

Service Retirement Plans and Benefits for Tiers I/II



As a member of the Teachers' Retirement System of the City of New York (TRS), you are generally eligible for a service retirement after you complete five years of continuous Total Service Credit and you have met minimum age requirements. When you retire, you may be eligible to choose from among several retirement payment plans. Your eligibility for these retirement payment plans depends on your tier, your Total Service Credit, and your age. This brochure describes the retirement payment plans available to Tiers I/II members, and the eligibility criteria and benefits payable under each plan.

The retirement payment plans for each tier provide for either immediate or deferred payability. In general, your payability date occurs when you meet all the criteria to receive payment of your retirement allowance. If you meet the requirements of a retirement payment plan as of your retirement date, you would qualify for immediate payability of your retirement allowance under that plan. However, if you do not meet the requirements as of your retirement date, you may be eligible to retire under deferred payability; in such a case, your payments would be delayed until a later date when you meet the requirements.

TRS must generally receive your retirement application at least one business day, but no more than 90 days, before your effective retirement date. In general, you may not file for retirement more than 90 days before your 55th birthday. However, in the case of deferred payability, it is important for members to file their retirement applications as soon as possible. For instance, if you intend to retire under the Plan A or Plan C deferred payment plans described below, you should file a retirement application as soon as possible after you leave service, because advancement toward the required 25-year completion date does not begin until TRS receives your retirement application. (As an example, if a 55-year-old member with 22 years

separates from service and wants to retire under one of the Plan A or Plan C deferred payment plans, (s)he would not begin receiving payments until the "service clock" has reached 25 years (three more years, in this case). Advancement toward the payability date (*i.e.*, the counting of those three years) would begin as soon as TRS receives the member's application.)

If you want to cancel your retirement application or any forms filed in conjunction with retirement, TRS must receive a "Request for Withdrawal of Form/Application" (code MI5) at least one business day before your effective retirement date. You may not cancel your retirement application on or after your effective retirement date. For more information on retirement procedures, please see the *Guide for TRS Members Considering Retirement* brochure.

FINAL AVERAGE SALARY

Your Final Average Salary (FAS) is a key factor in calculating your retirement allowance, and your tier determines how your FAS is calculated.

FAS calculation for Tier I:

- If you have served at least three years in the position from which you are retiring, your FAS generally would be your actual gross salary earnable during the 12 months prior to your retirement.
- If you have served less than three years in the position from which you are retiring, your FAS generally would be your annual earnable salary during the last year of the most recent position you held for at least three years.
- You may instead elect to have your FAS be the average annual salary earnable during any five consecutive years of Total Service Credit.

FAS calculation for Tier II:

Your FAS generally would be the average of your highest three consecutive annual salaries during your periods of total credited service. However, if the salary you earned during any year included in the three-year period exceeds the average of the previous two years by more than 20%, the amount in excess of 20% would be excluded from the calculation.

TIER I SERVICE RETIREMENT

The retirement payment plans available to Tier I members fall under three categories: Plan A, Plan B, and the 30-Year Demand Plan (which provides Plan A benefits). The eligibility requirements for Plan A are stricter than those for Plan B, but the benefits are typically greater under Plan A.

Your eligibility for these retirement payment plans is based on your age and your **qualifying service**, which is the sum of the following:

- Membership Service – Any service you render as a TRS member;
- Transferred Service – Any service you transferred from an eligible retirement system to TRS;
- Prior Service – Any credited service you rendered with a New York City or New York State public employer before joining TRS that was not transferred to TRS; and
- Chapter 126 Service – Credit for remaining in active service from October 1, 2000 through June 30, 2002.

The calculation of your retirement allowance is based in part on your **Total Service Credit**, which is the sum of your qualifying service and your **outside service**.

- Outside Service – The sum of credited teaching or pedagogical supervisory service rendered on a regular per-annum basis in a school or college not maintained by the City of New York, for which you purchased credit.

Outside service counts when determining eligibility for vesting and eligibility for retirement under the 30-Year Demand Plan, but does not count towards qualifying service for Plan A or Plan B. For a further explanation of the different types of service, please read the *Service Credit for Tier I/II Members* brochure.

The available plans are listed below, followed by the benefits payable under each plan.

Plan A – Immediate Payment Plan

You must have completed at least 25 years of qualifying service and be at least age 55. You would receive unreduced payments as of your retirement date.

Plan A – Deferred Payment Plan

You must have between 20 and 25 years of qualifying service. You would receive unreduced payments as of the later of two dates: (a) the date you would have completed 25 years had you remained in active service, or (b) your 55th birthday. For this plan, you should file a retirement application as soon as possible after you leave service (see page 1).

30-Year Demand Plan

You must have at least 30 years of Total Service Credit and be under age 55. You would receive reduced payments (calculated under Plan A) based on your age as of your retirement date.

Plan B

You may have any number of years of Total Service Credit, but you must be at least age 55. You would receive unreduced payments as of your retirement date.

Plan B – Vested

You must have at least 5 years of Total Service Credit and be under age 55. You would receive unreduced payments as of your 55th birthday.

Benefits For Plan A

If you retire under Plan A, your retirement allowance benefits would be calculated as follows:

- 50% of your FAS for your first 20 years of qualifying service, provided you meet your minimum accumulation (*i.e.*, the minimum amount that you must contribute to your QPP account to be eligible for full retirement benefits);
- 1.2% of your FAS for each additional year of Total Service Credit rendered before July 1, 1970;
- 1.7% of your FAS for each additional year of Total Service Credit not covered above;
- An amount based on any Increased-Take-Home-Pay (ITHP) accumulations you have in excess of those required to fund the full benefit;
- An amount based on any Annuity Savings Fund (ASF) balance you have in excess of the minimum accumulation; and
- A benefit reduction if you retire before age 55 under the 30-Year Demand Plan.

Benefits For Plan B

If you retire under Plan B, your retirement allowance benefits would be calculated as follows:

- 1.2% of your FAS for each year of Total Service Credit rendered prior to July 1, 1970;
- 1.53% of your FAS for each year of credited service rendered after June 30, 1970; and
- An amount based on the balance of your ASF and ITHP accounts as of your retirement date.

TIER II SERVICE RETIREMENT

The retirement payment plans available to Tier II members fall into two categories: Plan C and Plan D. The eligibility requirements for Plan C are stricter than those for Plan D, but the benefits are typically greater under Plan C. You must have rendered at least 5 years of Total Service Credit on or after July 1, 1973 to receive a service retirement benefit. The available plans are listed below, followed by the benefits payable under each plan and the reduction percentages.

Your eligibility for these retirement payment plans is based on your age and your **Total Service Credit**, which is the sum of the following:

- Membership Service – Any service you render as a TRS member;
- Transferred Service – Any service you transferred from an eligible retirement system to TRS;
- Prior Service – Any credited service you rendered with a New York City and New York State public employer before joining TRS that was not transferred to TRS; and
- Chapter 126 Service – Credit for remaining in active service from October 1, 2000 through June 30, 2002.

Plan C – Immediate Unreduced Payment Plan

You must have at least 25 years of Total Service Credit and be at least age 62, or you must have at least 30 years of Total Service Credit and be at least 55. You would receive unreduced payments as of your retirement date.

Plan C – Immediate Reduced Payment Plan

You must have between 25 and 30 years of Total Service Credit, and you must be at least age 55, but under 62. You would receive reduced payments as of your retirement date.

Plan C – Deferred Unreduced Payment Plan

You must have between 20 and 25 years of Total Service Credit and be at least age 62. You would receive unreduced payments as of the date you would have completed 25 years of service had you remained in active service. For this plan, you should file a retirement application as soon as possible after you leave service (see page 1).

Plan C – Deferred Reduced Payment Plan

You must have between 20 and 25 years of Total Service Credit and be at least age 55, but under 62. You would receive reduced payments as of the date you would have completed 25 years of service had you remained in active service. For this plan, you should file a retirement application as soon as possible after you leave service (see page 1).

Plan D – Immediate Unreduced Payment Plan

You must have at least 5 years of Total Service Credit and be at least age 62. You would receive unreduced payments as of your retirement date.

Plan D – Immediate Reduced Payment Plan

You must have at least 5 years of Total Service Credit and be at least age 55, but under 62. You would receive reduced payments as of your retirement date.

Plan D – Vested Payment Plan

You must have at least 5 years of Total Service Credit and be under 55. You would receive payments as of your 55th birthday. Unless you have 30 or more years of service, payments would be reduced.

Benefits For Plan C

If you retire under Plan C, your retirement allowance benefits would be calculated as follows:

- 50% of your FAS for your initial 20 years of Total Service Credit, provided you meet your minimum accumulation (*i.e.*, the minimum amount that you must have in your QPP account by your 20-year date to be eligible for full retirement benefits, if you are not subjected to an age reduction);

- 1.7% of your FAS for each additional year of Total Service Credit;
- An amount based on any Increased-Take-Home-Pay (ITHP) accumulations you have in excess of those required to fund the full benefit;
- An amount based on any Annuity Savings Fund (ASF) balance you have in excess of the minimum accumulation; and
- A benefit reduction if you have less than 30 years of Total Service Credit and retire before age 62.

AGE AT PAYABILITY DATE	% OF BENEFIT PAYABLE AFTER REDUCTION FOR TIER II SERVICE RETIREMENT
55	73.0%
56	76.0%
57	79.0%
58	82.0%
59	85.0%
60	88.0%
61	94.0%

shown in the table below:

Benefits For Plan D

If you retire under Plan D, your retirement allowance benefits would be calculated as follows:

- 1.2% of your FAS for each additional year of Total Service Credit rendered before July 1, 1970;
- 1.53% of your FAS for each year of Total Service Credit rendered after June 30, 1970;
- An amount based on your ASF and ITHP accounts as of your retirement date; and
- A benefit reduction if you have less than 30 years of Total Service Credit and retire before age 62.

Initial Payability Date

If you are a Tier II member with less than 30 years of credited service and your initial payability date occurs between your 55th and 62nd birthday, your retirement allowance would be reduced. The reduction would affect the pension portion of your retirement allowance, which is provided by the City's contributions (excluding your ITHP accumulations). The effect of the reduction is

COST-OF-LIVING ADJUSTMENT

The following service retirees will receive a permanent cost-of-living adjustment (COLA) to their retirement allowance payments:

- Retirees who are at least age 62 and have been retired for at least five years;
- Retirees who are at least age 55 and have been retired for at least ten years.

The COLA will be an annual adjustment between 1% and 3%, based on half of the Consumer Price Index (CPI) for the year ending March 31. This increase will be calculated on the lesser of the fixed retirement allowance under the maximum payment option or \$18,000.

For your convenience, TRS forms and publications are available on our website. If you require additional assistance, we encourage you to contact our Member Services Center at 1 (888) 8-NYC-TRS.

This publication should not be solely relied upon, as it is based on currently available information that is subject to change. TRS suggests that you consult with an attorney and/or a tax advisor if you have any specific legal or tax questions concerning this information. In all cases, the specific provisions of the governing laws, rules, and regulations prevail.



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