

# NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

## SUMMARY OF THE 2002 EARLY RETIREMENT INCENTIVE

*(Signed by the Governor on May 20, 2002 - Chapter 69 of the Laws of 2002)*

Chapter 69 of the Laws of 2002 authorizes the City of New York and its participating employers to offer an Early Retirement Incentive (ERI). The ERI is divided into two different incentive programs, hereinafter referred to as Part A or Part B. Part A of the ERI provides incentives to employees who are otherwise eligible to retire, or are age 50 or older with 10 or more years of credited pension service on their effective date of retirement. Part B of the ERI provides an incentive to employees who are age 55 or older with 25 years of credited pension service on their effective date of retirement.

### LOCAL APPLICABILITY

- Part A: The City of New York has made the ERI in Part A available by adopting a local law.
- Part B: The Mayor of the City of New York has issued an Executive Order establishing the commencement date of the Part B ERI.
- Part A and B: Public Authorities, such as NYCHA, HHC and OTB, can make the ERI in both parts A and B available by resolutions of their governing boards which authorize the entity to offer the Part A incentive and establish the Part A open period, and which establishes the commencement date of the ninety-day open period for the Part B incentive. All resolutions must be certified by the Chief Executive Officer of the entities and thereafter filed with NYCERS.

### THE 2002 ERI IS A TWO-PART OFFERING, REFERRED TO AS PART A AND PART B

- The Part A offering applies to those who are eligible to retire or are age 50 or older with 10 or more years of credited pension service on their effective date of retirement. Part A provides for one month of additional retirement service credit for each year of credited pension service as of the effective date of retirement, up to a maximum of 36 months (three years) of such service. The retirement benefit is subject to specified reductions for persons not otherwise eligible for immediate payability of an unreduced service retirement benefit.

**Open Period:** The City of New York has an Open Period beginning on July 11, 2002 and ending on October 8, 2002.

- The Part B offering applies to employees who are at least age 55 with 25 or more years of credited pension service on their effective date of retirement, this group will be eligible to receive a retirement benefit without reduction. Those eligible under the 55/25 early retirement incentive (ERI) plan must select to retire either under Part A or Part B. If an eligible employee is choosing a 55/25 ERI (Part B) with no reductions they cannot also benefit from the 36 month additional service credit option offered in Part A.

**Open Period:** Part B permits only one 90-day Open Period for each entity. The City of New York has an Open Period beginning on July 11, 2002 and ending on October 8, 2002.

**PART A**

EMPLOYER	OPEN PERIOD	LAST DAY TO NOTIFY EMPLOYER	*LAST DAY TO FILE WITH NYCERS
The City of New York	July 11 - October 8, 2002	September 17, 2002	September 24, 2002
NYC Bd of Education	June 20 - August 31, 2002	August 10, 2002	August 17, 2002

**PART B**

EMPLOYER	OPEN PERIOD	*LAST DAY TO FILE WITH NYCERS
The City of New York	July 11 - October 8, 2002	September 24, 2002
NYC Bd of Education	June 3 - August 30, 2002	August 16, 2002

*\*The ERI requires employees to file with NYCERS 14 days prior to the effective date of their retirement. The date listed here is only for members who have designated the last date of the open period (October 8, 2002 for The City of New York) as their effective date of retirement. For example, if a City employee chooses to retire on October 6, 2002, then September 22, 2002 will be the last day they can file with NYCERS or if an employee chooses to retire from the NYC Board of Education on August 28, 2002 then their last day to file with NYCERS would be August 14, 2002.*

Members who wish to file for the ERI under PART A are required to:

1. Be employed in an *Eligible Title* in *Active Service* on February 1, 2002;
2. Have been continuously in active (paid) service from February 1, 2002 to the first day of their employer's open-period (leave of absence with pay and leave of absence for union activities is considered in "active service"). An approved leave of absence without pay of 12 weeks or less also constitutes "active service;"
3. Give written notice to their employer, on or before the 21st day preceding the end of the open period, of their election to receive the Retirement Incentive. **AN EMPLOYEE WHO FAILS TO GIVE TIMELY NOTICE TO THEIR EMPLOYER IS INELIGIBLE TO RECEIVE THE INCENTIVE.**
4. File an application for service retirement with NYCERS
  - at least 14 days prior to the effective date of their retirement
  - with an effective date which was during the open period;
5. Be otherwise eligible for retirement, *or* be at least age 50 with 10 or more years of *credited pension service* on their effective retirement date.

Members who wish to file for the ERI under PART B are required to:

1. Be employed in an *Eligible Title* in *Active Service* on February 1, 2002;
2. Have been continuously in active (paid) service from February 1, 2002 to the first day of their employer's open-period (leave of absence with pay and leave of absence for union activities is considered in "active service"). An approved leave of absence without pay of 12 weeks or less also constitutes "active service;"
3. File an application for service retirement with NYCERS
  - at least 14 days prior to the effective date of their retirement
  - with an effective date which was during the open period;
4. Be at least age 55 with 25 or more years of *credited pension service* on their effective date of retirement.

**PART A**  
**BENEFIT CALCULATIONS UNDER THE EARLY RETIREMENT INCENTIVE PROGRAM**

**TIER 4, BASIC (62/5) PLAN**

**ELIGIBILITY:**

- Eligible to Retire, *or*
- 50 years of age, *and*
- 10 years of *credited service*

**REDUCTIONS:**

- Pension shall be reduced by 6% for each of the two years by which retirement that precedes age 62, *and*
- Pension shall be FURTHER reduced by 3% for each year which retirement precedes age 60.
- Such reductions shall be prorated for partial years.

**EXAMPLE:**

- 1) Age 62 with 5 years of service
  - a) Eligible to retire under ERI with 5 months of additional service
  - b) no reduction.
  
- 2) Age 50 with 10 years of service
  - a) Eligible to retire under ERI with 10 months of additional service
  - b) 42% reduction

**TIER 4, 25 YEAR EARLY RETIREMENT PROGRAM (55/25 PLAN)**

**ELIGIBILITY:**

- Eligible employee with 25 or more years of *credited service*, *and*
- 50 years of age

**REDUCTIONS:**

- Pension shall be reduced by 5% for each year by which retirement precedes age 55

**EXAMPLE:**

- 1) Age 54 with 25 years of service
  - a) Eligible to retire under ERI with 25 months of additional service
  - b) 5% reduction.

**TIER 4, AGE 57 RETIREMENT PROGRAM (57/5 PLAN)**

**ELIGIBILITY:**

- Eligible to retire (57/5 Plan), *or*
- 10 or more years of *credited service*, *and*
- 50 Years of Age

**REDUCTIONS:**

- Pension shall be reduced by 1/30<sup>th</sup> for the first two years by which retirement precedes age 57, and
- Pension shall be FURTHER reduced by 1/20<sup>th</sup> for each year retirement precedes age 55, and
- Such reductions shall be prorated for partial years.

**EXAMPLE:**

- 1) Age 57 with 5 years of service
  - a) Eligible to retire under ERI with 5 months of additional service
  - b) no reduction.
  
- 2) Age 54 with 10 years of service
  - a) Eligible to retire under ERI with 10 months of additional service
  - b) 8.33% reduction

**TIER 4, 25/55 TRANSIT PROGRAM (T25/55 PLAN)**

**ELIGIBILITY:**

- Age 50
- 25 years of *allowable service* in the Transit Authority

**REDUCTIONS SHALL NOT APPLY TO:**

- members who are age 55 with at least 25 years of *allowable service* in the Transit Authority who can retire with immediate payability

**REDUCTIONS SHALL APPLY TO:**

- members who are not eligible to receive immediate payability

**EXAMPLES:**

1. Age 55 with 24 years of *allowable service* in the Transit Authority
  - a) Eligible to retire under ERI with 24 months of additional service
  - b) no reduction.
  
2. Age 54 with 25 years of *allowable service* in the Transit Authority
  - a) Eligible to retire under ERI with additional 25 months of service
  - b) 30% reduction.

**A) TIER 4, 25 YEAR EARLY RETIREMENT PROGRAM PHYSICALLY TAXING (55/25 PLAN P.T.)**  
**B) TIER 4, AGE 57 RETIREMENT PROGRAM PHYSICALLY TAXING (57/5 PLAN P.T.)**

**ELIGIBILITY:**

- Age 50
- Retiring from physically taxing position
- 25 years of *credited service*
- No Reduction

## 25 YEAR AGE 50 RETIREMENT PROGRAM FOR AUTO WORKERS

- Not eligible under this plan
- Can not retire prior to December 12, 2004

- A) 25 YEAR RETIREMENT PROGRAM FOR EMT MEMBERS (EMT 25)  
B) 25 YEAR RETIREMENT PROGRAM FOR FIRE DISPATCHERS (DIS 25)  
C) 25 YEAR RETIREMENT PROGRAM FOR SPECIAL OFFICERS (SPO 25)  
(These are 25 year/50% benefit plans)

### ELIGIBILITY:

- 25 years of service
- No age

### REDUCTIONS SHALL NOT APPLY TO:

- members who have at least 25 years of *credited service* (excluding incentive service)

### REDUCTIONS SHALL APPLY TO:

- members who are not credited with 25 years of service (excluding incentive service)
- reduction is 5% per year for each year which precedes 25 years of *credited service*

### EXAMPLES:

- 1) Age 45 with 25 years of service
  - a) Eligible to retire under ERI with 25 months of additional service
  - b) no reduction.
- 2) Age 45 with 24 years of service
  - a) Eligible to retire under ERI with 24 months of additional service
  - b) 5% reduction

## 25 YEAR RETIREMENT PROGRAM FOR DEPUTY SHERIFFS (DSH 25)

### ELIGIBILITY:

- 25 years of service
- No age

### REDUCTIONS

- 6% per year between ages 60-62 and
- 3% per year for each year under ages 60

### EXAMPLES:

- 1) Age 50 with 25 years of service
  - a) Eligible to retire under ERI with 25 months of additional service
  - b) 42% reduction.

- 2) Age 45 with 24 years of service
  - a) Eligible to retire under ERI with 24 months of additional service
  - b) 57% reduction.

## 20 YEAR TBTA RETIREMENT PROGRAM (50/20)

### ELIGIBILITY:

- 20 years of *credited service*
- Age 50

### REDUCTIONS

- 6% per year between ages 60-62 and
- 3% per year between ages 50-60

### EXAMPLES:

- 1) Age 50 with 19 years of *credited service*
  - a) Eligible to retire under ERI with 19 months of additional service
  - b) 42% reduction.
- 2) Age 52 with 22 years of *credited service*
  - a) Eligible to retire under ERI with 22 months of additional service
  - b) 36% reduction.

## 62/5 PLAN FOR TBTA ELIGIBLE POSITIONS (ARTICLE 16)

Certain TBTA members are eligible to receive a basic Tier 4 service retirement benefit (without a reduction) before reaching age 62 as early as age 55 depending on the amount of service in an eligible position.

The Tier 4 incentive age reductions do not apply to any time period subsequent to the point at which an eligible employee can retire under the 62/5 plan description stated above.

### EXAMPLES:

- 1) Age 50 with 25 years of *credited service* in a TBTA eligible position
  - a) Eligible to retire under ERI with additional 25 months of service
  - b) 15% reductionArticle 16 allows retirement at age - 55 (**maximum reduction allowable**)  
Retirement age - 50  
5yrs  $\Rightarrow$   $5 \times 3\% = 15\%$

## TIER 2 MEMBERS

### ELIGIBILITY FOR PLAN C MEMBERS:

- Age 50, *and*
- 25 or more years of *CPP qualifying service*

### ELIGIBILITY FOR PLAN D MEMBERS:

- Age 50, *and*
- 10 or more years of *credited service*

### DEFERRED PAYABILITY FOR PLAN C MEMBERS:

- Age 55, *and*
- 20 years of *CPP qualifying service*

### REDUCTIONS FOR PLAN C & D MEMBERS:

- Pension shall be reduced by 6% for each of the two years by which retirement precedes age 62, *and*
- Pension shall be FURTHER reduced by 3% for each year which retirements precedes age 60
- Reductions shall be prorated for partial years.

### EXAMPLES:

#### TIER 2, PLAN C AND PLAN D MEMBERS:

NOT ELIGIBLE UNDER THE INCENTIVE IF AGE IS LESS THAN 50.

1. Age 50 with 25+ years of CPP qualifying service.  
Eligible under Plan C and Plan D.
  - Payable at age 50 with a 42% reduction in benefit under Plan C or Plan D.

DEFERRED PAYABILITY AT AGE 55 NOT AVAILABLE.

2. Age 55 with 21 years of CPP qualifying service.  
Eligible under Plan C and Plan D.
  - a) Payable at age 55 with a 27% reduction in benefit under Plan D only,  
or
  - a) defer payability to age 59 with a 15% reduction in benefit under Plan C only.

## TIER 2, AGE 55 IMPROVED BENEFIT RETIREMENT PROGRAM

### ELIGIBILITY:

- Age 50, *and*
- 25 or more years of *CPP qualifying service*

### REDUCTIONS

- Pension shall be reduced by 5% for each year which retirement precedes age 55
- Reduction shall be prorated for partial years

REDUCTIONS SHALL NOT APPLY TO:

- Eligible employees in a *physically taxing position* who is a participant in the optional age 55 improved benefit retirement plan

EXAMPLE:

- 1) Age 54 with 25 years of *CPP Qualifying Service*
  - a) Eligible to retire under ERI with 25 months of additional service
  - b) 5% reduction.
- 2) Age 50 with 25 years of physically taxing service
  - a) Eligible to retire under ERI with 25 months of additional service
  - b) No reduction

MOD TRANSIT 20-YEAR NON CONTRIBUTING PLAN (20 N/C)

ELIGIBILITY:

- Age 50
- 20 years of Transit Operating Service

REDUCTIONS SHALL NOT APPLY TO:

- members who are age 50 with 20 years of Transit Operating service (excluding incentive service)

REDUCTIONS SHALL APPLY TO:

- members who have under 20 years of Transit Operating service (excluding incentive service)
- 6% per year between ages 60-62 and
- 3% per year between ages 50-60

EXAMPLES:

- 1) Age 50 with 20 years of Transit Operating service (w/o incentive time)
  - a) Eligible to retire under ERI with additional 20 months of service
  - b) No reduction.
- 2) Age 50 with 19 years of Transit Operating service (w/o incentive time)
  - a) Eligible to retire under ERI with additional 19 months of service
  - b) 42% reduction

A 25 YEAR RETIREMENT PROGRAM FOR DEPUTY SHERIFF MEMBERS (DSH 1)  
B) DA INVESTIGATOR 25 YEAR PROGRAM (25 IDA)

ELIGIBILITY:

- 25 years of service
- No age

REDUCTIONS SHALL NOT APPLY TO:

- members who have at least 25 years of *credited service* (excluding incentive service)



REDUCTIONS SHALL APPLY TO:

- members who are not credited with 25 years of service (excluding incentive service)
- 6% per year between ages 60-62 and
- 3% per year for each year under 60

EXAMPLES:

- 1) Age 45 with 25 years of service (excluding incentive)
  - a) Eligible to retire under ERI with 25 months of additional service
  - b) no reduction.
- 2) Age 47 with 24 years of service (excluding incentive)
  - a) Eligible to retire under ERI with 24 months of additional service
  - b) 51% reduction

- A) 25 YEAR RETIREMENT PROGRAM FOR EMT MEMBERS (EMT I)  
B) 25 YEAR RETIREMENT PROGRAM FOR FIRE DISPATCHERS (DIS I)  
C) 25 YEAR RETIREMENT PROGRAM FOR SPECIAL OFFICERS (SPO I)  
(These are 25 year/50% benefit plans)

ELIGIBILITY:

- 25 years of service
- No age

REDUCTIONS SHALL NOT APPLY TO:

- members who have at least 25 years of service (excluding incentive service)

REDUCTIONS SHALL APPLY TO:

- members who are not credited with 25 years of service (excluding incentive service)
- reduction is 5% per year for each year which precedes 25 years of *credited service*

EXAMPLES:

- 1) Age 45 with 25 years of service
  - a) Eligible to retire under ERI with 25 months of additional service
  - b) no reduction.
- 2) Age 45 with 24 years of service
  - a) Eligible to retire under ERI with 24 months of additional service
  - b) 5% reduction

## PLAN C & D FOR TBTA ELIGIBLE POSITIONS (ARTICLE 16)

Certain TBTA members are eligible to receive a Tier 2 Plan C service retirement benefit without reduction before reaching age 62 as early as age 55 depending on the amount of service in an eligible position.

The Tier 2 incentive age reductions do not apply to any time period subsequent to the point at which an eligible employee can retire under the T-2 plan description stated above.

### Example: (Plan C)

- 1) Age 50 with 25 years of service in a TBTA eligible position.
  - a) Eligible to retire under ERI with additional 25 months of service
  - b) 15% reductionArticle 16 allows retirement at age - 55 (maximum reduction allowable)  
Retirement age - 50  
5yrs  $\Rightarrow 5 \times 3\% = 15\%$

## 20-Year TBTA Program (2050 I)

### ELIGIBILITY:

- Age 50
- 20 years of service

### REDUCTIONS SHALL NOT APPLY TO:

- members who are age 50 with 20 years of service (excluding incentive service)

### REDUCTIONS SHALL APPLY TO:

- members who have under 20 years of service (excluding incentive service)
- 6% per year between ages 60-62 and
- 3% per year between ages 50-60

### EXAMPLES:

- 1) Age 50 with 20 years of service (w/o incentive time)
  - a) Eligible to retire under ERI with additional 20 months of service
  - b) No reduction.
- 2) Age 50 with 19 years of service (w/o incentive time)
  - a) Eligible to retire under ERI with additional 19 months of service
  - b) 42% reduction

## 25 YEAR/AGE 50 RETIREMENT PROGRAM FOR AUTOMOTIVE WORKERS (AUT -I)

- Not eligible under this plan
- Can not retire prior to December 12, 2004

## TIER 1 MEMBERS

### ELIGIBILITY FOR PLAN A MEMBERS:

- No Age Requirement, *and*
- 25 or more years of *CPP qualifying service*

### ELIGIBILITY FOR PLAN B MEMBERS:

- 50 years of age, *and*
- 10 or more years of *CPP qualifying service*

### REQUIREMENTS FOR DEFERRED PAYABILITY FOR PLAN A MEMBERS:

- No Age Requirement
- 20 or more years of CPP qualifying service

### REDUCTIONS FOR PLAN A & B MEMBERS:

- Pension shall be reduced by 5% for each year by which retirement precedes age 55

### EXAMPLES:

#### TIER 1, PLAN A MEMBERS:

1. Age 49 with 25+ years of CPP qualifying service.  
Eligible under Plan A, **not** under Plan B.
  - a) Immediate payability at age 49 with a 30% reduction in benefit;  
or
  - d) defer payability to age 55 with no reduction.

NO PAYABILITY AVAILABLE IN BETWEEN.

- 2) Age 48 with 21 years of CPP qualifying service.  
Eligible under Plan A, **not** under Plan B.
  - a) Payability at age 52 with a 15% reduction in benefit,  
or
  - b) defer payability to age 55 with no reduction.

NO PAYABILITY AVAILABLE IN BETWEEN.

- 3) Age 50 with 25+ years of CPP qualifying service.  
Eligible under Plan A **and** Plan B.
  - a) Payable at age 50 with a 25% reduction in benefit under Plan A or Plan B,  
or
  - b) defer payability to age 55 with no reduction, under Plan A only.

NO PAYABILITY AVAILABLE IN BETWEEN.

4) Age 50 with 21 years of CPP qualifying service.

Eligible under Plan A and Plan B.

- a) Payable at age 50 with a 25% reduction in benefit under Plan B only,  
or
- b) defer payability to age 54 with a 5% reduction in benefit under Plan A only,  
or
- c) defer payability to age 55 with no reduction, under Plan A only.

NO PAYABILITY AVAILABLE IN BETWEEN.

**TRANSIT 20-YEAR NON CONTRIBUTING PLAN (20 N/C)**

**ELIGIBILITY:**

- Age 50
- 20 years of Transit Operating Service

**REDUCTIONS SHALL NOT APPLY TO:**

- member who are age 50 with 20 years of Transit Operating service (excluding incentive service)

**REDUCTIONS SHALL APPLY TO:**

- members who have under 20 years of Transit Operating service (excluding incentive service)
- 5% per year for each year retirement precedes age 55

**EXAMPLES:**

- 1) Age 50 with 20 years of Transit Operating service (w/o incentive time)
  - a) Eligible to retire under ERI with additional 20 months of service
  - b) no reduction.
- 2) Age 50 with 19 years of Transit Operating service (w/o incentive time)
  - a) Eligible to retire under ERI with additional 19 months of service
  - b) 25% reduction.

- A) **25 YEAR RETIREMENT PROGRAM FOR EMT MEMBERS (E - 25)**
- B) **25 YEAR RETIREMENT PROGRAM FOR FIRE DISPATCHERS (D - 25)**
- C) **25 YEAR RETIREMENT PROGRAM FOR SPECIAL OFFICERS (SPO)**  
(These are 25 year/50% benefit plans)

**ELIGIBILITY:**

- 25 years of service
- No age

**REDUCTIONS SHALL NOT APPLY TO:**

- members who have at least 25 years of *service* (excluding incentive service)

REDUCTIONS SHALL APPLY TO:

- members who do not have 25 years of service (excluding incentive service)
- reduction is 5% per year for each year which precedes 25 years of *service*

EXAMPLES:

- 1) Age 45 with 25 years of service
  - a) Eligible to retire under ERI with 25 months of additional service
  - b) no reduction.
- 2) Age 45 with 24 years of service
  - a) Eligible to retire under ERI with 24 months of additional service
  - b) 5% reduction

PLAN A AND B FOR TBTA ELIGIBLE POSITIONS (ARTICLE 16)

Certain TBTA members are eligible to receive a Tier 1 service retirement benefit without reduction before reaching age 55, as early as age 50, depending on the amount of service in an eligible position.

The Tier 1 incentive age reductions do not apply to any time period subsequent to the point at which an eligible employee can retire under the T-1 plan description stated above.

EXAMPLES:

- 1) Age 50 with 25 years of credited service in a TBTA eligible position.
  - a) eligible to retire under ERI with additional 25 months of service
  - b) no reduction age 50 is permitted under Article 16 (**maximum reduction allowable**)

**PART B**  
**BENEFIT CALCULATIONS UNDER THE EARLY RETIREMENT INCENTIVE PROGRAM**

**TIER 2 AND 4**

Requirements for an eligible retirement service member who meet the requirements on page 1 and 2, herein:

- Age 55
- 25 years of *credited service*

No reductions shall apply.

## **EFFECTIVE RETIREMENT DATE**

The effective date of retirement could be no later than the last day of the employers' open period.

**NOTE:** All members (including Tier 4 members) are required to file a retirement application with NYCERS at least 14 days prior to their effective date of retirement, as provided for in the ERI bill. (This is contrary to, and overrides existing statute which provides that Tier 1 and Tier 2 members must file a service retirement application at least 30 days prior to their effective date of retirement. Tier 4 members could ordinarily file a service retirement application effective the day they file.)

The ERI legislation did not require that an application must be filed during the open period, it only requires that the application take effect during the open period. Therefore, a member could file a retirement application with NYCERS before the beginning of the open period, provided that the retirement date was during the open period.

## **WRITTEN NOTICE TO EMPLOYER**

All *Eligible Employees* serving in an *Eligible Title* desiring to avail themselves of the Early Retirement Incentive are required to provide written notice to their employer on or before the 21<sup>st</sup> day preceding the end of their employer's open period.

If an employee failed to provide written notice to his or her employer, he or she is ineligible for the Part A Early Retirement Incentive.

## **BENEFIT DERIVED FROM THE EARLY RETIREMENT INCENTIVE**

### **Part A**

Employees will receive one month of retirement service credit for each year of credited pension service as of the effective date of retirement, up to a maximum of 36 months (three years) of additional retirement service credit, in addition to service already credited to them.

### **Part B**

Employees who are at least age 55 with 25 or more years of credited pension service as of effective date of retirement will be eligible to receive a retirement benefit without reduction. Under this section additional service credit is not offered.

### **PLEASE NOTE:**

Reductions are **permanently** imposed on the retirement allowance of a member retiring under the Incentive (Part A). The retirement benefit **DOES NOT** increase at age 55 for Tier 1 members, or at age 62 for Tier 2 and Tier 4 members.

It is the member's responsibility to file all written notices and applications required by the Incentive legislation.

A member who has filed a retirement application, but who fails to file the required written notice with his or her employer, or who decides not to retire under the Incentive, may withdraw his or her retirement application by filing a written request with NYCERS prior to their retirement date.

*If it is determined that a member is not eligible for the Incentive, or the member fails to file the written notice with his or her employer, and such member filed a retirement application with NYCERS which he or she fails to withdraw prior to the effective date of retirement requested, they are still retired.*

The exception would be for Tier 1 or Tier 2 members who wants to be retired **ONLY** if they are found eligible to receive the Retirement Incentive. They should file a retirement application with NYCERS between 14 and 29 days prior to their effective date of retirement. If they fail to file the required written notice with their employer (or they are found ineligible for the Incentive), their retirement application will be void because it was not filed at least 30 days before it was to become effective. (Members not retiring under the Incentive must meet the statutory 30-day filing requirement.)

**IF THE MEMBER IS ELIGIBLE FOR A SUBSTANTIAL RETIREMENT BENEFIT, THEY SHOULD EDUCATE THEMSELVES ON THE IMPLICATIONS OF AND LIMITS IMPOSED BY IRC SECTION 415.**

### **IRC §415 LIMITS**

Internal Revenue Code §415(b) requires that a qualified defined benefit pension plan (such as NYCERS) apply limits on annual employer-provided benefits paid or accrued on account of any post October 14, 1987 plan amendments. Benefits provided under this Early Retirement Incentive and the Pension Enhancement Law are subject to these limitations.

The employer-provided benefit for a Tier I or Tier II member is defined as the total retirement allowance exclusive of the benefits provided from accumulated employee contributions and accumulated ITHP Reserves. The employer-provided benefit for a Tier III or Tier IV member is defined as the retirement allowance less the amount that would be provided by the member's non-IRC §414(h) accumulated contributions, if any.

The limit on the annual employer-provided retirement benefit is \$160,000 (effective July 1, 2001) for benefits commencing on or after age 62 and is actuarially reduced for retirement benefits commencing prior to age 62 as shown in the table on the following page. The limitations are adjusted annually by the IRS for cost-of-living increases.

A member's benefit computed without the Incentive and without any benefit improvements effective after October 14, 1987 may be paid without applying any limitation imposed by §415.

Most members who retire under the Incentive will not be adversely affected by §415 because the amount of their employer-provided benefits will not exceed the §415 limits.

A member's retirement allowance that is reduced because of the §415 limits may be increased when the §415 limits are adjusted upwards by the IRS due to cost-of-living indexation.

The §415 limits shown in the following table are based on a retirement allowance that is paid as a maximum (i.e., the retirement allowance without optional modification). The §415 limits are adjusted actuarially for retirement benefit options other than the maximum. However, if a member selects certain retirement benefit options (e.g., Tier I and Tier II Options 2 and 3 nominating a spouse as the beneficiary), the §415 limits on the following table will be applied to the employer-provided optional retirement allowance.

**IRC § 415 MAXIMUM DOLLAR LIMITS**

**FOR RETIREMENTS EFFECTIVE JULY 1, 2001 – JUNE 30, 2002\***

<b><u>BENEFIT COMMENCEMENT AGE</u></b>	<b><u>MAXIMUM EMPLOYER-PROVIDED BENEFIT</u></b>
50	\$67,772
51	72,290
52	77,237
53	82,603
54	88,434
55	94,782
56	101,706
57	109,274
58	117,565
59	126,669
60	136,691
61	147,754
62	160,000
63	160,000
64	160,000
65 & over	160,000

\* Amounts applicable for July 1, 2002 to June 30, 2003 are expected to be the same.