rolled over to pre-tax accounts, and Roth funds can only be rolled over to Roth accounts. ■

## Important reminders

It is important that BERS' records remain accurate in order to provide correct benefits when you need them. If you need to make any changes to your name, address, telephone number, or email address, please visit our website and download a BERS Update Contact Information form, or submit a request through the online Member Self-Service (MSS) portal. ■

## Additional information

Please be sure to have all your forms notarized before submission to avoid a delay in processing your request. As an alternative to filing forms, many requests can be submitted through the online MSS portal.

If you have general questions about the BERS TDA Program, you may call BERS at 929-305-3800. You may also make an appointment to visit our office at 65 Court Street, 1st Floor, Brooklyn, New York 11201.

The information in this booklet is based on our understanding of current law and IRS guidance, which is subject to change, and should not be considered legal or tax advice. BERS suggests that you consult with an attorney and/or tax advisor if you have any specific legal or tax questions.

In the event that any of the information provided in this booklet conflicts with any law, rule or regulation, it is the law, rule or regulation that will govern. ■

**When you  
do retire,  
will you have  
enough  
money saved  
to live  
comfortably?**

## Determining your contribution percentage

You are allowed to contribute up to 85% of your salary, not to exceed the 2024 dollar limit imposed by the IRS, as discussed on page 3. This maximum includes both Pre-tax and Roth contributions.

You can use the following worksheet to help you estimate your TDA contribution rate based on the amount you wish to contribute each pay period. Please note that the rate you come up with based on this worksheet may not meet your annual dollar limit. You will need a recent pay stub to complete the worksheet.

To start, you need to determine how much you can afford to contribute per paycheck to the BERS TDA Program. Please keep in mind that even though you are starting with a dollar amount, your actual TDA deductions will be based on your contribution rate. Any increase in your pay (e.g. as a result of overtime earned or salary increases) will result in a higher dollar amount deducted per paycheck.

**A note about Roth contributions:** Although Roth TDA contributions are taken out of your post-tax pay, the dollar amount of your Roth TDA contributions will be calculated based on your gross (pre-tax) pay, just the same way that your pre-tax TDA contributions are calculated. For example, if your gross earnings are \$2,000 per pay period and you choose to contribute 10% of your earnings on a Roth basis, then you will make \$200 in Roth contributions per pay period. You can use the table below for calculating both pre-tax and Roth TDA contributions.

1. Determine the amount you wish to contribute per paycheck. Enter that amount in the box to the right.	\$
2. Find your total pre-tax earnings for a pay period on your pay stub (In example, Total Earnings This Period). Enter this number.	\$
3. Enter any payroll deductions (55/25, 57/5 or Transit Check deductions).	\$
4. Subtract any amounts in step 3 from your earnings in step 2.	\$
5. Divide your desired contribution amount in step 1 by your net pre-tax pay – the amount in step 4.	
6. Multiply the figure in step 5 by 100. Round to the nearest whole percentage. (e.g. .092 = 9.2% rounds to 9%) This is your contribution rate. Enter this percentage in the Contribution Rate box on your TDA Enrollment or TDA Investment Change Form.	%

If you want to contribute the maximum allowed per year, use the following worksheet to estimate your minimum % contribution.

1. Enter your 2024 dollar limit in the box to the right.	\$
2. Divide the dollar amount in step 1 by the number of paychecks you receive per year. This is the total amount you will contribute per paycheck.	\$
3. Find your total pre-tax earnings for a pay period on your pay stub (In example, Total Earnings This Period). Enter this number.	\$
4. Enter any payroll deductions (e.g. 55/25, 57/5 or Transit Check deductions).	\$
5. Subtract any amount in step 4 from your earnings in step 3.	\$
6. Divide your desired contribution amount in step 2 by your net pre-tax pay – the amount in step 5.	
7. Multiply the figure in step 6 by 100. Round to the nearest whole percentage. (e.g. .092 = 9.2% rounds to 9%) This is your total TDA contribution rate. The pre-tax and Roth contribution rates that you enter into the Contribution Rate portion of the TDA Enrollment form or the TDA Investment Change form should add up to this percentage.	%

# Determining your contribution percentage example

To start, you need to determine how much you can afford to contribute per paycheck to the BERS TDA Program. In this example, the member decides to contribute \$40 per paycheck.

1. Determine the amount you wish to contribute per paycheck. Enter that amount in the box to the right.	\$110.00
2. Find your total pre-tax earnings for a pay period on your pay stub (In example, Total earnings This Period). Enter this number.	\$1184.89
3. Enter any payroll deductions (55/25, 57/5, or Transit Check deductions).	\$57.47
4. Subtract any amounts in step 3 from your earnings in step 2.	\$1127.42
5. Divide your desired contribution amount in step 1 by your net pre-tax pay – the amount in step 4.	.0975
6. Multiply the figure in step 5 by 100. Round to the nearest whole percentage. (e.g. .092 = 9.2% rounds to 9%) This is your total TDA contribution rate. The pre-tax and Roth contribution rates that you enter into the Contribution Rate portion of the TDA Enrollment form or the TDA Investment Change form should add up to this percentage.	10%

REVISED 12/08

The City of New York			EMPLOYEE				Payroll Management System			
ITEM #	PAY PERIOD	PAY DATE	DIRECT DEPOSIT PAY STATEMENT				PAYROLL #	WORK UNIT	CHECK NUMBER	DISTRIBUTION #
X	12/17/23-12/30/23	01/05/24					740	0598		00G808
PENSION #			ELECTRONIC FUND TRANSFER INFORMATION				EMPLOYEE NAME			
TAX INFO			MEDICARE				LEAVE BALANCE AS OF:			
TOTAL EARNINGS			AMT. EARNED THIS PERIOD				12/31/22			
1184.89			1184.89				557.98			
FEDERAL TAX			STATE TAX				CITY TAX			
102.93			37.20				23.86			
SOCIAL SECURITY			CITY WAIVER				TOTAL DEDUCTIONS THIS PERIOD			
73.47			1058.06				626.91			
MEDICARE			NET PAY							
17.19			557.98							
STATE TAX			REGULAR PAY							
37.20			70:00							
CITY TAX			FREE NYC CYCLING MAPS - CALL 311							
23.86										
CITY WAIVER			EARNINGS DATA				MESSAGES			
637.60			55/25-57/10				BOE 414H STD			
TOTAL DEDUCTIONS THIS PERIOD			G-CBP EMPE				G-CBP/BC EE			
626.91			21.92				35.55			
NET PAY			BERS TDA				MUNI CRDT UN			
557.98			112.74				170.00			
REGULAR PAY			CTY EMP UN-U				OTHER ITEMIZED DEDUCTIONS			
70:00			32.05							
AMT. EARNED THIS PERIOD			GOAL AMOUNT OR TOTAL INSTALLMENT NO.				BALANCE DUE OR INSTALLMENT LEFT			
1184.89			15500.00				13359.09			



*Still can't  
make up  
your mind?*

## Here are quick reminders of the benefits of joining the BERS TDA Program:

- Saving additional money for your retirement
- Pre-tax contributions
- Roth contributions
- Fixed and variable investment choices
- Flexibility in the percentage you contribute
- Catch-up contributions
- The ability to take loans from your account
- Hardship withdrawals
- Transfers/Rollovers
- Retirement options
- Leave money for your beneficiaries



*Enroll in the TDA program  
and start securing your  
financial future today.*

**BERS** | Board of Education  
Retirement System

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Brooklyn, NY 11201

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<http://nycbers.org>