

**BERS**

Board of  
Education  
Retirement  
System

of the City of New York

**SUMMARY  
PLAN  
DESCRIPTION  
TIER  
3 AND 4**







## Tier 4 Summary Plan Description Including Tier 3 and Early Retirement Programs

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## TRUSTEES

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For a list of the current BERS trustees, please visit our website <https://www.bers.nyc.gov/>

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June 2024

Dear Tier 4 Member:

Well-informed, proper planning for your retirement and future financial security is so very important. Therefore, at the Board of Education Retirement System of the City of New York ("BERS"), we are eager that you fully understand your retirement plan, and will clarify many features of your particular plan and benefits in this Summary Plan Description ("SPD"). Since the publication of the Tier 4 SPD of 2000 and its Update of 2001, many significant and extensive legislative changes have occurred that affect the Tier 4 Plan. We have incorporated these changes into this new, revised edition.

BERS was founded in 1921 to provide a retirement system to New York City Department of Education employees other than those eligible to join the New York City Teachers' Retirement System. The BERS membership now also includes employees of the School Construction Authority, the Office of the Special Commissioner of Investigation, BERS, participating charter schools, and School Crossing Guards employed by the New York City Police Department. BERS' structure, procedures, and benefits are determined by administrative rules and regulations and by law. BERS is governed by a Board of Trustees that includes both employee and employer representatives.

As of June 30, 2023 BERS' assets have grown to more than \$9.29 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. Also every year, an independent auditor examines BERS to ensure that the System continues to operate soundly. And as required by law, both an independent certified public accountant and the Department of Financial Services study BERS' operations frequently. Thus, BERS' functions and transactions are regularly subject to extensive, rigorous scrutiny—to protect you and your benefits.

BERS is run by a committed staff known for their dedication to the members. Although we believe this book will address many of the questions you may have about retirement, we strongly recommend that you also visit the Retirement Office to discuss further questions with our representatives.

We trust this book will be of great help to you and your loved ones.

Sincerely,

A handwritten signature in black ink, appearing to read "Sanford Rich", written in a cursive style.

Sanford Rich  
Executive Director

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## TIER 4 SUMMARY PLAN DESCRIPTION

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This SPD discusses in detail the features and benefits provided by BERS under its Tier 4 62/5 Basic Plan, added in 1983, and under the several Tier 4 early retirement plans, added between 1995 and 2009. It also discusses in detail the Tier 3 62/5 Basic Plan, which covers some members who joined BERS between 1976 and 1983.

Descriptions of the following plans are also included in the SPD:

1. Tier 4 – 62/5 Basic Plan (added in 1983)
2. Tier 4 – 55/25 Early Retirement Plan (added in 1995)
3. Tier 4 – 57/5 Early Retirement Plan (added in 1995)
4. Tier 4 – 50/25A Automotive Early Retirement Plan (added in 2001)
5. Tier 4 – 25/Out Special Officers Early Retirement Plan (added in 2002)
6. Tier 4 – 55/25 UFT Early Retirement Plan (added in 2008)
7. Tier 4 – 55/27 UFT (i) Early Retirement Plan (added in 2008)
8. Tier 4 – 55/27 UFT (ii) Early Retirement Plan (added in 2009)

This SPD is a new revised edition of the original BERS Tier 4 Summary Plan Description, with Tier 3 Supplement, published in June 2000 and updated in December 2001. In addition to discussing the new early retirement plans added since the last update, the SPD covers important changes made to the Tier 4 62/5 Basic Plan. This SPD is also available electronically on our web site at [www.nycbers.org](http://www.nycbers.org).

Through a careful reading of this SPD 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 SPD in a safe place, readily available for future reference.

This SPD is intended to cover in detail the basic provisions of the Tier 4 retirement plans. Nevertheless, it is a “summary plan description” and, accordingly, you may be in need of further information or have questions you would like to discuss with BERS representatives. Do not hesitate to call us at (929) 305-3800 or (800) 843-5575 (outside of New York State) or visit the BERS Retirement Office located in Room 101, at 65 Court Street, Brooklyn, New York 11021. One of our representatives will be pleased to help you.

## TIER 4 SUMMARY PLAN DESCRIPTION

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The laws, rules and regulations governing BERS benefits and their application are complex and detailed. Accordingly, should there be any discrepancy between these laws, rules and regulations and the language of this SPD, the applicable laws, rules and regulations will govern.

BERS also wishes to state explicitly that its policy is not to discriminate in its benefit programs, activities and employment practices on the basis of race, color, creed, national origin, age, disability, marital status, sexual orientation, or gender as required by law.

The following Glossary contains definitions or descriptions of key terms and acronyms (abbreviations) which provide a handy reference in understanding your benefit provisions. You may wish to refer to the Glossary for these terms and abbreviations.

### Tier 4 | Introduction



### **Accidental Death Benefit**

An annuity payable to the eligible beneficiary(ies) of a member who died in active service, or in vested deferred status, as a result of (a) an accident sustained in the performance of their duties, or (b) a qualifying World Trade Center condition. See also [Beneficiary](#), [Death Benefit](#).

### **Active Service**

(when applied to BERS membership)

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

### **Additional Member Contributions (AMC)**

Contributions made to Early Retirement programs, in addition to regular member contributions.

### **Actuarial Calculations**

Mathematical and statistical calculations that pertain to annuity payments and benefits payments, using risk factors such as life expectancy and other demographic data.

### **Actuary**

A professional who performs actuarial calculations. The NYC Office of the Actuary provides actuarial information and services for the five major actuarially-funded New York City Retirement Systems, including BERS.

### **Alternate Payee**

A former spouse of a member entitled to receive a portion of the member's retirement benefits under a court order known as a domestic relations order (DRO).

### **American Clearing House (ACH)**

An association of banks that exchange checks and electronic funds transfers with one another. BERS can only issue Electronic Funds Transfer (EFT) payments to organizations that participate in the ACH.

### **Annuity**

A sum of money (variable or fixed) paid out monthly or at other regular intervals.

### **Arrears**

Unpaid contributions that are owed for a period of membership service. If arrears are not fully paid off before retirement, the outstanding balance will result in a reduction to the retirement benefit.

### **Beneficiary**

The person or entity who will receive death benefits and/or any other moneys payable after a member's death. The lump-sum death benefit is payable to the designated beneficiary, meaning anyone the member designates by filing a Designation of Beneficiary form. The accidental death benefit is payable to the eligible beneficiary, who is determined by law. The option annuity is payable to the option beneficiary after the member's death, irrevocably designated by the member at the time of retirement. See also [Accidental Death Benefit](#), [Death Benefit](#), [Designated Beneficiary](#), [Eligible Beneficiary](#), [Option](#), and [Option Beneficiary](#).

### **Catch-Up Contributions**

Additional contributions that TDA participants can make to the BERS TDA program, above and beyond the standard goal amount. Age-based catch-up contributions apply to all members aged 50 or older. Service-based catch-up contributions apply to members who have been employed by the DOE for at least 15 years, and whose combined TDA and 401(k) contributions during their employment average less than \$5,000 annually. Service-based catch-up contributions are subject to a \$15,000 lifetime cap. See also [Goal Amount](#).

### **Cost of Living Adjustment (COLA)**

An increase made to pension payments based on the cost of living index, which is a gauge of prices of services used and goods bought by the standard consumer. See also [Cost of Living Index](#).

### **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 a death benefit should the primary beneficiary die before the member.

### **Contributions**

Payments made to fund the retirement benefits provided by BERS, including service retirement, disability retirement, and death benefits. Members of BERS make QPP contributions based on their tier and their participation in an early retirement program, if applicable. These contributions are calculated as a fixed percentage of salary, and deducted through salary withholdings. The employer also makes QPP contributions each year, in an amount certified by the NYC Office of the Actuary. TDA contributions are made only by participating members, in an amount chosen by each member, and are entirely voluntary.

### **Cost of Living Index**

Gauges the prices of services used and goods bought by the standard consumer; these figures then provide the basis for annual adjustments made to Social Security payments, pension payments and more. See also [Cost of Living Adjustment \(COLA\)](#).

### **Covered Employment**

In addition to employment with the New York City Department of Education, this includes employment with the New York City School Construction Authority, the Office of the Special Commissioner of Investigation, certain charter schools, BERS, or as a School Crossing Guard employed by the New York City Police Department. Covered employment makes an employee eligible for BERS membership.

### **Creditable Service**

Employment that can count toward retirement credit and toward the calculation of the retirement benefit. See also [Credited Service](#).

### **Credited Service**

Employment that has been counted toward retirement credit and toward the calculation of the retirement benefit. There are many different kinds of credited service; see also [Membership Service](#), [Prior Service](#), [Military Service During Membership](#), [Military Service Prior to Membership](#), [Reinstated Service](#), and [Transferred in Service](#).

### **Death Benefit**

A lump-sum payment to the designated beneficiaries of a covered member. The designated beneficiaries will receive (a) an ordinary death benefit if the member died in active service with at least one year of service credit; or (b) a vested death benefit if the member died as a deferred vested member with at least 10 years of service credit; or (c) a post-retirement death benefit if the member died in retirement and was in Tier 2, 4 or 6. Additionally, if the deceased member had a balance in their TDA account, this balance will be paid out to a separately designated set of beneficiaries. See also [Beneficiary And Designated Beneficiary](#).

### **Deemed Distribution**

A report to the IRS of a defaulted loan. The IRS will treat the unpaid balance of the defaulted loan as income for tax purposes. Also, if a loan has not been fully paid off 5 years after issuance, the unpaid balance must be reported as a deemed distribution. See also [Default](#).

### **Default**

Failure to make scheduled payments on a loan. BERS considers a loan defaulted when no payments have been received in 90 days. When a loan has been placed in default, the outstanding balance will be scheduled for a deemed distribution, meaning that it will be reported to the IRS as income. See also [Deemed Distribution](#).

### **Deferred Retirement**

Retirement after a period of separation from active service. A member who leaves active service after vesting, but before attaining the age required to receive a benefit, is entitled to receive a deferred retirement benefit upon reaching the retirement age for their tier (and early retirement program, if applicable). See also [Vesting](#).

### **Deficit**

An insufficient balance in a contribution account (such as the MCAF or AMC account). See also [Arrears](#).

### **Designated Beneficiary**

The beneficiary (or beneficiaries) who will be paid a lump-sum death benefit (ordinary death benefit, vested death benefit, post-retirement death benefit, and/or TDA death benefit) in the event of the member's death. The member can change their designated beneficiary(ies) for lump-sum death benefits at any time by filing a Designation of Beneficiary form. A designated beneficiary is usually a person, but may be an entity, such as a trust. See also [Death Benefit](#).

### **Disability Retirement**

Retirement from active service after becoming disabled. A member who has 10 or more years of credited service may file for ordinary disability retirement (ODR), and this application will be granted on a finding that the member is permanently disabled for the performance of duty, regardless of the cause of the disability. A member who was injured in a work-related accident may file for accident disability retirement (ADR), regardless of the length of credited service, and this application will be granted on a finding that (a) the member is permanently disabled for the performance of duty, (b) the member suffered a work-related accident, and (c) this accident resulted in the member's disability. See also [Service Retirement](#).

### **Distribution**

Any withdrawal from a pension plan or tax-deferred retirement account. See also [Refund](#).

### **Domestic Relations Order (DRO)**

A court order that instructs a retirement system to pay a portion of a member's retirement benefits to a former spouse, known as an alternate payee. BERS may receive a DRO directed to a member's QPP account, TDA account, or both. When a DRO is directed to the QPP account, it generally orders BERS to pay the alternate payee a portion of the member's pension, usually effective when the member retires. When a DRO is directed to the TDA account, it generally orders BERS to pay the alternate payee a lump sum from the member's TDA, usually effective upon request. See also [Alternate Payee](#).

### **Early Retirement Programs**

Programs that allow the member to retire at an earlier age, but which require payment of Additional Member Contributions (AMC). These programs include the 57/5 early retirement program (Tier 4 only), the 55/25 early retirement programs (Tiers 2 and 4), the 55/25 early retirement programs for UFT members (Tiers 2 and 4), the Automotive early retirement programs (Tiers 4 and 6), and the Special Officers early retirement programs (Tiers 2, 4, and 6).

### **Earnable Salary**

Regular annual wages, not including any additional compensation, such as overtime pay.

### **Earned Salary**

Actual wages earned during a specified period of time.

### **Effective Date Of Retirement**

The actual date on which one's retirement begins. No service can be credited after the effective date of retirement. In cases of deferred retirement, this date may be retroactive.

### **Electronic Funds Transfer (EFT)**

The deposit of a payment directly into a bank account. BERS can only issue EFT payments to financial institutions that participate in the American Clearing House (ACH).

### **Eligible Beneficiary**

The beneficiary who will be paid an accidental death benefit in the event the member dies as a result of a work-related accident. The eligible beneficiary is not designated by the member, but determined by law. This will be the surviving spouse, if living; otherwise any surviving children under age 25; otherwise to dependent parents; otherwise any other qualifying dependent; otherwise the designated beneficiary. See also [Accidental Death Benefit](#).

### **Escalation**

Incremental increases in the amount of benefit payable.

### **Final Average Salary (FAS)**

An important component of your pension calculation. The FAS formula is different for each tier, but in general it is calculated by averaging your earnings during your highest-earning consecutive years of credited service (not necessarily your last years), with some limits applied for members who received significant pay increases during this period.

### **Federal Insurance Contributions Act (FICA)**

A federal law that requires employers to withhold a percentage of wages and make payments to fund Social Security and Medicare.

### **Fixed Return Fund**

One of two options for investing TDA contributions. The Fixed Return Fund guarantees investment earnings at a fixed interest rate of return. The fixed interest rate is 7% per year for members represented by the United Federation of Teachers (UFT) and 8.25% per year for all other members. See also [Variable Annuity Fund](#).

### **Five-Year Out Rule**

Under the applicable law, a member who leaves covered employment before vesting will lose all membership rights 5 years after the last day of active service. This means that all interest on BERS accounts will stop, and the member has no rights to any BERS retirement benefits other than to can apply for a refund of all contributions and earnings. If the member returns to active service and joins BERS or another retirement system, the service can be reinstated. See also [Vesting](#).

### **Goal Amount**

The maximum dollar amount that a TDA participant can contribute to the BERS TDA Program in a calendar year. The goal amount is announced by the IRS in autumn of each year, and takes effect on January 1 of the following year. The goal amount is combined between all TDA and 401(k) programs a member may contribute to. However, contributions to 457 programs are tallied separately. See also [Catch-Up Contributions](#).

### **Hardship Distribution**

A distribution of TDA funds to a member who is less than 59½ years old and remains in service, but who has suffered one of the following hardships: medical expenses for self, spouse, or dependents; purchase of a primary residence; tuition for post-secondary education; danger of eviction; burial or funeral expenses for a parent, spouse, child, or dependent; repair of damage to principal residence casualty loss; or expenses or losses related to a federally declared FEMA disaster area. A hardship distribution may not exceed the amount of the hardship itself, and can include only TDA contributions (not interest or earnings).

### **Insurance Premium**

A fee paid for insurance protection. BERS includes an insurance premium when calculating each loan payment schedule. When a member dies with an outstanding loan that is insured, the beneficiaries will receive the full death benefit amount. Note that a defaulted loan is no longer insured; when a member dies with an outstanding loan that is uninsured, the beneficiaries will receive a death benefit reduced by the amount of the unpaid loan balance. See also [Default](#).

### **Liquidate**

To fully pay off a loan.

### **Member Contributions Accumulation Fund (MCAF)**

The account in which the regular employee contributions of Tier 4 and 6 members accumulate and earn interest.

### **Membership Service**

Service credit accrued after the date of membership.

### **Military Service During Membership**

Service in the armed forces of the United States or the State of New York, performed while a member of BERS. If the member goes off their employer's payroll during a period of military service during membership, the member can purchase service credit for this military service by making the contributions that they would have made had they remained in active service during the same period.

### **Military Service Prior to Membership**

Service in the armed forces of the United States performed before the date of membership in BERS. A member may purchase up to 3 years of military service prior to membership, at a cost that depends on the member's tier.

### **New York City Or State Public Employee Retirement Systems**

The 7 retirement plans for employees in New York public service. Besides BERS, this includes the New York City Employees' Retirement System (NYCERS), the Teachers' Retirement System of the City of New York (TRS), the New York City Police Pension Fund (PPF), the New York City Fire Department Pension Fund (FDPF), the New York State and Local Employees' Retirement System (NYSLRS), and the New York State Teachers' Retirement System (NYSTRS).

### **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 Department of Education.

### **Option**

At the time of retirement, a member may choose either to receive the maximum retirement allowance, or to select an option that reduces the retirement allowance but offers continued coverage for an option beneficiary of the member's choice. The available options depend on the member's tier. Thirty days after the first pension payment has been issued, the option chosen at retirement cannot be changed, and, except in the case of the 5- and 10-Year Certain options, the beneficiary cannot be changed, either. See also option [Beneficiary](#).

### **Option Beneficiary**

The beneficiary who will be paid an annuity in the event of a retired member's death. The option beneficiary is designated by the member at the time of retirement, and cannot be changed once thirty days have elapsed after the first pension payment has been issued, except in the case of the 5- and 10- Year Certain options. See also [Option](#).

### **Payable**

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

### **Prior Service**

Service credit for employment with the City or State of New York before the date of membership in BERS. A BERS member can purchase prior service for employment if the employment in question would have made the member eligible to join BERS or any one of the other New York City or State public employee retirement systems. The cost of prior service depends on the member's tier.

### **Prorate**

To assess, divide, and distribute proportionally.

### **Qualified Pension Plan (QPP)**

The plan that receives a BERS member's retirement contributions and issues their pension payments after they retire. The term "qualified" indicates that the BERS QPP follows the requirements of Section 401 (a) of the Internal Revenue Code.

### **Reduced Escalation**

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

### **Refund**

A payment of QPP or TDA contributions, and/or interest and earnings on these contributions. BERS may issue a QPP refund under various circumstances, including overpayment of contributions, termination of membership, etc. BERS may issue a TDA refund on request to any TDA participant who is 59½ years of age, separated from service or approved for a hardship distribution. A refund of pre-tax funds will be reported to the IRS as income. It may be possible to roll over a refund to another retirement account, such as an Individual Retirement Account (IRA), in order to continue to enjoy the tax advantages. See also [Hardship Distributions, Required Minimum Distributions, And Rollover](#).

### **Required Minimum Distributions (RMDs)**

Mandatory refunds that participants in the BERS TDA Program who are retired or otherwise separated from service must receive each year once they reach a certain age. As of January 1, 2023, that age is 73. On January 1, 2033, it will increase to 75. RMDs cannot be rolled over. Roth contributions and earnings are not subject to RMDs during the member's lifetime. See also [Refund](#).

### **Rescind**

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

### **Reinstated Service**

Service credit accrued under a previously terminated membership, either at BERS or at another New York City or State public employee retirement system, which has been reinstated and is now credited to the member's account. See also [Tier Reinstatement](#).

### **Retirement Allowance**

The actual benefit payable to the retiree.

### **Retroactive**

Calculated with an effective date in the past. May refer to payments, contributions, the effective retirement date, etc.

### **Rollover**

A transfer of retirement funds, usually from the BERS QPP or TDA to an Individual Retirement Account (IRA). A member can only request a rollover of funds if the member is already eligible to receive a refund of the same funds. Pre-tax funds can only be transferred to a pre-tax account. Roth funds can only be transferred to a Roth account. Post-tax funds (e.g., a lump sum used to purchase prior service) cannot be rolled over, and can only be distributed (though they are not subject to taxes). See also [Refund](#).

### **Roth Contributions**

Starting January 1, 2024, BERS will permit TDA participants to make contributions on a Roth basis. Roth contributions are taxed when they are made. Roth contributions are not subject to federal or New York State tax when paid out to the member, since this tax has already been withheld at the time the contribution was made. Any earnings on Roth contributions are entirely free from federal and New York state tax when paid out to the member, as long as the first refund takes place in the fifth year from the member's first Roth contribution or later.

### **Retirement and Social Security Law (RSSL)**

The New York State RSSL is the legislation governing the pension contributions, retirement calculations, loans, refunds, death benefits, and other retirement-related rights and responsibilities of certain public employees, including BERS members.

### **Service Rendered**

Employment engaged in, work performed.

### **Service Retirement**

Retirement from active service after accruing the amount of service credit and reaching the age specified by the member's tier (and/or early retirement program, if any). For example, a Tier 6 member is entitled to retire at age 63 with 5 years of credited service. See also [Disability Retirement](#).

### **Social Security Quarters**

Refers to the credits earned under the Federal Insurance Contributions Act (FICA). Each quarter represents 3 months of covered employment. A worker born after 1928 must have at least 40 quarters of work in covered employment (i.e., 10 years) to apply for a Social Security old age pension. For Social Security purposes, "employment" includes most work that is subject to the Social Security payroll tax.

### **Tax-Deferred Annuity (TDA) Program**

The BERS TDA Program, governed by Section 403(b) of the Internal Revenue Code, is a program that allows eligible BERS members employed by the Department of Education (DOE) to set aside additional savings for their retirement. Pre-tax contributions to the BERS TDA Program accumulate earnings on a tax-deferred basis, and are not taxed until withdrawn. As of January 1, 2024, eligible BERS members may also make Roth contributions to the BERS TDA Program. See also [Roth Contributions](#).

### **1099-R**

A statement sent to taxpayers and to the Internal Revenue Service by the pension administrator, reporting all retirement-related income (including pensions, refunds, defaulted loans, and death benefits).

### **Tier**

A group of members, based on their date of membership. Members in each tier have different rights and responsibilities. Tier 1 covers members who joined before 06/30/1973. Tier 2 covers members who joined between 07/01/1973 and 07/26/1976. Tier 4 covers members who joined between 07/27/1976 and 03/31/2012. Tier 6 covers members who joined on or after 04/01/2012.

### **Tier Reinstatement**

Members who once belonged to BERS or another New York City or State public employee retirement system, left their covered employment and received a refund of their retirement contributions, and later rejoined a New York City or State public employee retirement system, are eligible to apply to reinstate their original membership date and tier rights by repaying all withdrawn contributions with interest. A member may apply for a reinstatement even if the original membership was in the same tier as the current membership; this will give the member the benefit of the original membership date for most legal purposes. See also [Reinstated Service](#).

### **Transferred Contributor (of BERS)**

A BERS member who left education service and started another City job that would ordinarily make them eligible for NYCERS or NYC TRS membership, but who filed an application to remain a BERS member. A member can only file for transferred contributor status if the new job begins no more than sixty days after the prior job ends. A BERS transferred contributor cannot participate in the BERS TDA Program, but continues to earn interest on existing contributions. NYCERS and NYC TRS also have their own transferred contributors. See also [Transfer Between Retirement Systems](#).

### **Transfer Between Retirement Systems**

When a member of one retirement system leaves their original job and joins another retirement system, the member can, and usually should, request a transfer to the second retirement system. The first retirement service then sends all contributions and interest accumulated in the member's accounts, together with an accounting of all credited service, to the second retirement system. This is usually advantageous because all credited service is now in one place. Transfers can happen between any two New York City or State public employee retirement systems. See also [Transferred Contributor](#), [Transferred In Service](#).

### **Transferred In Service**

Service credit transferred to BERS from another retirement system.

### **Variable Annuity Fund**

One of two options for investing TDA contributions. The Variable Annuity Fund seeks escalating growth through diversified and managed investments, but does not guarantee earnings nor an assured rate of return, since its returns hinge on the fluctuations of its investments' value. In addition to earnings and losses reflected in the variable unit value, variable fund accounts earn a 4% increase to the number of units per year (referred to as the "variable explosion"). See also [Fixed Return Fund](#).

### **Vesting**

Acquiring the right to receive the benefits specified by a particular retirement program after having completed a certain amount of credited service. At this time, all BERS members vest with 5 years of credited service.

## Who is a Tier 4 member

If you joined BERS on or after July 27, 1976, but before April 1, 2012, you are covered under the Tier 4 Plan. (If you join BERS on or after April 1, 2012, you are generally covered under the provisions of Tier 6 in accordance with Chapter 18 of the Laws of 2012.) You may also be eligible for Tier 4 benefits by way of “tier reinstatement” discussed on page 16, “How to Join or Rejoin BERS.”

And if you joined BERS on or after July 27, 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. See the section on the Tier 3 Plan for information about Tier 3 eligibility requirements for a description of its benefits.

As a Tier 4 member you may be eligible—required—to participate in one of the following plans:

1. Tier 4 – 62/5 Basic Plan (added in 1983)
2. Tier 4 – 55/25 Early Retirement Plan (added in 1995)
3. Tier 4 – 57/5 Early Retirement Plan (added in 1995)
4. Tier 4 – 50/25A Automotive Early Retirement Plan (added in 2001)
5. Tier 4 – 25/Out Special Officers Early Retirement Plan (added in 2002)
6. Tier 4 – 55/25 UFT Early Retirement Plan (added in 2008)
7. Tier 4 – 55/27 UFT (i) Early Retirement Plan (added in 2008)
- 8-. Tier 4 – 55/27 UFT (ii) Early Retirement Plan (added in 2009)

See the relevant SPD sections on the eligibility requirements for each of these plans and whether your participation is voluntary or mandatory.

### Who is eligible for BERS membership

Membership in BERS is open to all employees of the New York City Department of Education who are not eligible to participate in the New York City Teachers’ Retirement System. In addition, employees of the New York City School Construction Authority, participating charter schools, BERS, 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.

Tier 4 has been closed to new members since April 1, 2012. If you first join BERS on or after that date, you should refer to the Tier 6 SPD instead.

### Is BERS membership mandatory or voluntary

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

And if you became a Tier 4 member via reinstatement, your membership starts on the date on which your previous Tier 4 membership began. (An explanation of tier reinstatement is discussed further on page 16.)

## Becoming a member of BERS

### How to join or rejoin BERS

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

When joining or rejoining, you ought to discuss with a BERS representative the period of time you have worked in the past, because your prior employment with the City or State of New York 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.

You should also determine whether the tier reinstatement law (described on page 12) applies to you. If you once were a Tier 4 member in BERS or in another New York City or State public employee retirement system, it may be possible to reinstate your Tier 4 rights.

Once your application for BERS membership is received by the retirement system, it is irrevocable: you may not withdraw your membership so long as you remain in New York City education service. This means that you cannot reverse your decision to join BERS once that application arrives at the BERS Retirement Office as long as you stay employed in New York City education service.

### **Naming a beneficiary (or beneficiaries) when joining or rejoining BERS**

When enrolling, you have to complete the Designation of Beneficiary form, on which you must choose and identify your beneficiary or beneficiaries—clearly a very important decision—so that any death benefit due will be paid to your survivors according to your wishes. These death benefits are described in the chapter “What If You Die Before Retirement” on page 39. You can name any persons you wish (such as a family member or friend) or entities (such as a charity or another organization of meaning to you) as your beneficiaries.

You can change your selection of beneficiaries at any time by filing the appropriate form with the Retirement Office. Your semi-annual statement from BERS (which you should always look over carefully) indicates your current beneficiary information—make sure it is what you intend.

Take note that if no Designation of Beneficiary Form is received by BERS, any death benefit due will be paid to your estate.

If you also participate in the BERS Tax-Deferred Annuity (TDA) program, you must complete a separate Designation of Beneficiary form for your TDA death benefit.

## **BENEFICIARY SELECTION**

### **First Designation**

When you join BERS, you must designate beneficiaries for the Ordinary Death Benefit

### **Later Designations**

At any time during your membership, you can change beneficiaries

### **Retirement Designation**

At retirement you make up to three designations

- 1 Temporary Beneficiary
- 2 Option Beneficiaries
- 3 Fractional Beneficiary

### About tier reinstatement

Legislation enacted in 1999 permits a member of BERS who had a prior, ceased membership in BERS or another New York State or City public employee retirement system under a different tier to restore the rights of their original tier. This process is commonly referred to as “tier reinstatement.”

For example, if you were once a Tier 4 member of BERS, then left your employment, terminated your membership, and later re-joined BERS as a Tier 6 member, you might be able to restore your Tier 4 rights. Similarly, if you were once a Tier 1 member of NYCERS, then left your employment, terminated your membership, and later joined BERS as a Tier 4 member, you might be able to restore your Tier 1 rights.

If you received a refund of contributions when your original membership ended, you must repay the refund, plus 5% compound interest from the date of the refund, in order to restore the rights of your original membership. This payment must be submitted to BERS in full before your reinstatement can become effective.

If you are granted a tier reinstatement, the date on which your original membership began would be reestablished as the official start date of your BERS membership.

If you believe that you may be eligible for tier reinstatement, please discuss the matter with a BERS counselor at your earliest opportunity. BERS will determine your eligibility for tier reinstatement, calculate the cost of your tier reinstatement, and explain any related benefits from tier reinstatement.

So, determine the dates of your former membership and also the circumstances under which it ended. Why the latter? Because, in order to qualify for tier reinstatement, your former New York public retirement system membership must have come to an end for one of the following reasons: you had insufficient service credit when you left the position that accorded you such membership; you withdrew all of your contributions; or, you withdrew your membership.

### About employee contributions

As a Tier 4 member, you are required to make regular contributions to BERS equal to 3% of your gross wages. These contributions are credited to your Member Contributions Accumulation Fund (MCAF), where they accrue 5% interest per year.

Due to a change in law effective October 1, 2000, most Tier 4 members no longer need to make these 3% contributions after they have attained either (a) 10 years of membership, or (b) 10 years of credited service, whichever comes first. *Exception:* Participants in the 55/27 UFT (ii) Early Retirement Plan, adopted in 2009, must continue to make their 3% contributions for all years of service. See pages 77-80 for information on this plan.

Even if you are no longer required to make 3% contributions to the MCAF, you will still be required to pay Medicare and Social Security (FICA) contributions. Additionally, if you participate in any one of the early retirement plans, you must continue to make Additional Member Contributions (AMCs) as per the terms of that early retirement plan.

Note that this legislation has no impact on the cost to purchase prior service. For example, if you wish to buy back 14 years of prior service, you would still need to pay the equivalent of 3% of the wages that you earned during the entire 14-year period, plus 5% annual compound interest (plus any AMCs, if applicable). For more information on purchasing prior service, see pages 21-22.

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 currently not included as part of your gross income for federal income 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.

Any employee contributions, however, that you made before July 1, 1989, were included as part of your gross income and hence, were subject to federal taxes at that time. This means that the specific portion of your retirement benefits financed by those pre-July 1, 1989 contributions will *not* be taxed federally when paid out in retirement, *nor* would a refund of those specific contributions be so taxed.

Currently, New York City and State income taxes apply to your employee contributions when made. Please take this into account when preparing your income tax return each year. City and State taxes, in turn, are neither imposed on your retirement benefits, nor on any refund of your contributions. However, in the event of a refund, New York will impose taxes on the accumulated interest that has accrued on your contributions.

### About employer contributions

In addition to your employee contributions, your employer also makes contributions to BERS. The Office of the Actuary calculates and determines the contributions the employer is required to contribute to BERS. Together, employee contributions, employer contributions, and earnings on BERS' investments fund the retirement benefits of BERS members.

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
- ▶ Prior Service
- ▶ Reinstated Service
- ▶ Transferred Service
- ▶ Union Leave Service
- ▶ Military Service Prior to Membership
- ▶ Military Service During Membership

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

**Prior Service**, also known as “Previous Service”, is service rendered prior to the date you became a member of BERS—whether you were employed by the Department of Education, by the City of New York, by the State of New York or any New York State political subdivisions, or by another covered employer. You must purchase such prior service to get credit for it at BERS, and you must be eligible to do so. Eligibility and cost are both explained in the very next chapter, “How You Buy Back Prior Service,” page 21.

If you have been granted tier reinstatement and restored your tier rights under an earlier membership in a different New York City or State public employee retirement system, such service is also considered prior service for most purposes.

**Reinstated Service** is service credit accrued under a previously terminated membership, either at BERS or at another New York City or State public employee retirement system, which has been reinstated and is now credited to your account. If you received a refund of contributions when your original membership ended, you must repay the refund, plus 5% annual compound interest from the date of the refund, in order to restore the rights of your original membership. Reinstatement is explained in more detail on pages 10 and 12.

Reinstated service, if rendered in a system other than BERS, is deemed prior service under the law. You do not purchase reinstated service, but you must repay any contributions that were refunded to you. Eligibility for, and cost of tier reinstatement, are explained in the section “About Tier Reinstatement,” page 12.

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

You should consult with your former retirement system and with BERS concerning any restrictions on transferred service. (See the chapter “Transferring Your Membership,” page 23.)

**Military Service prior to membership** is service in one of the armed forces of the United States that you performed before joining BERS. In order to receive credit for military service prior to membership, the following requirements apply:

1. You must have at least five years of credited service, not counting any military service prior to membership (but including membership service, prior service, transferred service, etc.);

and

2. You must apply for and purchase the service credit. The cost of the service credit is calculated according to the following formula:

3% of the salary you earned during the 12 months before you apply for the service credit

multiplied by

the number of years of military service prior to membership that you are purchasing

Note that any payments you make for military service prior to membership are considered employer contributions. Accordingly, they are not deposited into your MCAF, and you are not entitled to take loans from this balance. Such payments are generally not refundable, with two exceptions:

1. If, at retirement, your purchased military service prior to membership does not produce a retirement benefit greater than the benefit you would have received if you had not purchased the military service prior to membership, then you will be entitled to a refund of the cost of the military service prior to membership, with interest.
2. If you die prior to retirement, but the military service prior to membership does not produce a death benefit greater than the benefit that would have been paid had you not purchased the military service prior to membership at all, then your beneficiary(ies) will be entitled to a refund of the cost of the military service prior to membership, with interest.

Prior to May 31, 2016, additional limitations applied to purchases of military service prior to membership. Specifically, such service could be purchased only if performed in certain theaters and during certain periods of conflict. These requirements are no longer in effect. If you applied to purchase military service prior to membership sometime before May 31, 2016 and your application was denied on the grounds that your service was not performed in certain theaters and during certain periods of conflict, you may reapply to purchase this service.

You can apply for and purchase credit for military service prior to membership at any time before your retirement. The cost may be paid either through payroll deductions or in a lump sum.

**Military Service during membership** is active duty in the armed forces of the United States or the State of New York that may be eligible for retirement service credit under the New York State Military Law, the federal Uniformed Services Employment and Reemployment Act (USERRA), and under the New York State Military Law Section 243 or 244. Under both the State and federal laws you had to be engaged in covered employment; be granted a leave of absence to serve in active duty; actually serve in same and be honorably discharged therefrom; apply to return to your covered position; then, usually, pay the contributions that you would have been making during your military leave.

You can apply for and purchase credit for military service during membership at any time before your retirement.

**Union Leave Service** is service while on an approved leave of absence from your covered employment to work full-time for your union. To receive credit for this service, you will need to pay BERS the contributions that you would have made, if you had remained in active service during this period. If you are approved for such a leave of absence, please contact BERS at least once per year to arrange for calculation and payment of your employee contributions.

## Full-time and Part-time Service

Covered service with BERS can be either full-time or part-time. If you are working on a full-time basis, the amount of service credit you earn will be equal to the length of your employment, minus any breaks in service (including leaves without pay).

If you are working on a part-time basis, the amount of service credit you earn will be based on one of the following formulas:

- 1) If you are a substitute teacher, you will receive 1 year of service credit for 180 days or 1,170 hours worked.
- 2) If you are working in a school-based title, you will earn 1 year of service credit for every 1,470 hours worked.
- 3) If you are working in a non-school-based title, you will earn 1 year of service for every 1,827 hours worked.

You can never earn more than:

- (a) a year of service credit in a calendar year;
- (b) a month of service credit in a calendar month;
- (c) a week of service credit in a calendar week; or
- (d) a day of service credit in a calendar day.

## How you “buy back” Prior Service

If you want to receive credit for prior service (also known as “previous service”), you must submit a completed Prior Service Application form to BERS and purchase such credit. Prior Service may be full-time or part-time.

### Who is eligible to buy back Prior Service

You are eligible to purchase credit for prior service if either of the following applies to you:

- ▶ Before your BERS membership, you performed service in a position that made you eligible to join BERS or another public employee retirement system of New York City or State, but you did not join at that time; or
- ▶ Before your BERS membership, you performed service in a position that that did not make you eligible to join BERS or another public employee retirement system of New York City or State at that time, but which would make you eligible to join if you were serving in that position today.

You are eligible to purchase credit for prior service, even if there was a break in employment between the period you performed the prior service and your BERS membership.

### How much it costs to buy back Prior Service

The cost to purchase credit for prior 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. (Please see pages 50-80 for further details on the various early retirement programs.)

Once you submit your application, BERS will calculate the cost of purchasing credit for your prior service, and will give you the option of making the required payment in either lump sum or through payroll deductions. These payroll deductions are made after New York City (if applicable), New York State, and federal taxes are taken out of your paycheck.

### When you receive credit for Prior Service

To receive credit for your prior service, you need at least two years of membership service. You can claim and pay for the prior service at any time, but remember that you will not receive credit for it until you have completed two years of membership service with BERS.

So, this means that if you have two years of membership service and you buy back three years of prior service, you will have five years of credited service. Membership service, as before, includes credited service that you may have transferred to BERS from another public retirement system of the City or State of New York. (If you work on a part-time basis, remember that it may take more than two calendar years to earn two years of credited service.) Reinstated service from a prior BERS membership also counts as membership 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 would not otherwise entitle you to BERS membership, you may still remain in BERS as a Transferred Contributor, provided that the following apply to you:

- ▶ you start the other position within 60 days of the resignation date from your current job; and
- ▶ you do not withdraw your member contributions from BERS; and
- ▶ you do not become a member of another retirement system.

As a Transferred Contributor, you will continue to make contributions, if so required, toward your retirement allowance through payroll deductions, and hence, you will continue to accrue BERS benefits. However, you will not be eligible to make contributions to the Tax-Deferred Annuity Program (TDA) at BERS unless you remain in education service. Your status as a Transferred Contributor is effective as soon as you complete and submit the proper forms to BERS. These forms include a Transferred Contributor Application. Once you submit a Transferred Contributor Application to BERS, your choice is irrevocable.

## 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 Department of Education (or other covered employer); and
- ▶ you do not withdraw your member contributions from BERS; and
- ▶ you apply to transfer your membership service credit and your contributions within five years of your resignation date. You will need to submit the proper forms both to your new retirement system and to BERS. (If you are vested when you resign, the five-year rule does not apply.)

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.

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

### Vesting in BERS

Vesting means acquiring the right to receive the benefits specified by your particular retirement program after having earned a certain amount of credited service in the retirement system. All Tier 4 members are automatically vested in the Basic Tier 4 Plan with a minimum of five years of credited service. Note that vested members in the early retirement programs may be eligible to receive retirement benefits before age 62.

### What happens to your membership and contributions if you are a Vested member

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

But if your employment ends after you have accrued 10 or more years of credited service, you cannot get a refund of your account balance(s). You will, however, be eligible to receive a retirement allowance starting at age 62.

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 account balance(s) instead of a retirement allowance, even if you have 10 or more years of credited service. 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 are not vested you may choose one of the following two alternatives:

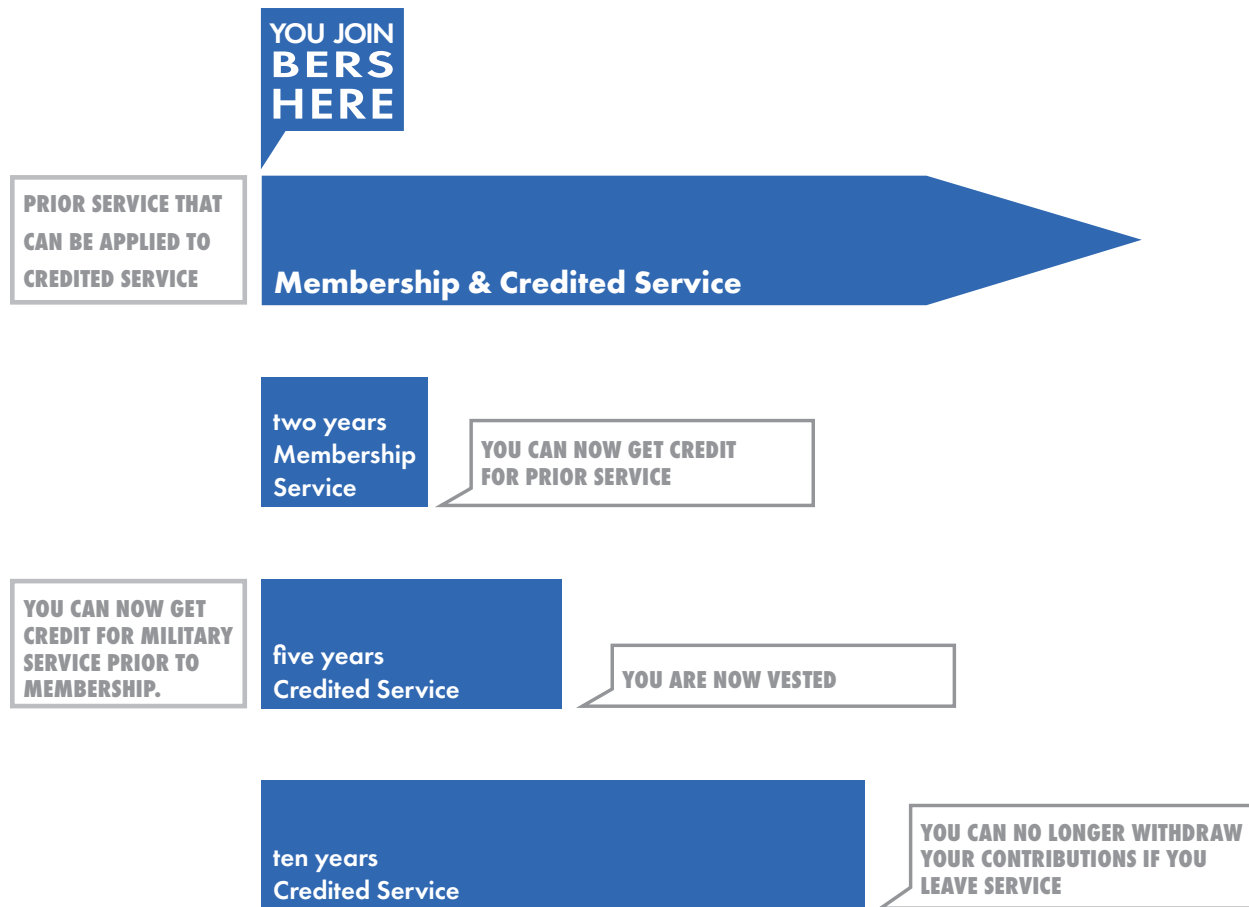
- ▶ you can receive a refund of your account balance(s) with interest if you apply for such—if you receive such a refund, however, your membership in BERS will end; or
- ▶ you can leave your contributions in your account, and the contributions will continue to earn interest for up to five years. If you have not returned to active service by that point, then the interest will cease and your BERS membership will end. You must then apply for a refund of these contributions.

# TIER 4 SUMMARY PLAN DESCRIPTION

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 account balance(s) 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.

## Tier 4 | General Information



## What if you leave and return to service later

### Maintaining your membership rights

If your employment ends with the Department of Education or another covered employer before retirement and then you return to service 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 do not withdraw your account balances, and either
- ▶ (a) you are vested, or
- ▶ (b) your time out of service does not total more than five years.

In general, should you return to the employ of the Department of Education or another 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 (unless a special circumstance applies, such as union leave or military service prior to membership).

### Returning to service after losing your membership rights

If you have lost your membership rights and later return to the employ of the Department of Education or that of another covered employer in the future, and 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.

## TIER 4 SUMMARY PLAN DESCRIPTION

## The Tier 4 – 62/5 Basic Plan added in 1983

### Who Is eligible to participate in 62/5

If you joined BERS on or after July 27, 1976, but before April 1, 2012, you are covered by 62/5 unless you are participating (either on a mandatory or optional basis) in one of Tier 4 Early Retirement Plans.

### How vesting works under 62/5

At five years of credited service, 62/5 members are automatically vested with the right to receive a pension at age 62.

Participants in Tier 4 Early Retirement Plans that require more than 5 years of credited service may still be eligible for pension benefits at age 62 under the Basic Tier 4 Plan if they have a minimum of 5 years of credited service.

### Final Average Salary

Your Final Average Salary (FAS) is an important component of your pension calculation. If you are working on a full-time basis, your FAS is defined as whichever of the following is most advantageous:

- ▶ The average of your earnings (including pensionable overtime) during any three consecutive years; or
- ▶ The average of the wages you earned in the last 36 months prior to your retirement date.

In addition, for FAS calculation purposes, your earnings in any one year cannot be greater than 110% of the average of your earnings in the previous two years. For example:

Assumed retirement date: 12/1/2023

FAS	Earnings period per year	Reported earnings	110% of average of earnings in previous 2 years	Capped earnings
1	12/1/2022 – 11/30/2023	\$100,000.00	\$88,550.00	\$88,550.00
2	12/1/2021 – 11/30/2022	\$86,000.00	\$80,850.00	\$80,850.00
3	12/1/2020 – 11/30/2021	\$75,000.00	\$77,000.00	\$75,000.00
N/A	12/1/2019 – 11/30/2020	\$72,000.00	N/A	N/A
N/A	12/1/2018 – 11/30/2019	\$68,000.00	N/A	N/A

## TIER 4 SUMMARY PLAN DESCRIPTION

In the example above, FAS Year 1 does not exceed 110% of the average of earnings in the previous 2 years. Therefore, the capped earnings for FAS Year 1 are equal to the reported earnings for that year. In FAS Year 2 and FAS Year 3, however, the compensation has increased significantly, so the capped earnings are lower than the reported earnings.

Note that an FAS Year is not necessarily the same as a calendar year. If you have breaks in your service, or if you were not working on a full-time basis, it may take more than one calendar year to complete one year of credited service.

If you are working on a part-time basis, your FAS may be calculated as the highest average earnings of any 6 consecutive years. When using this formula, there is no FAS capping based at 110% of the average of the previous two years. This formula will be used if it is the most advantageous to you.

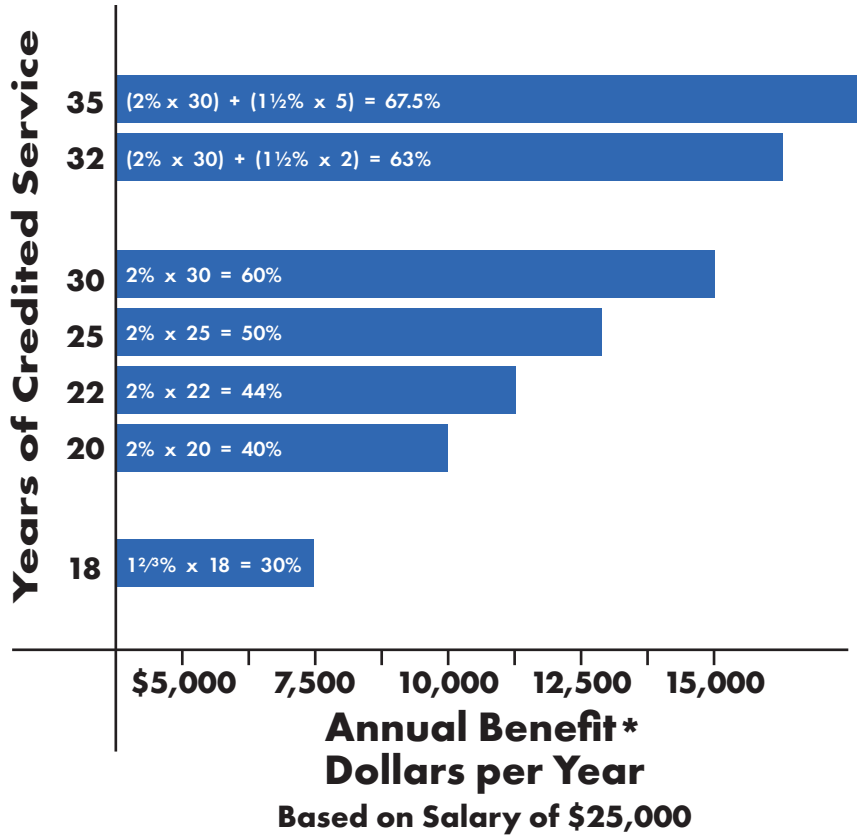
The table below is merely an illustrative example of the amount of Tier 4 benefits that would be paid at age 62 based on different numbers of years of service. The figures are also based on the selection of a "Maximum Retirement Allowance," as opposed to the selection of an "Option" (both of which will 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 balance 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 approximation of your 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

**Early retirement under the Basic Tier 4 Plan**

The Basic Tier 4 Plan (62/5) provides full, unreduced retirement benefits at age 62 if you are vested and have made all required member contributions. 62/5 also provides a reduced early retirement benefit as early as age 55 for active members with at least 5 years of credited service. This means that you can retire between the ages of 55 and 62 under the Basic Tier 4 Plan, but with a reduction in the amount of benefit. So, if you are in active service, vested, have made all required membership contributions, and have reached at least age 55, then you are eligible to receive reduced service retirement benefits. Exception: Participants in the Tier 4 55/25 and 57/5 Programs enacted in 1995 are not eligible to take advantage of this provision.

Based on the selection of a Maximum Retirement Allowance and calculated before any further reductions due to the choice of an Option, the Basic Tier 4 Plan early service retirement benefits are reduced as follows:

Time of Early Retirement	Percentage of Benefit Reduction
during each / any of the first 24 months before age 62	.5% (or ½ of one percent) per month

Time of Early Retirement	Percentage of Benefit Reduction
during each/any month before age 60	.25% (or ¼ of one percent) per month

- 1 For example, if you retire at age 61, your benefits would be reduced like this:  
the difference between age 61 and age 62 = 1 year = 12 months  
therefore, the benefit is decreased by  $.5\% \times 12$  months—that is, by 6 percent.
- 2 If, for example, you retire at age 56, your benefits would be reduced in this way:  
the difference between age 60 and age 62 = 2 years = 24 months  
plus the difference between age 56 and age 60 = 4 years = 48 months  
therefore, the benefit is decreased by  $.5\% \times 24$  months (12%)  
plus  $.25\% \times 48$  months (12%)—that is, by a total of 24 percent.

Remember, the two examples above do not include any further reductions due to an Option you may have selected.

Note that early retirement programs allow retirement before age 62 without reduction in benefit, as long as the service requirement are met. Further, Tier 3’s reduced early retirement benefits and reduced escalation are also not affected by the Tier 4 early retirement provisions.

## How to file for retirement benefits

First, you should speak to 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 will receive 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 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 first day after the last day you are on payroll.

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 date effective, at the earliest, the very next day. If you participate in the Tier 4 – 25/Out Special Officers Early Retirement Plan or the Tier 4 – 50/25 Automotive Early Retirement Plan, you must file your retirement application at least 30 days before your date of retirement.

If you are vested but not currently working, you may apply for a deferred vested benefit at age 62; your retirement date will be the later of the day after your last day on payroll or your 62nd birthday, whichever is later. (Note that if you are vested in an early retirement program, your retirement date will be the later of the day after your last day on payroll and the date of payability under the early retirement program.)

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 any time 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.

Once your actual retirement date has arrived, you can no longer rescind your retirement application.

## What if you become disabled

### Tier 4 Ordinary Disability Retirement eligibility

You are eligible to receive Tier 4 Ordinary Disability Retirement benefits at any age, provided that the following apply to you:

- ▶ You have 10 or more years of credited service; and
- ▶ 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.

### Tier 4 Accidental Disability Retirement eligibility

You are eligible to receive Tier 4 Accidental Disability Retirement benefits at any age, provided that the following apply to you:

- ▶ You were injured in an accident suffered while performing your job; and
- ▶ You were a member of BERS at the time the accident took place; and
- ▶ This accident was not the result of your own willful negligence; and
- ▶ This accident was the cause of your current disability; and
- ▶ You notify BERS in writing that you request Accidental Disability Retirement; and
- ▶ After a medical examination, the Medical Board finds 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.

### Disability Retirement benefits

The formula for both Ordinary Disability Retirement and Accidental Disability Retirement is the same. However, Accidental Disability Retirement benefits are exempt from federal income tax.

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 two calculations, then you will receive 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. In either case, you will need to submit an 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, if approved, 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

Disability retirees are subject to re-examination by the Medical Board at any time until age 60. If, after retiring for disability, you are re-examined and 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 cannot be changed later than 30 days after first payment of your retirement allowance has been made. Therefore, it is crucial that you read carefully and understand fully 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 benefit stops.

### Options

Options, on the other hand, do provide retirement benefits for your survivors, as well as providing you benefits during your lifetime. When you file your retirement application and if you select an Option, you must also select the beneficiary for your option benefit. 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 can also 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 your beneficiary is your legal spouse, he or she would also be eligible to receive 50% of the monthly COLA for which you would have been eligible. If, though, your beneficiary dies before you do, you continue to receive your reduced lifetime benefits, which do not change, and the benefits cease upon your death.

With Option 1, you can name only one beneficiary. You choose your beneficiary when you file your retirement application, and you cannot change your choice of beneficiary later than 30 days after first payment of your retirement allowance has been made.

### Option 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 cannot 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 your beneficiary is your legal spouse, he or she would also be eligible to receive a prorated portion of the monthly COLA for which you would have been eligible.

If, though, your beneficiary dies before you do, you continue to receive your reduced lifetime benefits, which do not change, and the benefits cease upon your death.

With Option 2, you can name only one beneficiary. You choose your beneficiary when you file your retirement application, and you cannot change your choice of beneficiary later than 30 days after first payment of your retirement allowance has been made.

### Option 3

**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 will continue 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 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 this option, 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 this option 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 30 or more days 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 will continue 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 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 this option, 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 this option 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 30 or more days after first payment of your retirement allowance has been made.

### Option 5-1 and 5-2: “Pop-Up” Options

“Pop-Up” Joint And Survivor: Options 5-1 and 5-2 diverge from Options 1 and 2, respectively. You receive a lifetime reduced monthly allowance and your beneficiary would receive either 100% or 50% of your reduced allowance. If your beneficiary predeceases you, though, then your benefit converts to a Maximum Retirement Allowance.

**Option 5-1:** You receive a reduced monthly allowance for the rest of your life. Upon your death, your beneficiary will receive 100% of your reduced allowance 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. The benefit ceases upon your death.

With Option 5-1, you can name only one beneficiary. You choose your beneficiary when you file your retirement application, and you cannot change your choice of beneficiary later than 30 days after first payment of your retirement allowance has been made.

**Option 5-2:** You receive a reduced monthly allowance for the rest of your life. Upon your death, your beneficiary will receive 50% of your reduced allowance 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. This benefit ceases upon your death.

With Option 5-2, you can name only one beneficiary. You choose your beneficiary when you file your retirement application, and you cannot change your choice of beneficiary later than 30 days after the first payment of your retirement allowance has been made.

**Note again, once you reach 30 days after 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 cannot be changed. Although you cannot change your choice of Options 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 are asked to nominate a beneficiary or beneficiaries to be paid benefits under Option 4, Ten-Year Certain.

This added designation of beneficiaries serves as a backup if you selected the Maximum Retirement Allowance, which does not provide for any beneficiaries. If you die after retirement but before the first payment of your retirement allowance has been made, then these “temporary” beneficiaries would receive a benefit to be calculated under Option 4 (Ten-Year Certain). Then, once first payment of your retirement allowance has been made, the Maximum Retirement Allowance comes into 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 available 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 must also complete an Electronic Funds Transfer Application form, have it signed by an official at your bank, and then return it to BERS. As an alternative to providing a bank official’s signature, you can enclose a cancelled check showing your name as account holder.

### 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, whomever you chose; or
- ▶ **Alternate 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

Ordinary Death Benefits are paid to your beneficiary(ies) 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
- ▶ the circumstances of your death do not qualify for an Accidental Death Benefit. (See page 43 below).

#### Scenario 2

- ▶ you are off payroll or on leave, but
- ▶ you were on payroll, in active service, and paid within 12 months before your death: or, you were on an approved medical leave without pay, and paid within the four-year period 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
- ▶ the circumstances of your death do not qualify for an Accidental Death Benefit. (See page 43 below).

If you joined or rejoined BERS before January 1, 2001, you were required to choose between Death Benefit Plan 1 and Death Benefit Plan 2. That choice is now obsolete. Even if you had chosen Death Benefit Plan 1, the benefit under Death Benefit Plan 2 will be paid to your beneficiary(ies), unless the benefit under Death Benefit Plan 1 proves greater. (These rules also apply to vested members not in active service.)

If you joined or rejoined BERS on or after January 1, 2001, your beneficiary(ies) will receive the benefit under Death Benefit Plan 2.

**Ordinary Death Benefit plan 1**

Ordinary Death Benefit Plan 1 provides a lump sum benefit that would equal the following:

- ▶ your Membership Contributions Accumulation Fund (MCAF)
  - plus
  - the employee portion of your Additional Member Contributions (AMCs), if applicable
  - 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 employee portion of our AMCs, if applicable
  - 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.

**Ordinary Death Benefit plan 2**

Ordinary Death Benefit Plan 2 provides a lump sum benefit that would equal the following:

- ▶ your MCAF
  - plus
  - the employee portion of your AMC, if applicable
  - 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 $\times$ current salary
3 or more years	three $\times$ current salary

After three 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 3% of the original amount that would have been paid (for members who died before July 1, 2021, this reduction was 5% per year). So, if you are in active service and die at age 61, the death benefit that would be paid is reduced to 97% of the original death benefit (or 95% if you died before July 1, 2021); age 62 would mean a reduction to 94% (or 90% if you died before July 1, 2021), and so on. But, once age 70 or older, the amount is not reduced below 70% of the original death benefit in effect (or 50% for members who died before July 1, 2021). Please see the table below for further clarification of these reductions.

Age at death while still in active service	Amount of benefit (for deaths before July 1, 2021)	Amount of benefit (for deaths on or after July 1, 2021)
61	95% of original benefit in effect	97% of original benefit in effect
62	90% of original benefit in effect	94% of original benefit in effect
63	85% of original benefit in effect	91% of original benefit in effect
64	80% of original benefit in effect	88% of original benefit in effect
65	75% of original benefit in effect	85% of original benefit in effect
66	70% of original benefit in effect	82% of original benefit in effect
67	65% of original benefit in effect	79% of original benefit in effect
68	60% of original benefit in effect	76% of original benefit in effect
69	55% of original benefit in effect	73% of original benefit in effect
70 or over	50% of original benefit in effect	70% of original benefit in effect

**Reductions in Ordinary 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. The benefit is not reduced to below 10% of the benefit in effect at age 60; 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 following table for a further clarification of these reductions.

Year of retirement in which death occurs	Amount of benefit
1 <sup>st</sup> year	50% of benefit in effect immediately before retirement
2 <sup>nd</sup> year	25% of benefit in effect immediately before retirement
3 <sup>rd</sup> 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 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. The 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 no longer in active service, and you die before the date 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 10 years of credited service, you cannot terminate your membership.

So, if you were to die as a BERS member with 10 or more years of credited service, even if you had discontinued working for the Department of Education or another covered employer, your survivors would be entitled to a death benefit. The benefit would go to the beneficiary(ies) whom you selected or 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 is applicable—that your survivors would have gotten had you died on your last day of active service.

### Accidental death benefits

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.

If none of the above eligible beneficiaries exist, the benefit would be paid,

- ▶ to your designated beneficiary(ies) as chosen by you.

In the event that a class of eligible beneficiaries consists of more than one person, benefits shall be divided equally among them.

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 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, and
- ▶ 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, if you are employed by the federal government, or by another state, or in private industry.

What New York public service does include is this: any employment with the State of New York, or with any county, town, village, school district, special district, or public authority within the State, or with the City of New York, including the Department of Education.

If you return to work within New York public service, your retirement allowance will be suspended for the duration of such employment, unless you qualify for one of the statutory exceptions outlined in Sections 212 or 211 of the Retirement and Social Security Law (RSSL). If you meet the requirements of RSSL Sections 212 or 211, you may be permitted to receive all or a portion of your retirement allowance while employed in the New York public service.

### 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 without any suspension or reduction in your retirement allowance payments, as long as your post-retirement earnings do not exceed the earnings limitation amount, currently \$35,000 per year. (The State Legislature periodically increases the Section 212 earnings limitation amount).

But if you are age 65 or above and you elect the provisions of RSSL Section 212, you can work in New York public service without any earnings limitation, permitting you to earn any amount without a suspension or reduction in your retirement allowance payments.

### RSSL Section 211

If you are employed in New York public service outside of the agency from which you retired, your post-retirement 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 agency from which you retired, and your employer secures an RSSL Section 211 waiver for you, you can continue to receive your full retirement allowance payments as long as your post-retirement earnings from your former employer are less than the difference between:

- ▶ 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, rounded up to the nearest amount divisible by \$500.

## TIER 4 SUMMARY PLAN DESCRIPTION

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For example, if your maximum retirement allowance is \$19,250 per year (including any cost-of-living increases), and your old job currently pays \$35,000 per year, this stipulation would be figured as follows:

$$\$35,000 - \$19,250 = \$15,750$$

rounded up to the nearest amount divisible by \$500 = \$16,000.

Therefore, your post-retirement earnings from your former employer could not exceed \$16,000 per year.



## Change of payroll status

This is crucial: you must notify BERS if your payroll status changes, for example, if you have been approved for an unpaid leave. 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. Such a break would also interfere with other ongoing deductions from your payroll, including loan repayments, purchases of prior service, etc.

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 form 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. These forms are also available on the BERS website, [www.nycbers.org](http://www.nycbers.org).

## 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, children, and other eligible dependents). Eligibility for health insurance benefits and retirement depends on a number of factors, including date of retirement, dates of service, union representation, and amount of credited service.

In order to continue health coverage after your retirement for you and the above list of dependents, you must file an application at the time that you file for retirement with the Office of Health and Welfare of the Department of Education (or that of your covered employer). Unless you have a Health and Welfare representative on-site (as does the School Construction Authority), you should contact:

HR Connect Department of Education  
65 Court Street, Room 102  
Brooklyn, NY, 11201  
Telephone: 718-935-4000

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

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

New York City Health Benefits Program  
40 Rector Street, 3<sup>rd</sup> Floor  
New York, NY, 10006  
Telephone: 212-306-7600  
TTY/TTD (hearing impaired): 212-306-7753

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, each of you must apply for Medicare on your own—that is, Medicare Part A and Medicare Part B (or any further supplemental policy).

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 fund plan, you may be eligible for added benefits, such as dental and prescription drug programs. For further information, please contact your union's welfare fund representative.

## About the BERS Tax Deferred Annuity Program

If you are a BERS member employed by the Department of Education, 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.

Making TDA contributions will supplement your Social Security benefits and your pension. You can make pre-tax contributions to the TDA Program to establish a pool of tax-deferred assets for your retirement. The interest on pre-tax contributions is also tax-deferred.

Beginning in 2024, you will also be able to make Roth contributions to the TDA program. Roth contributions are taxed when made, but if you wait at least five years before withdrawing your funds, and as long as you are at least 59½ years old or disabled, the earnings on your Roth contributions will be entirely tax-free.

Participation in the TDA Program is entirely voluntary. If you want to participate, you must complete a Tax Deferred Annuity Enrollment Form with BERS. For more information about the TDA Program, refer to the BERS TDA Brochure. All forms and documents are available on our website at [www.nycbers.org](http://www.nycbers.org).



## Tier 4/6 Loan Program

Tier 4 members of BERS are eligible to apply for loans under the Tier 4/6 Loan Program, which is separate and apart from any other loan program in which you may be eligible to participate. Other BERS loan programs include the Tax Deferred Annuity (TDA) Loan Program and the Early Retirement Loan Program. These loan programs are administered in accordance with federal tax law, IRS Regulations, the New York State Education Law, the Administrative Code of the City of New York, and administrative provisions adopted by BERS and its Board of Trustees.

BERS uses your Member Accumulated Contribution Fund (MCAF) account as collateral. When the loan check is drawn, your account balance is not reduced. However, if you retire or your employment ends and you have an outstanding balance, the outstanding balance and any accumulated interest thereon, unless repaid, will become a deficit in your account and cause a reduction in your benefits.

If you are a member in active service or on an approved leave of absence with pay, have at least one year of membership service, have not taken a Basic Tier 4/6 Loan in the last 12 months and are not in default in any BERS loan program, you may be eligible to take a loan.

For more information on the Tier 4/6 Loan Program please refer to the Tier 4/6 Loan Program brochure. This document is available on our website, [www.nycbers.org](http://www.nycbers.org).

## The Tier 4 55/25 Optional Early Retirement Plan added in 1995

### Who is eligible to participate in 55/25

If you joined BERS on or before June 28, 1995, you were in an “eligible position” and you elected to participate, you are covered by the 55/25 Optional Early Retirement Plan (55/25). This plan allows normal retirement beginning at age 55 with 25 years of credited service, or at age 50, with 25 years of service in a “physically taxing” position, without any reduction in retirement benefits.

An eligible position is any position that qualifies you for membership in BERS — such as a position with the Department of Education, the School Construction Authority, certain charter schools, BERS, 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.

You meet the eligibility requirements for 55/25 only if the following applied to you on June 28, 1995:

- ▶ You were employed by the Department of Education, by another covered employer, or by the City of New York, and you chose to participate in 55/25; and either
- ▶ (a) you were in active service in an eligible position (as defined earlier); or
- ▶ (b) 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
- ▶ (c) 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.

If, on June 28, 1995, you were employed by the City of New York in a position that qualified you for the 55/25 plan at the New York City Employees’ Retirement System (NYCERS), and you elected to participate in the 55/25 plan at NYCERS, and you later join BERS, then you will be a participant in 55/25 at BERS.

And if you were employed in an eligible position on June 28, 1995, but you were not a member of BERS or NYCERS in active service on that date, and later you join or rejoin BERS as a Tier 4 member in an eligible position (or you reinstate to Tier 4), then you will be given 90 days to apply for 55/25. This 90-day window starts at the time you become a member in active service in an eligible position, and you cannot receive more than one 90-day window to make this election. If this window expires, you will remain in the 62/5 Basic Plan, and will not be permitted to participate in 55/25. Furthermore, if you first joined BERS on or after April 1, 2012, and are not otherwise eligible to reinstate to Tier 4, then you would be a Tier 6 member, and would not be eligible to apply for 55/25.

Under 55/25, you can retire and receive a full unreduced service retirement allowance at age 55 if you are a member in active service and 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. Participants in 55/25 are required to make additional contributions over and above their regular contributions.

Those features of 55/25 that either differ from or are added to the 62/5 Basic Plan are discussed in this section.

### Who is not eligible to participate in 55/25

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

And, once again, 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 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, you had to submit an application no later than 5:00 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 or NYCERS in active service on that date, and later you become a 62/5 Basic Plan member of BERS (by joining, rejoining or reinstatement) 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 as long as you remain in an eligible position. This means that you cannot reverse your decision to participate in 55/25 as long as you are in an eligible position. The only exception would be if, at the time you elected this program, you could not possibly have accumulated 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 to participate in 55/25.

### How vesting works under 55/25

At five years of credited service, 55/25 participants are automatically vested in the 62/5 Basic Plan, with the right to receive a pension at age 62. 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 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 62/5 Basic Plan.

### When you are eligible to retire under 55/25

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

And if you have at least 25 years of credited service in a physically taxing position, have made all required membership and additional contributions, and have reached age 50, 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 the 62/5 Basic Plan retirement benefits. Please note that any deficit in your MCAF or AMC 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 non-payment of an outstanding loan balance will trigger a federal tax liability, and could result in a tax penalty on the outstanding balance.)

### About additional member contributions to 55/25

Beyond your regular member contributions equal to 3% of your annual wages, you are required to make additional member contributions (AMC) 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. For service on or after January 1, 1998 and on or before September 30, 2000, this additional contribution is at a rate of 2.85% of your annual wages. Thereafter, the rate is 1.85% 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%, 2.85% or 1.85% and the regular 3%.

Your additional member contributions are kept in your AMC account—separate from your regular 3% contributions, which are kept in your MCAF account. Usually, just like your regular 3% contributions, your additional member contributions are made through payroll deductions before federal taxes are taken out of your paycheck. (The additional member 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 member contributions incur current New York City (if applicable) and State income taxes. You continue to make additional member contributions until you have completed 30 years of credited service.

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

## TIER 4 SUMMARY PLAN DESCRIPTION

The following tables show the changes over time in the rate of contributions to 55/25:

Contributions prior to 1/1/98			
Position you held Pre 1/1/98	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 from 1/1/98 through 9/30/2000			
Position you held through 9/30/2000	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%

Contributions from 10/1/2000 through 11/20/2001			
Position you held through 11/20/01	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%

After 10 years of Membership or 10 years of Credited Service			
non-physically taxing position	0%	2.85%	2.85%
physically taxing position	0%	2.85% + 1.98%	4.83%

Beginning 11/21/2001			
Position you held Contributions	Regular Contributions	Additional Contributions	Total
non-physically taxing position	3%	1.85%	4.85%
physically taxing position	3%	1.85% + 1.98%	6.83%

After 10 years of Membership or 10 years of Credited Service			
non-physically taxing position	0%	1.85%	1.85%
physically taxing position	0%	1.85% + 1.98%	3.83%

### Employee Contributions and Employer Contributions: loans, withdrawals, refunds

Your additional member contributions (AMCs) fund the additional benefits of the 55/25 plan. Once paid into the system, 50% of your AMCs are considered employer contributions, and 50% are considered employee contributions.

You are permitted to borrow only that portion credited as employee contributions (50% of AMCs), plus interest thereon. For more information regarding AMC loans, please refer to the Early Retirement Program Loan brochure. This document is available on our website, [www.nycbers.org](http://www.nycbers.org).

Withdrawals or refunds of these contributions are permitted only under the following circumstances:

- ▶ death, or
- ▶ disability retirement, or
- ▶ ending participation in 55/25 within two years of submitting your application (which you were permitted to do, as discussed earlier, if 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 (as long as 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 at BERS or another public employment retirement system, or
- ▶ termination of employment for economic reasons (i.e., layoff) 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 AMCs of 1.98%, provided the following apply to you:

- ▶ death, or
- ▶ disability retirement, or
- ▶ you retire at or after age 55; and you have 25 or more years of credited service 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 (i.e., you were laid off).

### 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 AMCs, you will be required to repay those contributions with interest. (You may also have to pay contributions for credited service you may have accrued during your lapse in participation in 55/25.)

## The Tier 4 57/5 Mandatory and Optional Early Retirement Plan added in 1995

### Who is eligible to participate in 57/5

If you joined BERS after June 28, 1995, but before April 1, 2012, you were in an “eligible position”, and either you elected voluntarily to participate, or your participation was mandatory, you are covered under the 57/5 Retirement Plan (57/5). This plan allows normal retirement beginning at age 57 with 5 years of credited service, or at age 50, with 25 years of service in a “physically taxing” position, without any reduction in retirement benefits.

An eligible position is any position that qualifies you for membership in BERS—such as a position with the Department of Education, the School Construction Authority, certain charter schools, BERS, 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 Department of Education, another covered employer, or the City of New York;

and then you did qualify for 57/5 when you became employed in an eligible position as a member in active service.

Under 57/5, you can retire and receive a full unreduced service retirement allowance at age 57 if you have 5 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. Participants are required to make additional member contributions (AMC) over and above their regular contributions.

Those features of 57/5 that either differ from or are added to the 62/5 Basic Plan are discussed in this section.

### Who is not eligible to participate in 57/5

If, on June 28, 1995, you were employed in an eligible position with the Department 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, 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.

### How to participate In 57/5

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.

#### Mandatory participation

Participation in 57/5 is mandatory if you were not in an eligible position on June 28, 1995, and your current Tier 4 membership began on or after June 29, 1995. In this case, you would be mandated in 57/5 once you become a Tier 4 member in active service and are in an eligible position. And, if mandatory, your participation in 57/5 is automatic, effective on your membership date or your date of entry in an eligible position, whichever is later.

#### Optional participation

Participation in 57/5 is optional (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 City or State public employee retirement system on or before June 28, 1995; and
- ▶ you chose to participate in 57/5 once you were employed in an eligible position.

Once you elect to participate in 57/5, that choice is irrevocable as long as you are in an eligible position. This means that you cannot reverse your decision to participate in 57/5 as long as you are in an eligible position. And if you failed to apply within these 90 days, you lose the right to participate.

#### When you are vested under 57/5

Participants in 57/5 are automatically vested with the right to receive a pension at age 57 with five years of credited service.

Hence, if your employment ends and you have five or more years of credited service, and you have paid all required additional member 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, have made all required membership and additional member contributions, and 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, have made all required membership and additional contributions, and have reached age 50, 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 the 62/5 Basic Plan retirement benefits. Please note that any deficit in your MCAF or AMC 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 additional member contributions To 57/5

Beyond your regular member contributions equal to 3% of your annual wages, you are required to make additional member contributions (AMC) to BERS under 57/5. For service prior to January 1, 1998, this additional contribution is at the rate of 4.35% of your annual wages. For service on or after January 1, 1998 and on or before September 30, 2000, this additional contribution is at a rate of 2.85% of your annual wages. Thereafter, the rate is 1.85% 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%, 2.85% or 1.85% and the regular 3%.

The additional contribution rates apply to wages earned from all credited service—that is, whether the service was rendered before or after the enactment date of 57/5.

Your additional member contributions are kept in your AMC account—separate from your regular 3% contributions, which are kept in your MCAF account. Usually, just like your regular 3% contributions, your additional member contributions are made through payroll deductions before federal taxes are taken out of your paycheck. (The additional member 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 member contributions incur current New York City (if applicable) and State income taxes. You continue to make additional member contributions until you have completed 30 years of credited service.

# TIER 4 SUMMARY PLAN DESCRIPTION

The following tables show the changes over time in the rate of contributions to 57/5:

Contributions prior to 1/1/98			
Position you held Pre 1/1/98	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 from 1/1/98 through 9/30/2000			
Position you held through 9/30/2000	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%

Contributions from 10/1/2000 through 11/20/2001			
Position you held through 11/20/01	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%
After 10 years of Membership or 10 years of Credited Service			
non-physically taxing position	0%	2.85%	2.85%
physically taxing position	0%	2.85% + 1.98%	4.83%

Beginning 11/21/2001			
Position you held Contributions	Regular Contributions	Additional Contributions	Total
non-physically taxing position	3%	1.85%	4.85%
physically taxing position	3%	1.85% + 1.98%	6.83%
After 10 years of Membership or 10 years of Credited Service			
non-physically taxing position	0%	1.85%	1.85%
physically taxing position	0%	1.85% + 1.98%	3.83%

### **Employee Contributions and Employer Contributions: Loans, Withdrawals, Refunds**

Your additional member contributions (AMCs) fund the additional benefits of 57/5. Once paid into the system, 50% of your AMCs are considered employer contributions, and 50% are considered employee contributions.

You are permitted to borrow only that portion credited as employee contributions (50% of AMCs), plus interest thereon. For more information regarding AMC loans, please refer to the Early Retirement Program Loan brochure. This document is available on our website, [www.nycbers.org](http://www.nycbers.org).

Withdrawals or refunds of these contributions are permitted only under the following circumstances:

- ▶ death, or
- ▶ disability retirement, or
- ▶ retirement at age 62 or later (as long as 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 at BERS or another public employment 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 AMCs of 1.98%, provided the following apply to you:

- ▶ you retire at or after age 57 but before age 62, 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-months 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 AMCs, 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.)

## The 50/25A Automotive Early Retirement Plan added in 2001

### Who is eligible to participate in 50/25A

If you were an active or vested member of BERS on or after December 12, 2001 but before April 1, 2012, you were in an eligible position, and either you elected voluntarily to participate, or your participation was mandatory, you are covered under the 50/25 Early Retirement Automotive Plan (50/25A), which allows normal retirement at age 50 with 25 years of service, without any reduction in retirement benefits.

An eligible position is any position in a mayoral or non-mayoral agency of the City of New York as a senior automotive service worker, an automotive service worker, an auto body worker, an auto mechanic, a marine maintenance mechanic, an oil burner specialist, a supervisor of mechanics (mechanical equipment), a senior stationary engineer, a stationary engineer, an auto mechanic (diesel), an auto electrician, an auto machinist, a machinist, or a machinist helper.

You can retire under 50/25A and receive a full unreduced service retirement allowance if you have 25 or more years of service, have reached age 50, and are currently serving in an eligible position. Participants are required to make additional contributions over and above their regular contributions.

Those features of 50/25A that either differ from or are added to the 62/5 Basic Plan are discussed in this section.

### How to participate in 50/25A

Tier 4 members who qualify for 50/25A fall into two categories: those for whom participation is mandatory, and those for whom it is optional (voluntary).

#### Mandatory participation

Participation in 50/25A is mandatory if you were not in an eligible position on the date your title was incorporated into 50/25A, and your current Tier 4 membership began on or after that date; in that case, you must participate in 50/25A once you become a Tier 4 member in active service in an eligible position. And, if mandatory, your participation in 50/25A is automatic, effective on your membership date or your date of entry in an eligible position, whichever is later. For a list of dates when different titles were incorporated into 50/25A, please see below:

December 12, 2001: Auto body worker, auto mechanic, automotive service worker, senior automotive service worker, marine maintenance mechanic, oil burner specialist.

August 13, 2002: Supervisor of mechanics.

October 21, 2003: Auto electrician, auto mechanic (diesel), machinist, machinist helper, stationary engineer, senior stationary engineer.

July 18, 2007 (reopener for certain titles): Auto machinist, auto mechanic (diesel), machinist, machinist helper, stationary engineer, senior stationary engineer.

### Optional participation

Participation in 50/25A is optional if the following apply to you:

- ▶ you were active in an eligible position on the date your title was incorporated into 50/25A (see above), and you chose to participate in 50/25A; or

you had established your current Tier 4 membership in a New York City or State public employee retirement system on or before December 12, 2001, but you were not in an eligible position on the date your title was incorporated into 50/25A; if this applies to you, then you will be given 270 days to apply for 50/25A. This 270-day window starts at the time you become a member in active service in an eligible position, and you cannot receive more than one 270-day window to make this election. If this window expires, you will remain in the 62/5 Basic Plan, and will not be permitted to participate in 50/25A.

Once you elect to participate in 50/25A, that choice is irrevocable as long as you remain in an eligible position. This means that you cannot reverse your decision to participate in 50/25A as long as you are in an eligible position. And if you failed to apply within these 270 days, you lose the right to participate.

### When you are vested under 50/25A

At five years of credited service, 50/25A participants are automatically vested in the 62/5 Basic Plan, with the right to receive a reduced pension at age 62.

In addition, if you are a 50/25A participant and have completed five years of service, you are vested with the right to receive a deferred vested benefit on the earliest date on which you would have been able to retire for service, had you remained in an eligible position for 25 years, or on your 50th birthday, whichever is later.

### When you are eligible to retire under 50/25A

If you are in service in an eligible position, have at least 25 years of service, have made all required membership and additional contributions, and have reached age 50, then you are eligible to receive full service retirement benefits under 50/25A.

You should complete and return retirement application forms as soon as you make your decision to retire. But you must file your retirement application at least 30 days before your date of retirement.

### How 50/25A benefits are computed

Under 50/25A, your retirement benefits are calculated as follows:

2% x final average salary (FAS) x years of allowable service  
in an eligible position up to a maximum of 30 years

As you can see from the above formula, after 25 years of service and provided you remain in active service in an eligible position, the FAS-based pension portion of your retirement allowance is increased by an additional 2% per year for up to five years.

### About additional contributions to 50/25A

Beyond your regular member contributions equal to 3% of your annual wages, you are required to make additional member contributions (AMC) to BERS under 50/25A, at a rate of 4.83% of your annual wages.

Your additional member contributions are kept in your AMC account—separate from your regular 3% contributions, which are kept in your MCAF account. Usually, just like your regular 3% contributions, your AMCs are made through payroll deductions before federal taxes are taken out of your paycheck. (The AMCs 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 AMCs incur current New York City (if applicable) and State income taxes. You continue to make AMCs until you have completed 30 years of service.

### Employee contributions and Employer contributions: Loans, Withdrawals, Refunds

Your additional member contributions (AMCs) fund the additional benefits of the 50/25A program. Once paid into the system, your AMCs are considered employer contributions.

You are permitted to borrow these employer contributions, plus interest thereon.

For more information regarding AMC loans, please refer to the Early Retirement Program Loan brochure. This document is available on our website, [www.nycbers.org](http://www.nycbers.org).

Withdrawals or refunds of these contributions are permitted only under the following circumstances

- ▶ transfer to an ineligible position or discontinue service before completing 5 years of credited service; or
- ▶ transfer to an ineligible position in another public employment retirement system.

### 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 50/25A. And if you later return to an eligible position, you will again become a participant in 50/25A. If you received a refund of your AMCs, you will be required to repay those contributions with interest.

## The 25/Out Special Officers Early Retirement Plan added in 2002

### Who is eligible to participate in 25/Out

If you were an active or vested member of BERS on or after October 2, 2002, you were in an eligible position, and either you elected voluntarily to participate, or your participation was mandatory, you are covered under the 25/Out Early Retirement Special Officers Plan (25/Out), which allows normal retirement at any age with 25 years of allowable service in an eligible position, without any reduction in retirement benefits.

An eligible position is any position in one of the following titles that qualifies you for membership in BERS:

- ▶ Peace Officers employed by the Board of Education;
- ▶ transferred contributors to BERS such as these: School Safety Officers employed by the New York City Police Department; Campus Peace Officers at CUNY; Special Officers at mayoral agencies, the New York City Housing Authority, and the Health and Hospitals Corporation; Parking Control Specialists; Taxi and Limousine Inspectors.

Service in one of the above covered titles is also known as “allowable service” under 25/Out.

You can retire under 25/Out and receive a full unreduced service retirement allowance at any age, if you have 25 or more years of allowable service in an eligible position. Participants are required to make additional contributions over and above their regular contributions.

Those features of 25/Out that either differ from or are added to the 62/5 Basic Plan are discussed in this section.

### How to participate in 25/Out

Tier 4 members who qualify for 25/Out fall into two categories: those for whom participation is mandatory, and those for whom it is optional (voluntary).

#### Mandatory participation

Participation in 25/Out is mandatory if you were not in an eligible position on October 2, 2002, and your current Tier 4 membership began on or after October 2, 2002; in that case, you must participate in 25/Out once you become a Tier 4 member in active service in an eligible position. And, if mandatory, your participation in 25/Out is automatic, effective on your membership date or your date of entry in an eligible position, whichever is later.

## TIER 4 SUMMARY PLAN DESCRIPTION

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If participation is mandatory for you, but you were 30 years or older on the date you were first employed in an eligible position, then you would have been given a 180-day window to opt out of participation in 25/Out.

### Optional participation

Participation in 25/Out is optional if the following apply to you:

- ▶ you were employed in an eligible title on October 2, 2002, you chose to participate in 25/Out, and you were in active payroll in an eligible position on the date of application; or
- ▶ you had established your current Tier 4 membership in a New York City or State public employee retirement system on or before October 2, 2002; but you were not in an eligible position on October 2, 2002. If this applies to you, you will be given 180 days to apply for 25/Out. This 180-day window starts at the time you become a member in active service in an eligible position, and you cannot receive more than one 180-day window to make this election. If this window expires, you will remain in the 62/5 Basic Plan, and will not be permitted to participate in 25/Out.

Once you elect to participate in 25/Out, that choice is irrevocable as long as you remain in an eligible position. This means that you cannot reverse your decision to participate in 25/Out as long as you are in an eligible position. And if you failed to apply within these 180 days, you lose the right to participate.

### When you are vested under 25/Out

At five years of credited service, 25/Out participants are automatically vested in the 62/5 Basic Plan, with the right to receive a reduced pension at age 62.

In addition, once you have completed five years of allowable service in an eligible position, you are automatically vested with the right to receive a deferred vested benefit on the earliest date on which you would have been able to retire for service, had you remained in an eligible position for 25 years.

### When you are eligible to retire under 25/Out

If you have at least 25 years of service in an eligible position, and have made all required membership and additional contributions, then you are eligible to receive full service retirement benefits under 25/Out.

You should complete and return retirement application forms as soon as you make your decision to retire. But you must file your retirement application at least 30 days before your date of retirement.

### How 25/Out benefits are computed

Under 25/Out, your retirement benefits are calculated as follows:

2% x final average salary (FAS) x years of allowable service  
in an eligible position up to a maximum of 30 years

As you can see from the above formula, after 25 years of allowable service in an eligible position and provided you remain in active service, the FAS-based pension portion of your retirement allowance is increased by an additional 2% per year for up to five years.

### About additional contributions to 25/Out

Beyond your regular member contributions equal to 3% of your annual wages, you are required to make additional member contributions (AMCs) to BERS under 25/Out, at a rate of 6.25% of your annual wages.

Your additional member contributions are kept in your AMC account—separate from your regular 3% contributions, which are kept in your MCAF account. Usually, just like your regular 3% contributions, your AMCs are made through payroll deductions before federal taxes are taken out of your paycheck. (The AMCs 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 AMCs incur current New York City (if applicable) and State income taxes. You continue to make AMCs until you have completed 30 years of allowable service.

### Employee contributions and employer contributions: Loans, Withdrawals, Refunds

Your additional member contributions fund the additional benefits of the 25/Out program. Once paid into the system, your AMCs are considered employer contributions.

You are permitted to borrow these employer contributions, plus interest thereon.

For more information regarding AMC loans, please refer to the Early Retirement Program Loan brochure. This document is available on our website, [www.nycbers.org](http://www.nycbers.org).

## TIER 4 SUMMARY PLAN DESCRIPTION

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Withdrawals or refunds of these contributions are permitted only under the following circumstances:

- ▶ ending participation within 180 days of submitting your application (which you were permitted to do, if you exceeded age 30 upon employment in an eligible position), or
- ▶ transfer to an ineligible position or discontinue service before completing 15 years of credited service; or
- ▶ transfer to an ineligible position in another public employment retirement system.

### 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 25/Out. And if you later return to an eligible position, you will again become a participant in 25/Out. If you received a refund of your AMCs, you will be required to repay those contributions with interest.



## The Tier 4 55/25 UFT Optional Early Retirement Plan added in 2008

### Who is eligible to participate in 55/25 UFT

If you joined BERS on or before February 27, 2008, were active in an eligible position, and you elected to participate, you are covered by the 55/25 UFT Optional Early Retirement Program (55/25 UFT), which allows normal retirement beginning at age 55 with 25 years of credited service without any reduction in retirement benefits.

An eligible position is any position in education service in one of the following titles that qualifies you for membership in BERS:

- ▶ Army, Navy, Air Force, Aerospace, Marine Corps or Coast Guard Instructors
- ▶ Assistant Directors of Drug and Alcohol Programs
- ▶ Directors of Drug and Alcohol Programs
- ▶ Head Nurses
- ▶ Head Nurses (DOE)
- ▶ Non-annualized Adult Education Assistant Coordinators
- ▶ Non-annualized Adult Education Coordinators
- ▶ Non-annualized Adult Education Teachers
- ▶ Occupational Therapists
- ▶ Occupational Therapists (DOE)
- ▶ Pediatric Nurse Associates
- ▶ Physical Therapists
- ▶ Physical Therapists (DOE)
- ▶ Public Health Nurses
- ▶ Registered Nurses (DOE)
- ▶ Senior Army, Navy, Air Force, Aerospace, Marine Corps or Coast Guard Instructors
- ▶ Senior Occupational Therapists
- ▶ Senior Occupational Therapists (DOE)
- ▶ Senior Physical Therapists
- ▶ Senior Physical Therapists (DOE)
- ▶ Sign Language Interpreters
- ▶ Staff Nurses
- ▶ Substitute Vocational Assistants
- ▶ Supervising Therapists
- ▶ Supervisors of Nurses
- ▶ Teachers of Military Science
- ▶ Youth Development Specialists

Eligible positions also include the following positions, for members who are represented by the recognized teacher organization for collective bargaining purposes:

- ▶ Associate Education Analysts
- ▶ Associate Education Officers
- ▶ Education Administrators
- ▶ Education Analysts
- ▶ Education Officers

You meet the eligibility requirements for 55/25 UFT only if the following applied to you on February 27, 2008:

- ▶ you were employed by the Department of Education, by another covered employer, or by the City of New York, you chose to participate in 55/25 UFT, and you were being paid on payroll in an eligible position on that date and on the date of application; or
- ▶ you were vested but you were not in active service on February 27, 2008, and then you later became employed in active service, being paid on payroll, in an eligible position.

If, on or before February 27, 2008, you were employed by the City of New York in a position that qualified you for the 55/25 UFT plan at the New York City Teachers' Retirement System (TRS), and you elected to participate in the 55/25 UFT plan at TRS, then you will be a participant in 55/25 UFT at BERS.

You can retire under 55/25 UFT and receive a full unreduced service retirement allowance at age 55 if you have 25 or more years of credited service. Participants are required to make additional member contributions (AMCs) over and above their regular contributions.

Those features of 55/25 UFT that either differ from or are added to the 62/5 Basic Plan are discussed in this section.

### **Who is not eligible to participate in 55/25 UFT**

If, on February 27, 2008, you were not employed in an eligible position with the Department of Education, another covered employer, or the City of New York, and you were not vested—then you are not eligible for 55/25 UFT.

### How to participate in 55/25 UFT

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

- ▶ if you were in active service in an eligible position on February 27, 2008, you had to submit an application no later than 5:00 p.m. on August 25, 2008; or
- ▶ if you were not employed in an eligible position on February 27, 2008, but you were a discontinued vested member of BERS or TRS in active service on that date, and later return to service as a Tier 4 member in an eligible position, then you will be given 180 days to apply for 55/25 UFT. This 180-day window starts at the time you return to service as a member in active service in an eligible position, and you cannot receive more than one 180-day window to make this election. If this window expires, you will remain in the Tier 4 Plan in which you vested, and will not be permitted to participate in 55/25 UFT.

Once you elect to participate in 55/25 UFT, that choice is irrevocable as long as you are in an eligible position. This means that you cannot reverse your decision to participate in 55/25 UFT as long as you are in an eligible position. The only exception would be if, at the time you elected this program, you could not possibly have accumulated 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 UFT within 365 days of submitting your application to participate in 55/25 UFT.

### When are you vested under 55/25 UFT

At five years of credited service, 55/25 UFT participants are automatically vested in the 62/5 Basic Plan, with the right to receive a pension at age 62.

In order to receive a vested retirement benefit under 55/25 UFT, you must have completed at least 25 years of credited service, have paid all the contributions required under the plan, and not withdraw all or part of your accumulated deductions. Vested benefits are payable on the earliest date that you could retire for service had you not discontinued service (that is, at age 55).

### When you are eligible to retire under 55/25 UFT

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

### How 55/25 UFT benefits are computed

Under 55/25 UFT, your retirement benefits are calculated in the same way as are 62/5 Basic Plan retirement benefits. Please note that any deficit in your MCAF or AMC 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 additional member contributions to 55/25 UFT

Beyond your regular member contributions equal to 3% of your annual wages, you are required to make AMCs to BERS under 55/25 UFT. For service on or after March 2, 2008, these AMCs are at the rate of 1.85% of your compensation.

Your AMCs are kept in your AMC account—separate from your regular 3% contributions, which are kept in your MCAF account. Usually, just like your regular 3% contributions, your additional AMCs are made through payroll deductions before federal taxes are taken out of your paycheck. (The additional member 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 AMCs incur current New York City (if applicable) and State income taxes. You continue to make AMCs until you have completed 25 years of credited service.



### **Employee contributions and employer contributions: Loans, Withdrawals, Refunds**

Your additional member contributions AMCs fund the additional benefits of the 55/25 UFT Plan. Once paid into the system, 50% of your AMCs are considered employer contributions, and 50% are considered employee contributions.

You are permitted to borrow only that portion credited as employee contributions (50% of additional contributions), plus interest thereon. For more information regarding AMC loans, please refer to the Early Retirement Program Loan brochure. This document is available on our website, [www.nycbers.org](http://www.nycbers.org).

Withdrawals or refunds of these contributions are permitted only under the following circumstances:

- ▶ death, or
- ▶ disability retirement, or
- ▶ ending participation within 365 days of submitting your application (which you were permitted to do, if 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 (as long as 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 at BERS or in another public employment retirement system, or
- ▶ termination of employment for economic reasons on the part of the employer (i.e., if you are laid off).

### **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 UFT. And if you later return to an eligible position, you will again become a participant in 55/25 UFT. If you received a refund of the employee portion of your AMCs, 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 UFT.)

## The Tier 4 55/27 UFT (i) mandatory and optional Early Retirement Plan added in 2008

### Who is eligible to participate in 55/27 UFT (i)

If you joined BERS after February 27, 2008, but on or before December 9, 2009, you were active in an eligible position, and either you elected voluntarily to participate, or your participation was mandatory, then you are covered under the 55/27 UFT (i) Mandatory and Optional Early Retirement Plan (57/27 UFT (i)) which allows normal retirement beginning at age 55 with 27 years of credited service, without any reduction in retirement benefits.

An eligible position is any position in education service in one of the following titles that qualifies you for membership in BERS:

- ▶ Army, Navy, Air Force, Aerospace, Marine Corps or Coast Guard Instructors
- ▶ Assistant Directors of Drug and Alcohol Programs
- ▶ Directors of Drug and Alcohol Programs
- ▶ Head Nurses
- ▶ Head Nurses (DOE)
- ▶ Non-annualized Adult Education Assistant Coordinators
- ▶ Non-annualized Adult Education Coordinators
- ▶ Non-annualized Adult Education Teachers
- ▶ Occupational Therapists
- ▶ Occupational Therapists (DOE)
- ▶ Pediatric Nurse Associates
- ▶ Physical Therapists
- ▶ Physical Therapists (DOE)
- ▶ Public Health Nurses
- ▶ Registered Nurses (DOE)
- ▶ Senior Army, Navy, Air Force, Aerospace, Marine Corps or Coast Guard Instructors
- ▶ Senior Occupational Therapists
- ▶ Senior Occupational Therapists (DOE)
- ▶ Senior Physical Therapists
- ▶ Senior Physical Therapists (DOE)
- ▶ Sign Language Interpreters
- ▶ Staff Nurses
- ▶ Substitute Vocational Assistants
- ▶ Supervising Therapists
- ▶ Supervisors of Nurses
- ▶ Teachers of Military Science
- ▶ Youth Development Specialists

Eligible positions also include the following positions, for members who are represented by the recognized teacher organization for collective bargaining purposes:

- ▶ Associate Education Analysts
- ▶ Associate Education Officers
- ▶ Education Administrators
- ▶ Education Analysts
- ▶ Education Officers

You meet the eligibility requirements for 55/27 UFT (i) only if the following applied to you on or after February 28, 2008:

- ▶ you were in active service in an eligible position with the Department of Education, another covered employer, or the City of New York; and you first established membership after February 28, 2008 but before December 10, 2009, or
- ▶ you were a member of BERS but you were not employed in an eligible position on February 27, 2008, and you later become employed in active service in an eligible position.

You can retire under 55/27 UFT (i) and receive a full unreduced service retirement allowance at age 55 if you have 27 or more years of credited service. Participants are required to make additional member contributions (AMCs) over and above their regular contributions.

Those features of 55/27 UFT (i) that either differ from or are added to the 62/5 Basic Plan are discussed in this section.

### **Who is not eligible to participate in 55/27 UFT (i)**

If, on February 27, 2008, you were employed in an eligible position with the Department 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 55/27 UFT (i).

### **How to participate in 55/27 UFT (i)**

Tier 4 members who qualify for 55/27 UFT (i) fall into two categories: those for whom participation was mandatory, and those for whom it was optional (voluntary).

### Mandatory participation

Participation in 55/27 UFT (i) was mandatory if you were not in an eligible position on February 27, 2008, and your Tier 4 membership began on or after February 28, 2008, but before December 10, 2009. In this case, you would be mandated to participate in 55/27 UFT (i) once you become a Tier 4 member in active service in an eligible position. And, if mandatory, your participation in 55/27 UFT (i) is automatic, effective on your membership date or your date of entry in an eligible position, whichever is later.

### Optional participation

Participation was optional if the following applied to you:

- ▶ you had established your current Tier 4 membership in a New York City or State public employee retirement system on or before February 27, 2008; and
- ▶ you were not in an eligible position on February 27, 2008; and
- ▶ you chose to participate in 55/27 UFT (i) once you were employed in an eligible position.

If participation in 55/27 UFT (i) was optional for you, you would have been given 180 days to apply. Once you elect to participate in 55/27 UFT (i), that choice is irrevocable as long as you are in an eligible position. This means that you cannot reverse your decision to participate in 55/27 UFT (i) as long as you are in an eligible position. And if you failed to apply within these 180 days, you lose the right to participate.

### When you are vested under 55/27 UFT (i)

At five years of credited service, 55/27 UFT (i) participants are automatically vested in the 62/5 Basic Plan, with the right to receive a pension at age 62.

In order to receive a vested retirement benefit without benefit reductions under 55/27 UFT (i), you must have completed at least 27 years of credited service, have paid all the additional member contributions required under the plan, and not withdraw all or part of your accumulated deductions. Vested benefits are payable on the earliest date that you could retire for service had you not discontinued service (that is, at age 55).

### When you are eligible to retire under 55/27 UFT (i)

If you have at least 27 years of credited service, you have made all required membership and additional member contributions, and you have reached age 55, then you are eligible to receive full service retirement benefits under 55/27 UFT (i).

### How 55/27 UFT (i) benefits are computed

Under 55/27 UFT (i), your retirement benefits are calculated in the same way as are 62/5 Basic Plan retirement benefits. Please note that any deficit in your MCAF or AMC 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 additional member contributions to 55/27 UFT (i)

Beyond your regular member contributions equal to 3% of your annual wages, you are required to make additional member contributions (AMCs) to BERS under 55/27 UFT (i). These AMCs are at the rate of 1.85% of your compensation.

Your AMCs are kept in your AMC account—separate from your regular 3% contributions, which are kept in your MCAF account. Usually, just like your regular 3% contributions, your AMCs are made through payroll deductions before federal taxes are taken out of your paycheck. (The AMCs 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 AMCs incur current New York City (if applicable) and State income taxes. You continue to make AMCs until you have completed 27 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 55/27 UFT (i) Plan. Once paid into the system, 50% of your AMCs are considered employer contributions, and 50% are considered employee contributions.

You are permitted to withdraw only that portion credited as employee contributions (50% of AMCs, 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 (as long as 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 at BERS or another public employment retirement system, or
- ▶ termination of employment for economic reasons on the part of the employer (i.e., if you are laid off).

#### **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 55/27 UFT (i). And if you later return to an eligible position, you will again become a participant in 55/27 UFT (i). If you received a refund of the employee portion of your AMCs, 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 55/27 UFT (i).)

## The Tier 4 55/27 UFT (ii) Mandatory Early Retirement Plan added in 2008

### Who is eligible to participate in 55/27 UFT (ii)

If you joined BERS on or after December 10, 2009, but before April 1, 2012, and you were in an eligible position, you are covered under the 55/27 UFT (ii) Mandatory Early Retirement Plan (57/27 UFT (ii)), which allows normal retirement beginning at age 55 with 27 years of credited service, without any reduction in retirement benefits.

An eligible position is any position in education service in one of the following titles that qualifies you for membership in BERS:

- ▶ Army, Navy, Air Force, Aerospace, Marine Corps or Coast Guard Instructors
- ▶ Assistant Directors of Drug and Alcohol Programs
- ▶ Directors of Drug and Alcohol Programs
- ▶ Head Nurses
- ▶ Head Nurses (DOE)
- ▶ Non-annualized Adult Education Assistant Coordinators
- ▶ Non-annualized Adult Education Coordinators
- ▶ Non-annualized Adult Education Teachers
- ▶ Occupational Therapists
- ▶ Occupational Therapists (DOE)
- ▶ Pediatric Nurse Associates
- ▶ Physical Therapists
- ▶ Physical Therapists (DOE)
- ▶ Public Health Nurses
- ▶ Registered Nurses (DOE)
- ▶ Senior Army, Navy, Air Force, Aerospace, Marine Corps or Coast Guard Instructors
- ▶ Senior Occupational Therapists
- ▶ Senior Occupational Therapists (DOE)
- ▶ Senior Physical Therapists
- ▶ Senior Physical Therapists (DOE)
- ▶ Sign Language Interpreters
- ▶ Staff Nurses
- ▶ Substitute Vocational Assistants
- ▶ Supervising Therapists
- ▶ Supervisors of Nurses
- ▶ Teachers of Military Science
- ▶ Youth Development Specialists

Eligible positions also include the following positions represented by the recognized teacher organization for collective bargaining purposes:

- ▶ Associate Education Analysts
- ▶ Associate Education Officers
- ▶ Education Administrators
- ▶ Education Analysts
- ▶ Education Officers

You meet the eligibility requirements for 55/27 UFT (ii) only if the following applied to you:

- ▶ you were not employed in an eligible position with the Department of Education, another covered employer, or the City of New York on December 9, 2009;
- ▶ and then you become employed in an eligible position.

You can retire under 55/27 UFT (ii) and receive a full unreduced service retirement allowance at age 55 if you have 27 or more years of credited service. Participants are required to make additional member contributions (AMCs) over and above their regular contributions.

Those features of 55/27 UFT (ii) that either differ from or are added to the 62/5 Basic Plan are discussed in this section.

### **Who is not eligible to participate in 55/27 UFT (ii)**

If, on December 9, 2009, you were employed in an eligible position with the Department 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 55/27 UFT (ii).

### **How to participate in 55/27 UFT (ii)**

Participation in 55/27 UFT (ii) is mandatory if you were not in an eligible position on December 9, 2009, and your Tier 4 membership began on or after December 10, 2009, but on or before March 31, 2012. In this case, you would be mandated to participate in 55/27 UFT (ii) once you become a Tier 4 member in active service in an eligible position. Your participation in 55/27 UFT (ii) is automatic.

### **When you are vested under 55/27 UFT (ii)**

At five years of credited service, 55/27 UFT (ii) participants are automatically vested in the 62/5 Basic Plan, with the right to receive a pension at age 62.

In order to receive a vested retirement benefit without benefit reductions under 55/27 UFT (ii), you must have completed at least 27 years of credited service, have paid all the additional member contributions required under the plan, and not withdraw all or part of your accumulated deductions. Vested benefits are payable on the earliest date that you could retire for service had you not discontinued service (that is, at age 55).

### **When you are eligible to retire under 55/27 UFT (ii)**

If you have at least 27 years of credited service, you have made all required membership and additional member contributions, and you have reached age 55, then you are eligible to receive full service retirement benefits under 55/27 UFT (ii).

### **How 55/27 UFT (ii) benefits are computed**

Under 55/27 UFT (ii), your retirement benefits are calculated in the same way as are 62/5 Basic Plan retirement benefits. Please note that any deficit in your MCAF or AMCs 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 additional member contributions to 55/27 UFT (ii)**

Beyond your regular member contributions equal to 3% of your annual wages, you are required to make additional member contributions (AMCs) to BERS under 55/27 UFT (ii). These AMCs are at the rate of 1.85% of your compensation.

Your AMCs are kept in your AMC account—separate from your regular 3% contributions, which are kept in your MCAF account. Usually, just like your regular 3% contributions, your AMCs are made through payroll deductions before federal taxes are taken out of your paycheck. (The AMCs 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 AMCs incur current New York City (if applicable) and State income taxes. You continue to make AMCs on all credited service.

### **Employee contributions and Employer contributions: Loans, Withdrawals, Refunds**

Your AMCs fund the additional benefits of the 55/27 UFT (ii) Plan. Once paid into the system, 50% of your AMCs are considered employer contributions, and 50% are considered employee contributions.

You are permitted to withdraw 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 employment retirement system, or
- ▶ termination of employment for economic reasons on the part of the employer (i.e., if you are laid off).

### 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 55/27 UFT (ii). And if you later return to an eligible position, you will again become a participant in 55/27 UFT (ii). If you received a refund of the employee portion of your AMCs, 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 55/27 UFT (ii).)

# TIER 4 SUMMARY PLAN DESCRIPTION

	<b>TIER TIMELINE</b>
<b>TIER 3 – 62/5 Basic Plan</b> 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.	<b>1976</b>
<b>TIER 4 – 62/5 Basic Plan</b> If you joined BERS after August 31, 1983, but before April 1, 2012 you are considered a Basic Tier 4 member	<b>1983</b>
<b>TIER 4 – 55/25 Early Retirement Plan</b> <b>TIER 4 – 57/5 Early Retirement Plan</b> 55/25 Optional Early Retirement Program 57/5 Mandatory and Optional Retirement	<b>1995</b>
<b>TIER 4 – 50/25 Automotive Early Retirement Plan</b> 50/25 Early Retirement – Automotive	<b>2001</b>
<b>TIER 4 – 25/Out Special Officers Early Retirement Plan</b> 25/Out Early Retirement – Special Officers	<b>2002</b>
<b>TIER 4 – 55/25 UFT Early Retirement Plan</b> <b>TIER 4 – 55/27 UFT (i) Early Retirement Plan</b> 55/25 Optional Early Retirement 55/27 Optional Early Retirement	<b>2008</b>
<b>TIER 4 – 55/27 UFT (ii) Early Retirement Plan</b> 55/27 Mandatory Early Retirement – Teachers	<b>2009</b>
<b>TIER 6 – 63/10 Basic Plan</b> <b>TIER 6 – 50/25 Automotive Early Retirement Plan</b> <b>TIER 6 – 25/Out Special Officers Early Retirement Plan</b> If you join BERS on or after April 1, 2012 you are considered a Tier 6 member	<b>2012</b>

Tier 3 and 4 | Timeline

## Tier 3 rights

### Members Who Joined Before September 1, 1983

#### 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 with Tier 3 rights. This permits you to elect benefits under Tier 3 as provided by the Tier 3 - 62/5 Basic Plan. Note that if you joined BERS after August 31, 1983 but before April 1, 2012, you are covered only by Tier 4 and are not eligible to elect Tier 3 benefits.

Most features of Tier 3 and Tier 4 are similar or identical. Those features that differ significantly are discussed within this section.

In general, Tier 4 provides greater benefits than does Tier 3. However, under some circumstances, Tier 3 might provide you with greater benefits than would Tier 4; or you may only be entitled to retire under Tier 3.

If you elect coverage under Tier 3, be aware that you are not permitted to mix and merge the benefit provisions of Tier 3 and Tier 4, for example, you cannot modify the eligibility requirements under either plan.

#### 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 until they have accumulated 10 years of membership or 10 years of credited service, whichever happens first.

#### When you are vested under Tier 3

You are automatically vested under Tier 3 when you reach five years of credited service.

#### When you are eligible to retire under Tier 3

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 even if you are not in active service.

Just like Tier 4, Tier 3 allows you if you want to retire early, now both the Basic Tier 4 Plan and the Basic Tier 3 Plan permit service retirement between the ages of 55 and 62 with a reduction in the amount of the benefit. Under Tier 3 and Tier 4, this reduction in benefit is permanent. There is a difference, however, in how the reduction is computed under Tier 3 from how it is computed under Tier 4. Furthermore, a Tier 4 member with Tier 3 rights may apply for early retirement with a reduction even if they have left active service.

### Amount of Tier 3 benefits and how they are computed

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

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

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

minus an amount equal to

50% of your Primary Social Security Benefits; or

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

$2\% \times$  final average salary  $\times$  years of credited service

up to a maximum of 30 years

minus an amount equal to

50% 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, under Tier 3, you are neither granted credit nor do you receive an increase in retirement allowance for service beyond 30 years.**

**To clarify the definition of “Primary Social Security Benefits” when applied to Tier 3 benefits:**

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 reduced early service retirement benefits (between ages 55 and 62) are calculated as follows:**

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

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

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

$2\% \times$  final average salary  $\times$  years of credited service

up to a maximum of 30 years.

## TIER 3 SUMMARY PLAN DESCRIPTION

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%

If you retire early under basic Tier 3, upon reaching age 62 your maximum retirement allowance (as calculated before any reductions due to an Option you may have selected) will be further reduced by an amount equal to 50% of your Primary Social Security Benefits. That means you will still receive 100% of your Primary Social Security Benefits, but your Basic Tier 3 Retirement Allowance accordingly will be less than before your receipt of Primary Social Security Benefits.

Please note that 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: post-retirement increases

If you retire at or after age 65, your service retirement benefits are escalated (that is, 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 post-retirement 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 by  $\frac{1}{36}$  for each month your retirement date precedes 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 the date you retired and the date you turn 65. This computation constitutes the partial post-retirement 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 post-retirement escalation, or you can postpone receipt until age 62 for partial post-retirement escalation.

## How to file for Tier 3 retirement benefits

During your pre-retirement counseling appointment, you would follow the same procedures whether you apply for retirement under Tier 3 or Tier 4. However, in weighing retirement under Tier 3, if eligible, you would ask your BERS representative to compute which Plan—Basic Tier 3 or Basic Tier 4—would provide you with greater benefits.

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 will have the opportunity to select an Option and designate a beneficiary.

## What if you become disabled under Tier 3

The Tier 3 disability benefit calculation is reduced by 50% of your Primary Social Security Disability Benefits. Because the Tier 4 disability benefit calculation does not contain this reduction, a Tier 4 member with Tier 3 rights will generally find it more advantageous to apply for disability under the Tier 4 law. However, there are circumstances when you may be ineligible to file for disability retirement under Tier 4, but are nonetheless eligible to file for disability retirement under Tier 3.

For the purpose of this calculation, Primary Social Security Disability Benefits are defined as that portion of your Social Security Disability Benefits that result from your covered employment for which you have received credited service at BERS.

Filing for Ordinary Disability Retirement under Tier 3 requires only 5 years of credited service, as opposed to the 10 years of credited service required under Tier 4. This 5-year service total may include service prior to the date of your BERS membership *even if it is not credited with BERS*, but only if such service is continuous; any period off payroll for 30 or more days would be considered an interruption.

The process for filing for disability retirement under Tier 3 is also different than applying under Tier 4. If you are eligible to apply for Social Security Disability Benefits, you are required to do so before you can apply for disability retirement. This would take the place of an examination by the Medical Board. If you are a Tier 4 member with Tier 3 rights, and you are approved by the Social Security Administration to receive Social Security Disability Benefits, you are then entitled to a disability retirement from BERS, as long as you meet the other criteria (i.e., 5 years of credited service in the case of Ordinary Disability Retirement; a finding that your disability was caused by a work-related accident that was not the result of your willful negligence in the case of Accidental Disability Retirement).

However, if you are ineligible to apply for Social Security Disability Benefits (for example, because you lack the requisite number of quarters of covered service, or because you are 65 years or older), then you will be examined by the Medical Board, as under Tier 4. This process is described in more detail on the following pages.

### 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 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 below 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:

- ▶ (a) you are on the payroll of and being paid by a covered employer;
- or
- ▶ (b) 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. For the purposes of this rule, any period off payroll for 30 or more days if considered an interruption.

### Amount of Tier 3 Ordinary Disability Retirement benefits and how they are computed

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

less an amount equal to

50% of your Primary Social Security Disability Benefits

less an amount equal to

100% of your Worker’s Compensation payments;

or

33⅓% of final average salary

less an amount equal to

50% of your Primary Social Security Disability Benefits

less an amount equal to

100% of your Worker’s 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 in the case with service retirement, Tier 3 Ordinary Disability Retirement Benefits can be paid as a maximum retirement allowance or with reduction for 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 the result of an accident you suffered while performing your job and while a member of BERS, and that your accident was not a result of your own willful negligence.

### Amount of Tier 3 Accidental Disability Retirement benefits and how they are computed

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

60% x final average salary

less an amount equal to

50% of your Primary Social Security Disability Benefits

less an amount equal to

100% of your Worker’s 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 with a reduction for an Option you select at retirement.

## How to file for Tier 3 disability retirement

You must notify BERS in writing that you are requesting Tier 3 Disability Retirement, whereupon BERS will send you an application. And, just as if you were filing for service retirement, you pick a beneficiary (or beneficiaries) 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 Benefits or, if you are ineligible for Social Security Disability Benefits, the date on which you are otherwise found eligible by the Medical Board.

### What if you are no longer eligible for Tier 3 Disability Retirement

If you are receiving Primary Social Security Disability Benefits in addition to a Tier 3 disability benefit, and are subsequently found to be no longer eligible for Primary Social Security Disability Benefits before the age of 65, then your Tier 3 disability benefit 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 Retirement Benefits would be continued until you are first offered such a position at such salary grade.

## Tier 3 Options

As with Tier 4, when you apply either for service retirement or disability retirement under Tier 3, you must choose how you want your retirement allowance to be paid: you may select either the Maximum Retirement Allowance or an Option. This is a choice that cannot be changed later than 30 days after the 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 may select a percentage of benefit to be received by your beneficiary in increments of 10%, versus increments of 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 cannot change that decision as to percentage once the 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 cannot change your choice of beneficiary later than 30 days after 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 have reached age 55, and (i) are in active service, or (ii) you have vested, left service and have postponed receipt of your retirement benefits.

If you select the Tier 3 Survivor Annuity Benefit, and if you were to die between the ages of 55 and 62 or no later than 30 days after first payment of your retirement allowance has been made, your beneficiary would receive a Joint And Survivor annuity under Option 1 or 2, whichever you choose.

The survivor annuity would be paid to your beneficiary in lieu of any other death benefit offered, unless another benefit is greater, in which case the latter benefit would be payable.

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 pension benefit payable to you, and the survivor annuity payable to your beneficiary, are reduced according to actuarial calculations (considering factors such as the life expectancy of your beneficiary, for example).

### **Tier 3 Ordinary Death Benefit**

Tier 3 and Tier 4 Ordinary Death Benefits are each calculated as multiples of years of salary for corresponding years of credited service. The sole difference is that Tier 3 Ordinary Death Benefits, but not Tier 4 Ordinary Death Benefits, are technically capped at maximum dollar amounts. However, because a Tier 4 member with Tier 3 rights is entitled to the most advantageous of the two benefits, these maximum dollar amounts are effectively obsolete.

### **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  $1\% \times$  final average salary  $\times$  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 if deceased, respectively.

### Death Benefit for Tier 3 vested members NOT in active service

Due to a change in the 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 defined by law. The benefit is equal to 50% of final average salary, and is subject to immediate escalation. An application for a Tier 3 Accidental Death Benefit can be filed up to two years after the death of the member.



## What are the main differences between Tier 3 and Tier 4

Tier 3 differs from the Tier 4 62/5 Basic Plan in the following ways:

- ▶ If you joined BERS after July 26, 1976 but before September 1, 1983, you may elect Tier 3 benefits.
- ▶ You will not earn credit toward retirement, nor any increase in retirement benefits, for service beyond 30 years.
- ▶ You do not have to be in active service to retire between ages 55 and 62 with a reduction to your benefit.
- ▶ Your service retirement benefits will be reduced by an amount equal to 50% of your Primary Social Security Retirement Benefits beginning at age 62.
- ▶ Benefits include automatic partial post-retirement 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.
- ▶ 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).
- ▶ You need at least five years of service to be eligible for Tier 3 Ordinary Retirement Benefits (Tier 4 requires at least 10 years).
- ▶ 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, the interpretation of "five years of service" is different from the standard definition.
- ▶ Your Ordinary or Accidental Disability Retirement allowance will be reduced by an amount equal to 50% of your Primary Social Security Disability Retirement Benefits and 100% of your Worker's Compensation payments.
- ▶ Disability retirement benefits are automatically escalated (and are computed differently overall).
- ▶ The effective date of disability retirement is either the date on which you become eligible for Social Security Disability Benefits or the date you were determined to be eligible by the Medical Board.
- ▶ 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.

Cont'd

## TIER 3 SUMMARY PLAN DESCRIPTION

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- ▶ Accidental death benefits are escalated annually.
- ▶ Certain provisions of the death benefit for vested members not in active service are different.
- ▶ An application for an accidental death benefit can be filed up to two years after your death.

To determine whether it is in your interest to exercise your Tier 3 rights in a given situation, please speak with a BERS counselor.

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