

WHAT IF YOUR EMPLOYMENT ENDS?

IMPORTANT PENSION INFORMATION FOR BERS MEMBERS SEPARATING FROM SERVICE

Tier III/IV

Whether you are retiring, resigning or are being terminated, as you separate from service there are steps you must take to assure immediate pension benefits or to preserve future benefits.

YOUR BERS PENSION ACCOUNT

1. Have you met the age and service requirements to be able to retire with full benefits?

Eligibility Requirements

- For **unreduced benefits**, you should be at least age 62 with 5 or more years of credited service (2 years of which must be membership service).
- For **reduced benefits**, eligible Tier III/IV members may opt to receive their benefits as early as age 55; however, there will be a permanent benefit reduction.
- TIER III/IV – 55/25 Program: You should be at least age 55 and have 25 or more years of credited service.
- TIER III/IV – 57/5 Program: You should be at least age 57 and have 5 or more years of credited service (2 years of which must be membership service).

If you are eligible to retire (having met both age and service requirements), please come in to BERS (65 Court Street, 16th Floor) or call us at (718) 935-5400 to make an appointment to see a retirement benefits counselor. *If you are a Tier III/IV member you should indicate this when you call. **Tier III/IV members must file for retirement at least 1 day before separation from the Board of Education.***

2. If you are not eligible to retire under any of the above conditions, you should ensure that you file a vesting application before separation from service to preserve any future retirement benefits.

Vested Members

- If you are a Tier III/IV member younger than 62 years of age and separate from service having completed at least **10** years of credited (i.e. membership, prior and transferred) service, you are vested and eligible to receive retirement benefits once you attain 62 years of age. *You are not eligible to receive a refund of your pension contributions unless you joined BERS before July 16, 1989.*
- If you are a member in the 57/5 Program and are younger than 57 years of age and separate from service having completed at least **10** years of credited (i.e. membership, prior and transferred) service, you are vested and eligible to receive retirement benefits once you attain age 57. *You are not eligible to receive a refund of your pension contributions unless you joined BERS before July 16, 1989.*
- If you are:
 - a Tier III/IV member younger than 62 years of age, or
 - in the 57/5 Program and are less than 57 years of age

and separate from service having completed 5 or more years but no more than 10 years of credited (i.e. membership, prior and transferred) service, you are vested and have the following options available. You may:

- Maintain your pension account at BERS and reserve the right to a pension benefit payable at age 62 for Tier III/IV members and at age 57 for members in the 57/5 Program.
- Elect to receive a refund of your pension contributions in a lump sum, in lieu of a vested retirement allowance. **A withdrawal of your pension contributions automatically ceases your membership in BERS and in the BERS TDA Program (if applicable).**

IMPORTANT NOTE: There is no vesting associated with the 55/25 program. You must meet both age and service criteria in order to immediately collect your pension. If you separate from service prior attaining the age and service requirement, you will not be able to collect your pension until you attain age 62.

3. What if you do not qualify for vesting?

Non-Vested Members

- If you separate with less than 5 years of credited service you may:
 - Elect to receive a refund of all or part of your accumulated contributions in a lump sum. **A withdrawal of all your pension contributions automatically ceases your membership in BERS and in the BERS TDA Program (if applicable);** or
 - Elect to leave your pension contributions in your account. These funds will continue to accumulate earnings for up to five years from your date of separation. After five years, no further earnings will be credited to your account. Your contributions are not automatically returned to you once your separation exceeds five years. In order to obtain a refund, you must submit a completed application to the Retirement System.
- If you joined BERS before July 16, 1989 and resign or are terminated with less than 5 years of credited service you may:
 - Elect to receive a refund of all or part of your accumulated contributions in a lump sum. **A withdrawal of all your pension contributions automatically ceases your membership in BERS and in the BERS TDA Program (if applicable);** or
 - Elect to leave your accumulated contributions in your account. These funds will continue to accumulate earnings until you reach age 62 or any time thereafter when you elect to receive a refund of your accumulated contributions. *This option does not entitle you to receive retirement benefits unless you return to service and complete the service requirements later.*

4. What happens if you leave and return to service later?

Maintaining Your Membership Rights

If you separate from service before retirement and return later, you will be able to maintain your membership rights in BERS if:

- You are vested
- You separate from service before you are vested *and* you do not withdraw more than 50% of your contributions *and* your absence does not exceed five years.

Returning to Service After Losing Your Membership Rights

If you return to service after losing your membership rights, you will come back as a Tier IV member. To reinstate your credited service and tier membership you must:

- Complete an application for Tier Reinstatement
- Pay any refunds of your accumulated contributions plus interest.

Becoming a Transferred Contributor

If you accept another position in New York City service that does not entitle you to BERS membership, you may elect to remain at BERS as a Transferred Contributor, provided you:

- Accept the other position within 60 days of separation from your current job, and
- Do not withdraw your accumulated contributions
- Complete an *irrevocable* Transferred Contributor Waiver Form and submit it to BERS

Note: Transferred Contributors may not continue to contribute to the TDA Program unless you remain in education service.

PENSION LOANS

If You Are Retired

If you retire and have an outstanding loan you must pay the outstanding loan balance in a lump-sum, or satisfy the loan obligation through a permanent actuarial reduction of your pension benefit. Retirees are not permitted to liquidate their pension loan by way of installment payments after retirement.

If You Resign/Are Terminated

If you separate from service and you have an outstanding loan, you must request to make monthly repayments directly to BERS before you are removed from active payroll status. If no loan payments are received in any 90 day period, your loan will be in default and will be considered a distribution. If a distribution occurs, you will receive a 1099R and it will be reported to the Internal Revenue Service. There may be tax consequences associated with this distribution.

YOUR BERS TDA ACCOUNT

When you retire, resign, or otherwise end your employment with the Board of Education, you have several options available to you.

If You Are Retired

At retirement, you may arrange to receive regular payments through the purchase of an annuity or make a direct withdrawal, rollover, or transfer of your account. You can also elect to have a TDA Deferral status at retirement, which allows you to leave your contributions and earnings in the TDA Program until Required Minimum Distributions begin at the age of 70½.

If You Are A Vested Member

If you leave employment after attaining vested rights in the pension system, you may withdraw the balance of your TDA account or you may elect to have a TDA Deferral status. Electing TDA Deferral status allows you to continue your participation in the TDA Program until your retirement or until Required Minimum Distributions begin at the age of 70½.

If You Are Not A Vested Member

Should you leave employment for any reason before vesting in the pension system, you may withdraw the balance of your TDA account at any time. If you do not withdraw your pension contributions, your TDA account will continue to accrue earnings for up to five years from the date of your separation. A withdrawal of your pension contributions will automatically terminate your participation in the TDA Program.

TDA LOANS

If You Are Retired

If you retire and become a TDA Deferred Participant with an outstanding loan balance you must request to make monthly repayments directly to BERS before you are removed from active payroll status. If no loan payments are received in any 90 day period, your loan will be in default and will be considered a distribution. If a distribution occurs, you will receive a 1099R and it will be reported to the Internal Revenue Service. There may be tax consequences associated with this distribution.

If You Resign/Are Terminated

If you separate from service and you have an outstanding loan, you must request to make monthly repayments directly to BERS before you are removed from active payroll status. If no loan payments are received in any 90 day period, your loan will be in default and will be considered a distribution. If a distribution occurs, you will receive a 1099R that will also be reported to the Internal Revenue Service. There may be tax consequences associated with this distribution.