

# your retirement plan

For ERS Tier 6 Members

(Article 15)

New York State Office of the State Comptroller  
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New York State and Local  
Employees' Retirement System

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## CONTRIBUTING TOWARD YOUR RETIREMENT

You are required to contribute 3 percent of your gross earnings (4 percent for uniformed peace officers and court officers employed by the Unified Court System) toward your retirement benefits during the fiscal year 2012-13. Beginning April 1, 2013, you are required to contribute a specific percentage of your gross earnings, as shown below, for all your years of public service after your date of membership.

Wages	Contribution Rate
Up to \$45,000	3%
\$45,000.01 to \$55,000	3.5%
\$55,000.01 to \$75,000	4.5%
\$75,000.01 to \$100,000	5.75%
Over \$100,000	6%

If you are employed by more than one participating employer, once you join the Retirement System, all salary and service earned in connection with this employment must be reported to this System, even if your membership is only mandatory with one employer.

Under Internal Revenue Code Section 414(h), your required contributions are tax-deferred until they are distributed to you. These contributions are reportable for federal income tax only when you withdraw or retire from the Retirement System. Therefore, contributions for Tier 6 members are:

- Not reported as wages for federal income tax;
- Reported as wages for New York State and local income taxes;
- Reported as wages for Social Security;
- Reported as wages to the New York State and Local Employees' Retirement System, and used in the calculation of all benefits paid by the Retirement System; and
- Calculated on your full gross salary, before any salary reductions for any other tax-deferred plan.

## Service Credit

### FULL- AND PART-TIME SERVICE CREDIT

#### Full-Time Employment

If you join the Retirement System on the day you begin employment with a participating employer, we calculate your retirement service credit by subtracting your beginning date of employment from the date you actually leave paid employment as long as:

- You work on a full-time continuous basis; and
- You earn at least the equivalent of New York State's annual minimum wage for your full career in public service.

"Full-time" is defined by your employer, but must be at least six hours per day, for a five-day week.

Institutional teachers, teachers who work in schools for the deaf and blind, school district and Board of Cooperative Educational Services (BOCES) employees and college employees in both classified and unclassified positions who work full-time for the school year receive a full year of retirement service credit. "School year" refers to employment during the months of September through June.

#### Part-Time Employment

Part-time employment, except as noted below, is credited as the lesser of:

$$\begin{aligned} & \text{number of days worked} \div 260 \text{ days} \\ & \text{or} \\ & \text{annual wages reported} \div (\text{State's hourly minimum wage} \times 2,000) \end{aligned}$$

For institutional teachers:

$$\text{number of days worked} \div 200 \text{ days}$$

For teachers working at New York State schools for the deaf and blind, BOCES and school district employees:

$$\text{number of days worked} \div 180 \text{ days}$$

For college employees:

$$\text{number of days worked} \div 170 \text{ days}$$

Employers report your days worked and salary to us.

### **Service Before Your Date of Membership**

You may receive credit for working for a participating public employer before you joined the Retirement System. To obtain the credit, you must earn at least two years of credited service as a Retirement System member.

#### **Example:**

You worked at the town library while going to school and, as a part-time employee, you chose not to join the System. When you have graduated and took a full-time job at the town supervisor's office, you were required to join. You can choose to claim the part-time service, but there is a cost.

### **Military Service**

You may be able to receive credit for some or all of your military service. To determine your eligibility and the cost, if any, please send us a copy of your Certificate of Release or Discharge from Active Duty (DD-214).

### **Service From a Previous Membership**

If you previously were a member of this System, or another public retirement system in New York State, your service may be recredited and your date of membership and tier restored. However, an earlier tier of membership does not always result in a better benefit. Please review your options carefully before making your decision, and contact us with any questions you may have. We will initiate reinstatement to Tiers 3, 4, 5, or an earlier date within Tier 6 by sending you information about your eligibility and giving you the opportunity to purchase credit for your withdrawn service.

If your previous membership was with another retirement system, please write to our Member & Employer Services Bureau. For reinstatement to Tier 1 or Tier 2, you must send us a completed Application to Reinstate a Former Tier 1 or 2 Membership (RS5506).

### **PAYMENT FOR SERVICE CREDIT**

As a Tier 6 member, you will be required to pay for service currently not credited to you. There are two kinds of past service costs — mandatory and optional.

Mandatory costs are required for service you earned as a member but for which you made no (or insufficient) contributions. You are required to pay the cost for such service at the rate you would have been assessed had you made timely contributions plus any interest accrued. (See Contributing Toward Your Retirement.)

## **ADDITIONAL SERVICE CREDIT FOR SICK LEAVE (SECTION 41(j))**

Section 41(j) of the Retirement and Social Security Law (RSSL) provides an optional sick leave benefit. If your employer has chosen to offer this benefit, you may receive service credit for your unused, unpaid sick leave days at retirement. To be eligible for this benefit, you must retire directly from public employment or within a year after separating from service. The maximum number of creditable sick leave days is generally 100, but can be 165 or 200 in certain cases. Contact your employer or refer to your Member Annual Statement to determine if this benefit is available to you.

Credit for your unused sick leave at retirement cannot be used to:

- Qualify for vesting. For example, if you have nine years and ten months of service credit and you need ten years to be vested, your sick leave credit cannot be used to reach the ten years.
- Qualify for a better retirement benefit calculation. For example, if you have 19¾ years of service credit but your pension will improve substantially if you have 20 years, your sick leave credit cannot be used to reach the 20 years.
- Increase your pension beyond the maximum amount payable under your retirement plan.
- Meet the service credit requirement to retire under a special 20- or 25-year plan.

# Service Retirement Benefit

## ELIGIBILITY, THE BENEFIT AND FILING

### Eligibility

You will be eligible for a service retirement benefit when you reach age 55 and have ten or more years of credited service. For the full retirement benefit, you must be 63 years old at retirement. You may retire as early as age 55, but you will receive a reduced benefit.

### The Benefit

- If you retire with less than 20 years of service credit, your benefit will equal 1.66 percent of your FAS for each year of service credit.
- With 20 years of service credit, your benefit will equal 1.75 percent of your FAS for each year of service credit (35 percent of your FAS).
- If you retire with more than 20 years of service credit, you will receive an additional 2 percent of your FAS for each year of service credit in excess of 20 years.

#### Examples:

**At age 63, with 19 years of service and an FAS of \$35,000:**

$$\begin{aligned} \$35,000 \times 1.66\% \times 19 \text{ years} &= \$ 11,039 \text{ per year} \\ &\$ \quad 920 \text{ per month} \end{aligned}$$

**At age 63, with 20 years of service and an FAS of \$35,000:**

$$\begin{aligned} \$35,000 \times 1.75\% \times 20 \text{ years} &= \$ 12,250 \text{ per year} \\ &\$ \quad 1,021 \text{ per month} \end{aligned}$$

**At age 63, with 32 years of service and an FAS of \$35,000:**

$$\begin{aligned} \$35,000 \times 1.75\% \times 20 \text{ years} &= \$ 12,250 \text{ per year} \\ &\text{plus} \\ \$35,000 \times 2\% \times 12 \text{ years} &= \$ \quad 8,400 \text{ per year} \\ &\$ 20,650 \text{ per year} \\ &\$ \quad 1,721 \text{ per month} \end{aligned}$$

### Filing

Your Application for Service Retirement (RS6037) must be on file with the Office of the State Comptroller at least 15 days but not more than 90 days before the date on which your retirement will occur. The 15-day filing requirement is waived if you are over age 70 at retirement.

**Examples:**

**Retiring on your 55th birthday, with 19 years of service and an FAS of \$35,000:**

$$\begin{aligned} \$35,000 \times 1.66\% \times 19 \text{ years} &= \$ 11,039 \text{ per year} \\ &\quad \underline{- 5,740} \text{ (52 percent benefit reduction)} \\ &= \$ 5,299 \text{ per year} \\ &= \$ 442 \text{ per month} \end{aligned}$$

**Retiring on your 55th birthday, with 20 years of service and an FAS of \$35,000:**

$$\begin{aligned} \$35,000 \times 1.75\% \times 20 \text{ years} &= \$ 12,250 \\ &\quad \underline{- 6,370} \text{ (52 percent benefit reduction)} \\ &= \$ 5,880 \text{ per year} \\ &= \$ 490 \text{ per month} \end{aligned}$$

**Retiring on your 55th birthday, with 32 years of service and an FAS of \$35,000:**

$$\begin{aligned} \$35,000 \times 1.75\% \times 20 \text{ years} &= \$ 12,250 \text{ per year} \\ &\quad \text{plus} \\ \$35,000 \times 2\% \times 12 \text{ years} &= \$ 8,400 \text{ per year} \\ &= \$ 20,650 \text{ per year} \\ &\quad \underline{- 10,738} \text{ (52 percent benefit reduction)} \\ &= \$ 9,912 \text{ per year} \\ &= \$ 826 \text{ per month} \end{aligned}$$



**Joint Allowance — Partial\***

This option will provide you with a reduced monthly benefit for your lifetime, and is based on your birth date and that of your beneficiary. After your death, your beneficiary will receive a specific percentage of your benefit (without COLA) which you select (75, 50, or 25 percent) for life. If your beneficiary dies before you, all payments will cease upon your death.

**Pop-Up/Joint Allowance — Full or Half\***

These options will provide you with a reduced monthly benefit for your lifetime. If you die before your beneficiary, we will continue paying the same monthly amount or one-half that amount (without COLA), depending on which option you elect, to your beneficiary for life. If your beneficiary dies first, your benefit will be increased to the amount you would have received if you had selected the Single Life Allowance at retirement, and all payments will cease upon your death.

**Five Year Certain and Ten Year Certain**

These options will provide you with a reduced monthly benefit for your lifetime, with the additional guarantee that if you live for less than five years or ten years after retirement, depending upon which option you elect, payments in the same amount you were receiving (without COLA) will be made to your beneficiary for the balance of the five- or ten-year period. You may change your beneficiary within the five- or ten-year period.

**Alternative Options**

If the options described here do not meet your needs, we will consider written requests for other payment methods. These requests must be outlined in detail by you and then approved by us for legal and actuarial soundness.

\* If you elect this option, you must submit proof of your beneficiary's birth date. You can designate only one beneficiary and you cannot change your designation after your retirement. If your beneficiary is your spouse at the time of your death, he or she will be eligible for 50 percent of your COLA.

The following rules apply when borrowing against your contributions:

- You must be in active service and have one year of member service credit.
- Each loan must be for a minimum of \$1,000, so you must have an account balance of at least \$1,334. The total of all your loans may not be more than 75 percent of your contribution balance.
- You repay each outstanding loan through payroll deductions in an amount sufficient to repay the loan, interest and insurance premium within five years. The minimum deduction to repay your outstanding loan balances must be at least 2 percent of your salary.
- You may borrow only once in any 12-month period.
- Prior to retirement, and 30 days after issuance, loans are fully insured in case you die before repaying them.

Please note: Any outstanding loan balance when you retire will permanently reduce your pension. You cannot pay off your loan once you retire. The amount of your pension reduction will be based on your age, the loan balance at retirement, and type of retirement (service or disability).

These are examples of how your service retirement benefit will be permanently reduced by an outstanding loan balance at retirement. The approximate reductions are for calendar year 2012. The amount of the reduction changes annually.

Age at Retirement	Outstanding Loan Balance	Annual Pension Reduction
55	\$ 5,000	\$ 271
	\$ 10,000	\$ 542
62	\$ 5,000	\$ 317
	\$ 10,000	\$ 633
65	\$ 5,000	\$ 343
	\$ 10,000	\$ 686
70	\$ 5,000	\$ 400
	\$ 10,000	\$ 801

If you already have an outstanding Retirement System loan and want to take a new loan, please contact our Call Center and connect with our automated information line to determine if refinancing your current loan or carrying multiple loans would be better for you. Although your payment may be larger if you choose multiple loans, you may reduce or eliminate your tax liability.

## Vested Retirement Benefit

### ELIGIBILITY

You are eligible for a vested retirement benefit if you leave public employment before age 55 and you have ten or more years of credited service. This means that when you reach age 55, you will be entitled to a pension based on your service and the salary earned when you were an active member.

Your full vested benefit is payable at age 63, but you can choose to retire as early as age 55. However, if you choose to retire prior to 63, your benefit will be permanently reduced.

### YOUR VESTED BENEFIT

This benefit is calculated the same way as your service retirement benefit. However, it cannot be less than the value of your accumulated contributions with interest. For an explanation of your benefit, please refer to the Service Retirement Benefit section.

The vested retirement benefit is payable for your lifetime. You may elect one of several payment options to provide for a continuing payment to a designated beneficiary of your choosing after your death.

### FILING

To receive your vested pension at the earliest possible date, file a retirement application no earlier than 90 days before your 55th birthday. If we receive your retirement application after your 55th birthday, your vested retirement is effective the date the application is received.

**Remember, it is up to you to file a retirement application when you become eligible and wish to receive your benefit.**

**Example:**

Member is age 57 with 12 years of service

Three possible additional years of service to age 60

FAS = \$30,000

$$\$30,000 \times 1.66\% \times 15 \text{ years (12 years + 3 additional)} = \$ 7,470$$

$$\text{Maximum benefit} = 1/3 \text{ of FAS: } 1/3 \times \$30,000 = \$ 10,000$$

$$\text{Benefit payable is } \$ 7,470$$

If your disability is a result of an on-the-job accident, the benefit payable is at least one-third of your FAS.

If you are 60 or older at the effective date of your disability retirement and you have less than 20 years of credited service, your disability benefit would be equal to the benefit payable to you at the normal retirement age of 63, not to exceed one-third of your FAS.

If you are 60 or older at the effective date of your disability retirement and you have 20 or more years of credited service, your disability benefit would be equal to 1.66 percent of your FAS for each year of credited service.

**Filing**

You, your employer, or someone authorized with your power of attorney may file your Article 15 Disability Retirement Application (RS6340). The application must be filed while you are still on the payroll or within:

- Three months of the last date you were paid on the payroll; or
- Twelve months after receiving notification of termination of employment, provided you were on an authorized medical leave of absence or receiving Workers' Compensation or other similar employer-funded benefits.

The following types of payments are not considered regular compensation and will not be included in the calculation:

- Wages reported from more than two separate concurrent employers;
- Overtime payments which exceed the limitation;
- Any payments which cause your salary to exceed that of the Governor;
- Payments made as a result of working your vacation; and
- Any payments made for time not worked.

**Example:**

\$30,000 earned in last year

After 1 year of service = \$30,000

After 2 years of service = \$60,000

After 3 or more years of service = \$90,000

For members working beyond age 60, the death benefit that would have been payable if you died at age 60 will be reduced by 4 percent each year that you stay in public employment, for a maximum of a 40 percent reduction.

**Using the Example Above:**

At age 60, a member was eligible for a \$90,000 death benefit. If the member dies while still employed, his or her beneficiary would receive:

Age	Maximum Percent Payable	Death Benefit Payable
60	100	\$90,000
61	96	\$86,400
62	92	\$82,800
63	88	\$79,200
64	84	\$75,600
65	80	\$72,000
66	76	\$68,400
67	72	\$64,800
68	68	\$61,200
69	64	\$57,600
70 & older	60	\$54,000

## **ACCIDENTAL DEATH BENEFIT**

### **Eligibility**

Regardless of your years of service credit, if you die as the natural and proximate result of an on-the-job accident, not due to your own willful negligence, an accidental death benefit may be payable on your behalf.

### **The Benefit**

The accidental death benefit is a pension equal to one-half (50 percent) of your wages during your last year of active service and is paid to your beneficiaries\* in this order:

- To your surviving spouse, provided he/she has not renounced survivorship rights in a separation agreement, until remarriage;
- To your surviving children, until they reach age 25;
- To your dependent parent or parents, as determined under regulations established by the Comptroller; or
- To any other person who qualified as a dependent on your final federal income tax return for the year preceding death, until that person reaches age 21.

The benefit will be divided equally among the beneficiaries in any one category if you have more than one child, parent or other dependent.

If all the beneficiaries listed above become ineligible for benefit payments, and the payments made to that time do not equal or exceed the amount of the ordinary death benefit that would have been payable at the time of death, we will pay the difference to the last eligible beneficiary or beneficiaries. If none exist, the benefit will be paid to the executors of your will, or the persons who would be the executors if you die without making a will.

### **Filing**

Your family should notify us of your death as soon as possible so we can forward the appropriate forms to your beneficiary. The application for the accidental death benefit must be filed within 60 days of your date of death. The head of the Retirement System may accept an application after 60 days, but only if an ordinary death benefit has not been paid.

\* All beneficiaries would be eligible for annual COLAs after receiving the accidental death benefit for five years.

## **CHALLENGING A DETERMINATION**

We can pay only those benefits authorized by law, and cannot pay you any benefits if you do not meet all the eligibility requirements established by law. If you believe that your benefit has been incorrectly denied or improperly calculated, you may request a hearing and redetermination to be held before a hearing officer.

Your request must be in writing and filed with the Hearing Administration Bureau within four months of the determination. We will send you an acknowledgment letter along with an explanation of the hearing process when we receive your written request. If you have questions regarding the hearing process, please review our Administrative Hearing FAQs, email the Hearing Administration Bureau at [Hearings@osc.state.ny.us](mailto:Hearings@osc.state.ny.us) or call us at 1-866-805-0990 or 518-474-7736 in the Albany, New York area.

## About This Presentation

This retirement plan summary describes the benefits available to Tier 6 Employees' Retirement System members covered by the Coordinated Retirement Plans (Article 15) of the New York State Retirement and Social Security Law (RSSL) as enacted by the New York State Legislature and amended by Chapter 18, Laws of 2012.

Throughout this publication, you will find references to "Sections" and "Articles" that refer to the RSSL. The New York State and Local Retirement System, headed by the Comptroller of the State of New York, administers this plan. Our main office is in Albany, New York.

This publication is a general summary of membership benefits, rights and responsibilities, and is not a substitute for any New York State or federal law. For specific information about your benefits, please contact us.

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