

Service Retirement Plans and Benefits for Tiers III/IV



As a member of TRS, you will receive a guaranteed retirement allowance under the Qualified Pension Plan (QPP) after meeting certain age and service requirements. This brochure describes the available retirement plans, benefit calculations, and other important information.

RETIREMENT PLANS

Tier III and IV members participate in either the “basic” retirement plan or the Age 55 Retirement Program, as described below.

Basic Retirement Plan

In general, you would be eligible to receive *unreduced* retirement allowance payments under this plan if one of the following statements applies to you:

- You are at least age 62 and you are vested;* or
- You are at least age 55 and have at least 30 years of Total Service Credit.

In general, you would be eligible to receive *reduced* retirement allowance payments under this plan if the following statement applies to you:

- You are between the ages of 55 and 61, you are vested,* and you have less than 30 years of Total Service Credit.

**Most Tier III and IV members become vested upon attaining five years of Total Service Credit. However, Tier IV members whose TRS membership began after December 10, 2009, and who are working in a title represented by the United Federation of Teachers (UFT), become vested upon attaining ten years of Total Service Credit.*

Age 55 Retirement Program

The Age 55 Retirement Program provides eligible members with the option to retire with unreduced benefits as early as age 55, provided they meet applicable service credit requirements. The Program includes “55/25” provisions and “55/27” provisions.

The “55/25” provisions generally apply to most eligible members whose TRS membership date was on or before February 27, 2008 and who opted into the program.

The “55/27” provisions generally apply to eligible members whose membership date was after February 27, 2008 or whose membership status as of February 27, 2008 qualified them for these provisions. The “55/27” provisions also apply to members covered under Chapter 504 (*i.e.*, eligible Tier IV members who joined TRS after December 10, 2009).

Only employees of the Department of Education (DOE) or participating Charter Schools may participate in the Age 55 Retirement Program.

In general, you would be eligible to receive *unreduced* retirement allowance payments under this program if one of the following statements applies to you:

- You are covered by the “55/25” provisions, are at least age 55 as of your retirement date, and have attained at least 25 years of Total Service Credit; or
- You are covered by the “55/27” provisions of the Age 55 Retirement Program, are at least age 55 as of your retirement date, and have attained at least 27 years of Total Service Credit.

In general, you would be eligible to receive *reduced* retirement allowance payments if the following statement applies to you:

- You are between 55 and 61, you are vested, and you have less than 25 or 27 years of Total Service Credit (as applicable under your program’s provisions).

BENEFITS

Your retirement allowance is generally made up of two components.

- The regular pension portion of your retirement allowance is based on factors such as your service credit and Final Average Salary (FAS), and it is partially funded by your Member Contributions Accumulation Fund (MCAF) balance at retirement. Your MCAF account contains your base pension contributions with interest, including any payments made to purchase service credit.
- The second portion is based on your Annuity Savings Accumulation Fund (ASAF) balance, if applicable. An ASAF account contains monthly supplemental contributions provided to certain eligible employees who reach the maximum of their salary schedule. At retirement, any ASAF funds you have are transferred into an Annuity Reserve Accumulation Fund (ARAF), which is paid as part of your retirement allowance.

The pension portion of your retirement allowance benefits is calculated in the following manner:

- $1\frac{2}{3}\%$ of your FAS multiplied by your years of service credit if you have less than 20 years of Total Service Credit.
- 2% of your FAS multiplied by your years of service credit if you have between 20–29 years of service.
- 60% of your FAS for the first 30 years of Total Service Credit under Tier IV retirement, plus $1\frac{1}{2}\%$ of your FAS for each additional year over 30 years of service. (For a Tier III retirement, the maximum calculation is 60% of your FAS.)

Your FAS would generally be the average of your highest three consecutive annual salaries during your periods of total credited service. However, if the salary earned during any year included in the three-year period exceeds the average of the previous two years by more than 10%, the amount in excess of 10% would be excluded from the calculation. If the period used to determine your FAS is the three-year period immediately preceding your effective retirement date, and if you were on an authorized leave of absence at partial pay or no pay during that period, the leave would be excluded from

the calculation. In such a case, an equal amount of time immediately preceding that three-year period (up to one year) would instead be used in the calculation.

AGE REDUCTIONS

If you retire under the basic retirement plan before your 62nd birthday and you have less than 30 years of credited service, your retirement allowance would be reduced. The following table shows the effect of the reduction.

AGE AT PAYABILITY DATE	% OF BENEFIT AFTER REDUCTION	
	TIER III	TIER IV
61	93.3%	94.0%
60	86.7%	88.0%
59	83.3%	85.0%
58	80.0%	82.0%
57	76.7%	79.0%
56	73.3%	76.0%
55	70.0%	73.0%

Note: Age reductions would not apply to members who retire with at least 30 years of Total Service Credit or to participants in the Age 55 Retirement Program who have the required amount of service credit at retirement (*i.e.*, 25 or 27 years of Total Service Credit). However, participants in the Age 55 Retirement Program who retire without meeting these service requirements would be subject to the above age reductions.

FILING FOR RETIREMENT

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. Please see the “Tier IV Service Retirement Application” (code RE19) for more information about filing guidelines; the application is available on our website.

NOTE TO TIER III MEMBERS

If you are a Tier III member, you may elect to receive either Tier III or Tier IV benefits when you file your retirement application; however, you may not combine the provisions of the two plans.

Once you elect to receive a benefit under Tier III or Tier IV, your election is irrevocable. Therefore, Tier III members should note the differences between the tier plans and carefully consider their choice. (For example, if you are a Tier III member and elect a Tier III retirement, your retirement allowance would be reduced by 50% of the Social Security benefit you accrued in public employment within New York State. This reduction would take effect when your retirement allowance payments begin or when you reach age 62, whichever is later.)

Tier IV members may only elect a Tier IV retirement benefit.

COST-OF-LIVING ADJUSTMENT

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

- Service retirees, beginning at age 62 and who have been retired for at least 5 years;
- Service retirees, beginning at age 55 and who have been retired for at least 10 years.

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

Tier III Cost-of-Living Plan

If you elect a Tier III retirement and your payability date occurs after you have reached age 62, but before you become eligible for the COLA described above, your retirement allowance payments would be subject to a cost-of-living increase or decrease based on changes in the CPI. The following conditions apply:

- If your payability date occurs after you reach your 65th birthday, your payments would be adjusted by 3% or the change in the CPI, whichever change is smaller. This adjustment is known as the full escalation (or de-escalation) rate. In any case, your benefit would not be reduced below the amount of your initial payment at retirement.
- If your payability date occurs on or after your 62nd birthday, but before your 65th birthday, the full escalation (or de-escalation) rate for your payments would be reduced by $\frac{1}{36}$ for each month that your payability date precedes your 65th birthday.
- If you defer commencement of your retirement allowance payments beyond the date you are eligible to receive immediate payments, your benefits would be subject to the full escalation (or de-escalation) rate until the date your payments commence.

Once you become eligible for the COLA, your retirement allowance payments would be increased by the higher of the COLA or the Tier III cost-of-living plan.

For your convenience, TRS forms and publications are available on our website.
If you require additional assistance, please 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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