

SUMMARY PLAN DESCRIPTION



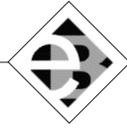
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INTRODUCTION

This Summary Plan Description (SPD), summarizes the key Tier 4 provisions of the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA) Pension Plan (“Plan”) offered to employees who became members of the Plan on or after July 27, 1976.

The Plan is a defined benefit plan meaning that a specific benefit is provided at retirement in amounts that are paid either on a fixed-dollar basis or as a percentage of compensation. Plan benefits are paid out according to formulas set forth in the Plan document. The Plan consists of both employer and employee contributions. The benefits described in the Plan are subject to certain maximum limitations under Section 415 of the Internal Revenue Code.

In general, Tier 4 members are governed by ARTICLE 5 of the Plan. ARTICLE 5 is based on the provisions of ARTICLE 15 of the New York State Retirement and Social Security Law (RSSL), the Administrative Code of the City of New York, the rules of New York City Employees’ Retirement System (NYCERS) and certain other laws to the extent that they are applicable to similarly situated MTA New York City Transit employees who are NYCERS members. It also may be subject to modification by amendment to the applicable collective bargaining agreement or by resolution of the MaBSTOA Pension Board.

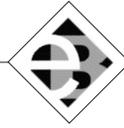
This SPD is designed to answer your questions relating to your Tier 4 retirement benefit. We have tried to make this SPD as accurate, clear and complete as possible. In the event of a conflict between this SPD and any provisions of the Plan, the applicable Plan provisions will govern. We have included definitions of some technical terms. These terms are *italicized* and their definitions can be found in the glossary.

The MaBSTOA Pension Plan Investment Committee is responsible for the management of the plan’s invested assets. The MaBSTOA Pension Plan Board of Administration is responsible for determining the eligibility of employees and beneficiaries for retirement and death benefits.

If you need further assistance please write, call or visit Employee Benefits at:

180 Livingston Street, Room 6008
Brooklyn, New York 11201

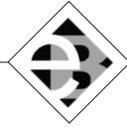
Customer Service Telephone Number: 347-643-8550



WHO IS A TIER 4 MEMBER?

You are a Tier 4 member if you joined the MaBSTOA pension plan on or after July 26, 1976. If you joined MaBSTOA pension plan on or after July 26, 1976 but before September 1, 1983, you were originally a Tier 3 member. You then became a Tier 4 member on September 1, 1983 but retain your Tier 3 rights.

Tier 3 rights are seldom better than Tier 4 rights, and, in most cases, provide for substantial benefit reductions. Operating Tier 3 employees who want to retire at age 55 but do not have 25 years of Credited Service (see page 15 on Credited Service) would be eligible for the Tier 3 Early Retirement Reduction. Speak to an Employee Benefits representative to learn about this option.



TIER 4 RETIREMENT PLAN AND PROGRAMS

The Tier 4 Operating 25/55 Program, 62/5 Plan, 55/25 and 57/5 Programs are briefly described below and in more detail later in this SPD.

Operating 25/55 Program

This Program is only available to those who were employed on or after July 26, 1976 and classified as Operating employees. The Program originally included only hourly-paid operating employees and first-line supervisors. After December 15, 2000, the Program was expanded to include upper level supervisors and managers. The Program pays a retirement benefit to Operating employees who retire with at least 25 years of Credited Service at age 55.

62/5 Plan

Commonly referred to as the *Basic Tier 4 Plan*, this Plan is for Non-Operating employees of MaBStOA who joined the pension on or after July 26, 1976 but prior to June 29, 1995, and who **did not** elect to participate in the 55/25 Program (explained below). In order to retire under this plan, you must be age 62 with at least five years of Credited Service. The 62/5 Plan provides for retirement as early as age 55, but it would mean a reduction in your annual retirement benefit.

1995 "Special Programs" [55/25 and 57/5 Programs]

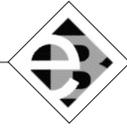
As a result of a Plan amendment effective in 1995, two additional Tier 4 Programs were added granting members the right to retire prior to age 62 without a benefit reduction. These two retirement programs are:

55/25 Program

Members of this Program are those who elected to enroll in the Program during a special open enrollment period from June 28, 1995 through September 26, 1995. Those who were eligible to enroll were Non-Operating employees serving in an *Eligible Position* on June 28, 1995. A Participant in the Program, who terminates service in an *Eligible Position* and returns to such service at a later date, will be mandated into participation in the Program on that date. The 55/25 Program requires that you be at least Age 55 with at least 25 years of Credited Service to receive a retirement benefit.

57/5 Program

This Program is now available to Non-Operating employees hired on or after June 28, 1995. The 57/5 Program requires that you be at least age 57 with at least 5 years of Credited Service to receive a retirement benefit. This program is mandatory for any Non-Operating employee who was not an employee on June 28, 1995 and becomes a Tier 4 member on or after that date.



MEMBERSHIP AND ELIGIBILITY

Mandatory Membership

Tier 4 membership is mandatory for all full-time represented employees and full-time managerial and non-represented employees hired on or after July 27, 1976 and prior to January 1, 1999. After this date, membership is mandatory only for full-time represented employees. Membership begins immediately upon appointment. Pension contribution deductions begin immediately with your first payroll check. You will also have to file a properly completed beneficiary form with Employee Benefits.

☞ **Special Notes:** If you were a *Participant* in the 57/5 Program on December 15, 2000, and were mandated into the Operating 25/55 Program on that date, you are permitted to remain in the 57/5 Program by filing an election form with Employee Benefits.

When any *Participant* in these Programs ceases to hold a position qualifying him or her for participation in a Program, he or she shall cease to be a *Participant* and shall not be eligible for the benefits of the Program.

Any *Participant* in the Program, who terminates service as an Operating employee and returns to such service at a later date, will be mandated into participation in this Program on that date and may need to make *Additional Member Contributions*.

Voluntary Membership

Tier 4 membership is not mandatory for full-time managerial and non-represented career and salary employees hired on or after January 1, 1999. To join the pension you must complete a membership application with Employee Benefits before pension deductions are made from your paycheck. Once six months has elapsed your membership is irrevocable.

If you decline membership, you can elect one of the following choices:

- ◆ Pay for Social Security (6.2% of Social Security covered wages) and pay Medicare (1.45% of wages) or
- ◆ Join the MTA Deferred Compensation Plan with a minimum deduction of 7.5% of an amount equal to the Social Security covered wages and pay Medicare (1.45% of wages).

To elect one of the above, please contact Employee Benefits. Additionally, if you decline membership, you may join the pension at anytime and will have the opportunity to buy back your prior service.



SOCIAL SECURITY PARTICIPATION

MEMBERSHIP IN THE PLAN ALSO REQUIRES PARTICIPATION IN THE SOCIAL SECURITY PROGRAM.

Once you join the plan, either through mandatory or voluntary membership, you must pay the 6.2% FICA tax on covered wages (in calendar year 2004. the maximum salary subject to the FICA was \$87,900 and the maximum FICA tax equals \$87,900 times 6.20% or \$5,449).

THE MEDICARE PROGRAM DEDUCTION OF 1.45% OF EARNINGS IS MANDATORY FOR ALL EMPLOYEES. (NO MAXIMUM AMOUNT IS SET EACH YEAR AS IN THE CASE OF FICA DEDUCTIONS.)



CREDITED SERVICE

Each Plan or Program has a minimum service requirement provision. You need to have the required amount of Credited Service in order to retire under your particular plan/program. The specifics for retirement can be found in the SERVICE RETIREMENT SECTION. The following explains how you can accumulate credit for service. All service types are lumped together and referred to as “Credited Service.”

Allowable Service in MaBSTOA

The only service time that will count toward your eligibility and benefit calculation is “Membership Service” while employed by MaBSTOA.

Types of Service

Benefits are based in part on how much service credit you have earned by the time your benefit is payable. The types of service you may secure credit for are:

1. Member Service
2. Purchased MaBSTOA Service (including transfer of 457 Deferred Compensation funds)
3. Membership Reinstatement Service
4. Military Service
5. Union Leave Service
6. Part-Time Service

 **Please Note:** Credited Service is generally not granted for Unpaid Leaves of Absence.

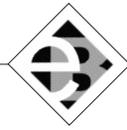
1. Member Service

Paid full-time service performed after you last joined MaBSTOA, including all service while you are on the payroll of MaBSTOA and certain military service counts as Credited Service for purposes of establishing eligibility and calculating benefits.

2. Purchased MaBSTOA Service

Purchased MaBSTOA Service is not the same as “**Membership Reinstatement Service,**” described below. Purchased service allows members to purchase retirement service credit for MaBSTOA Service performed before becoming a member. Even though all purchased service will be used in calculating future benefits, the purchase of such previous service does not change your membership date in MaBSTOA. You may file a request to purchase *Previous MaBSTOA Service* as long as you are an active member. Also, you must have credit for at least two years of member service in order for the purchased MaBSTOA Service to be credited for retirement eligibility. Requests must be filed before your effective retirement date.

Upon receipt of your application to purchase *Previous MaBSTOA Service*, Employee Benefits calculates the cost and gives you the option of making the required payment in a lump sum or through payroll deductions. You may cancel your request at any time. However, no refunds can be made for service already purchased.



CREDITED SERVICE (...continued)

If you are currently paying for *Previous MaBSTOA Service* through payroll deductions and you wish to pay the remaining balance in a lump sum, you must notify Employee Benefits of your intent prior to your effective retirement date.

The cost to purchase *Previous MaBSTOA Service* is equal to 3% of *Wages* earned during the period(s) claimed and *Additional Members Contributions (AMCs)*, if applicable, plus interest from the dates of such service up to the date that full payment is made to MaBSTOA, at the rate of 5% per annum, compounded annually.

Effective January 1, 2002, MaBSTOA employees interested in purchasing service, where a payment is required, such as pre-member service, military service and tier reinstatement (prior membership portion only), may do so by making a direct transfer of funds from their 457 Deferred Compensation Plan. Only service credit with MaBSTOA will be accepted.

✎ **Please Note:** *Participants* in the 55/25 Program who were not members of MaBSTOA on July 1, 1993, and all *Participants* in the 57/5 Program, must also pay the *AMC* rate of 4.35% for all Credited Service, including purchased *Previous MaBSTOA Service* rendered up to December 31, 1997, 2.85% for all service rendered after January 1, 1998, and 1.85% for service rendered after December 6, 2001.

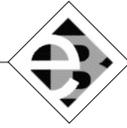
Payments for *Previous MaBSTOA Service* are not eligible for Federal income tax deferral [IRC Section 414(h)] treatment.

3. Membership Reinstatement

Former members of MaBSTOA who left employment and later returned to MaBSTOA service may possibly restore their original membership date and tier status. This is not the same as purchasing service credit, which is explained above. Membership reinstatement requires that you must have been a member of the MaBSTOA Pension Plan. You need to file an application (Membership/Tier Reinstatement) in order to obtain a statement of any costs associated with reinstatement. A change in membership date or tier status may result in significant changes in your retirement benefit, contribution rate, death benefit, or outstanding loan(s). However, in most cases, the benefits of an earlier tier membership will outweigh any associated cost. To make an informed decision about your own situation, speak to an Employee Benefit representative.

4. Military Service

There are various laws and Plan provisions that allow members to purchase service credit for time spent on active duty in the U.S. military. They include Sections 242, 243 and 244 of the New York State Military Law and the Federal Veterans Reemployment Rights Act (VRRRA). Each law has different provisions for granting the cost to secure credit. You are entitled to receive credit for Military Service under whatever law provides you with the greatest benefit. Under all provisions, **Military Service must have been satisfactorily completed and a discharge under honorable circumstances received.** Some of the program specifics are outlined in this section.



CREDITED SERVICE (...continued)

While a Member/Employee

To receive retirement service credit for time spent on active military duty, you had to be:

- ◆ Employed by MaBSTOA
- ◆ Granted a leave of absence for the purpose of serving in active duty
- ◆ Actually served in active duty and apply for reinstatement to your MaBSTOA position and,
- ◆ Thereafter, pay the contributions that would have been made during the period of your military leave of absence.

Under the provisions of the State Military Law, you had to have been a member of MaBSTOA at the time you entered Military Service.

While not a Member/Employee

Under plan amendments effective in 2000, if you were honorably discharged, you can purchase up to three years of Military Service time even if it was rendered prior to your MaBSTOA employment and **even if you were not a resident of New York State**. Your active duty Military Service must have been during specified times of war, military conflicts, or rendered in certain combat theatres (see below). To get credit for Military Service under this amendment, the member must have five or more years of MaBSTOA Service.

The Military Service must have been rendered during one of the following periods of war:

World War II:December 7, 1941 - December 31, 1946

Korean War:June 27, 1950 - January 31, 1955

Vietnam Era:February 28, 1961 - May 7, 1975

Or during one of the following military conflicts (As established by receipt of the armed forces, Navy or Marine Corps expeditionary medal):

Lebanon:June 1, 1983 - December 1, 1987

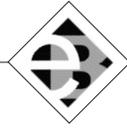
Grenada:October 23, 1983 - November 21, 1983

Panama:December 20, 1989 - January 31, 1990

Or during hostilities participated in by the military forces of the United States in theatres of operation, including:

Iraq, Kuwait, Saudi Arabia, Bahrain, Qatar, United Arab Emirates, Oman, Gulf of Aden, Gulf of Oman, Persian Gulf, Red Sea and the airspace above these locations:
from August 2, 1990 to the end of such hostilities.

Military time can be used to meet retirement plan minimum service requirements. You may buy back Military Service before you have five years of Credited MaBSTOA Service; however, this time will not be credited to your retirement plan account until you have five years of Credited MaBSTOA Service.



CREDITED SERVICE (...continued)

Eligibility Requirements

You must:

- ◆ Have been honorably discharged. (Attach a copy of your United States Military form DD214 to your application).
 - ◆ Have at least five years of Credited MaBSTOA Service (not including any prior military service), upon making application for Military Service credit.
 - ◆ Not receive more than three years Military Service from any public retirement system, including NYCERS and MaBSTOA.
- ☞ **Please note:** While Military Service will be used in calculating future pension benefits, the purchase of such service will not change your original retirement plan membership date.

If you were ever on active duty Military Service, and you wish to purchase credit for that service, you should discuss this with an Employee Benefits representative to determine which section of the law would provide you with the best benefit.

5. Union Leave Service

You may be granted Credited Service for an authorized leave of absence without pay to conduct labor relations activity on behalf of a MaBSTOA union, if Employee Benefits receives an annual certification indicating that you indeed performed union leave activities.

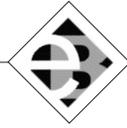
No member shall receive credit for more than one year of service in any calendar year. This rule applies without regard to the number of positions held, or number of hours worked during the calendar year.

☞ **Note:** If you are on union leave you must continue to pay your *Basic Member Contributions*. If you are a *Participant* in one of Tier 4's Special Programs, you must also pay all *Additional Member Contributions* required of that Program.

The maximum number of hours that will be credited is 35 hours in any weekly pay period and 70 hours in any bi-weekly pay period.

6. Part-Time Service

Part-time service will be recognized for employees who performed work while employed in an eligible MaBSTOA position in which they were full-time employees and employment status subsequently changed to part-time status (employees working less than 1,827 hours in a calendar year). MaBSTOA will prorate credit for part-time service on the basis of one year of service credit for 1,827 hours worked a calendar year.



CONTRIBUTIONS

A. BASIC MEMBER CONTRIBUTIONS (BMCs)

Your MaBSTOA *BMC* contributions and the interest earned on them has been fixed at 5% per annum, compounded annually since January 1, 1977.

Operating 25/55 Program

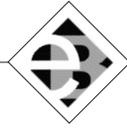
Your *BMC* rate is 2% of *Wages*, including overtime. A year 2000 Plan Amendment reduced all Operating 25/55 Program *BMCs* from 3% to 2% effective the first full pay period in 2001. At retirement, if you do not have the required amount in your *BMC* account, or an outstanding loan, your retirement benefit may be reduced.

62/5 Plan, 55/25 and 57/5 Programs

Your *BMC* rate is 3% of *Wages*, including overtime. Your *BMC* will cease on the earlier of:

- ◆ Your 10th anniversary of membership in the Plan.
- ◆ The date you accumulate 10 years of Credited MaBSTOA Service (which can include any purchased MaBSTOA service credit), but not before October 1, 2000.

☞ **Note:** Certain Special Programs require that *Participants* make *Additional Member Contributions* as described in the following section.



B. ADDITIONAL MEMBER CONTRIBUTIONS (AMCs)

Since January 1, 1977, the interest rate on *AMCs* has been fixed at 5% per-annum, compounded annually. *AMCs* are not required if you are a member of the 62/5 Plan. Payments of *AMCs* are by payroll deduction. The details concerning the *AMCs* relative to the Operating 25/55, the 55/25 and 57/5 programs are as follows:

Operating 25/55 Program

Prior to Plan amendments in 2000 that went into effect the first pay period in January 2001, *AMCs* were required. *Participants* were required to pay an additional 2.3% of their gross salary for all service in MaBStOA rendered on or after August 28, 1994. **Effective the first pay period of January 2001, the *Basic Tier 4 Plan* contributions of 3% of *Wages* were reduced to 2%.** Operating 25/55 Program members are no longer required to make *AMCs*.

55/25 and 57/5 Programs

AMCs are mandatory. In addition to *BMCs* of 3% of *Wages*, members are required to contribute *AMCs* of 1.85% of their gross *wages* each payroll period for all applicable service from December 2001. Past *AMC* rates were as follows:

- ◆ 4.35% of gross *Wages* each payroll period for all applicable service through December 31, 1997.
- ◆ 2.85% of gross *Wages* for service from January 1, 1998 through November 2001.
- ◆ 1.85% of gross *Wages* effective November 21, 2001.

Upon payment into the MaBStOA Pension Fund, 50% of the *AMCs* are deemed to be employer contributions, and 50% are deemed to be employee contributions.

If you are otherwise eligible to receive a Service Retirement Benefit but did not pay the entire amount of the required *AMCs*, or repay the entire amount of a loan against your *AMCs* prior to the effective date of retirement, you are still eligible to retire. However, your benefit will be reduced according to an actuarial formula that takes into account any shortage in *AMCs*.

PARTICIPANTS MUST PAY AMCs
FOR THE FIRST 30 YEARS OF CREDITED SERVICE

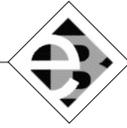
Special 57/5 Program Requirements

Any *Participant* in the 57/5 Program who terminates employment in an *Eligible Position* and returns to *Active Service* as a member employed in an *Eligible Position*, shall again become a *Participant* in the 57/5 Program. Any refund the *Participant* received of their *AMCs* must be paid back with interest.

Participants in the 57/5 are required to pay *AMCs* on *Wages* earned from all Credited Service (including buy-back and non-eligible-position service) prior to the starting date of the 57/5 Program.

Disability Retirements and Death Benefits

A disability retirement and a death benefit, payable by MaBStOA to a *Participant* or his or her *Designated Beneficiary* or estate, will be reduced according to an actuarial formula that takes into account any shortage in *AMCs*.



SERVICE RETIREMENT

A. Service and age requirements

Operating 25/55 Program

A *Participant* must be at least age 55 and have 25 or more years of Member Service with MaBSTOA to be eligible to receive a "Service Retirement Benefit." A *Participant* may vest if he or she has credit for at least 25 years of Member Service with MaBSTOA, but has not reached age 55. The vested benefit would be payable at age 55. A *Participant* may also vest under the 62/5 Plan if he or she has at least five years of Credited Service.

62/5 Plan

A member must be at least age 62 and have five or more years of Credited Service of which two years is Member Service to be eligible to receive a Service Retirement Benefit. Plan amendment allows you to retire, as early as age 55, however, your retirement benefit will be reduced. The chart in the following section shows you what the lifetime reduction would be. Members can vest their retirement benefit with payability at age 62, provided you have at least five years of Credited Service.

55/25 Program

A *Participant* must be at least age 55 and have 25 or more years of Credited Service of which at least two years is Member Service to be eligible to receive a "Service Retirement Benefit." *Participants* must meet both the age and service requirements of the program.

57/5 Program

A *Participant* must be at least age 57 and have five or more years of Credited Service of which two years is Member Service to be eligible to receive a "Service Retirement Benefit."

B. Service retirement benefit calculations

Operating 25/55 Program

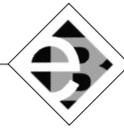
MEMBERS WITH 25 OR MORE YEARS OF CREDITED SERVICE:

2% of *Final Average Salary (FAS)* for each year of Member Service in MaBSTOA, up to 30 years of such service

plus

1½% times *FAS* for each year of allowable service in MaBSTOA in excess of 30 years of such service

A *Participant* who ceases to be employed in an Eligible Position in MaBSTOA and withdraws his or her *AMCs* (and earned interest), and later becomes a *Participant* again, will be charged with a shortage (including 5% per-annum interest) calculated as if such *AMCs* had never been made. Payment of a shortage can be made in a lump sum or through payroll deductions.



SERVICE RETIREMENT (...continued)

62/5 Plan

MEMBERS WITH LESS THAN 20 YEARS OF CREDITED SERVICE:

1 $\frac{2}{3}$ % times *FAS* times years of Credited Service

MEMBERS WITH 20 OR MORE YEARS OF CREDITED SERVICE:

2% times *FAS* times years of Credited Service, up to a maximum of 30 years of such service

plus

1 $\frac{1}{2}$ % times *FAS* times years of Credited Service in excess of 30 years of such service

Early Service Retirement Reduction

Members may be eligible to receive payment of the 62/5 Plan Service Retirement Benefit before reaching age 62, and as early as age 55, but the benefit will be subject to a lifetime reduction. The "Early Service Retirement" Reduction table shows the percentage reduction for the various ages:

Age Payment Begins	Percent of Benefit Reduction
61	6
60	12
59	15
58	18
57	21
56	24
55	27

55/25 Program

MEMBERS WITH 25 OR MORE YEARS OF CREDITED SERVICE:

2% times *FAS* times years of Credited Service, up to 30 years of such service

plus

1 $\frac{1}{2}$ % times *FAS* times years of Credited Service in excess of 30 years of such service

57/5 Program

MEMBERS WITH LESS THAN 20 YEARS OF CREDITED SERVICE:

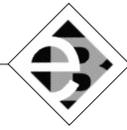
1 $\frac{2}{3}$ % times *FAS* times years of Credited Service

MEMBERS WITH 20 OR MORE YEARS OF CREDITED SERVICE:

2% times *FAS* times years of Credited Service, up to a maximum of 30 years of such service

plus

1 $\frac{1}{2}$ % times *FAS* times the years of Credited Service in excess of 30 years of such service



SERVICE RETIREMENT (...continued)

IRS Section 415 Pension Limits

Each year the Internal Revenue Service adjusts the Section 415 Limits in accordance with the rise in the cost-of-living index. Retirees whose benefit payments are subject to the Section 415 limits will have their retirement benefit **increased** in accordance with the revised limit associated with their age at retirement.

The current maximum dollar limits applicable to those retiring between July 1, 2003 and June 30, 2004 are:

Attained Age	Maximum Retirement Benefit
50	\$70,791
51	75,489
52	80,573
53	86,081
54	92,060
55	98,563
56	105,649
57	113,386
58	121,851
59	131,134
60	141,338
61	152,581
62 & over	165,000

Section 415 limits apply to the retirement benefits of:

- ◆ members who first joined their plan after 1989.
- ◆ members who joined their plan before 1990 only to the extent of the value of post October 1, 1987 plan enhancements, including buy-back of military time.

These Section 415 restrictions should only affect a small number of members. For most members, the Section 415 limits will not apply because the amount of retirement allowance, including benefit enhancements, will not exceed the above maximum retirement benefits.

Examples:

1. A pre-1990 member retiring at age 55 and entitled to a pension of \$85,000 annually, who has purchased military credit worth \$3,000 annually, has earned a total annual benefit of \$88,000. Since the total benefit is below the applicable limit of \$98,563, the retiree's benefit will not be affected.
2. A pre-1990 member retiring at age 55 and entitled to a pension of \$93,000 annually, who purchased additional military credit worth \$6,000 annually, has earned a total annual benefit of \$99,000. Since the value of the regular pension plus the military credit totaling \$99,000 exceeds the Section 415 limit of \$98,563, the retiree's annual payment would be reduced to \$98,563.



SERVICE RETIREMENT (...continued)

C. Filing for Service Retirement Benefit

Effective Date of Retirement

You may file a Service Retirement Application with Employee Benefits the day before your retirement date or no more than 90 days before your retirement date.

You cannot be paid a retirement benefit while you are still on the MaBSTOA payroll, even if the check(s) you receive represent payment of accumulated leave or terminal leave. The exception is payment of accumulated leave paid in a lump sum after your retirement date.

Filing Your Retirement Application

Before filing your Service Retirement Application with Employee Benefits you must check with your timekeeper to determine whether payment of terminal leave or accumulated annual leave is due. If you are due a payment, Employee Benefits will be able to tell you what your last day of pay will be. Your effective date of retirement on your Service Retirement Application should be the day after the last day you are paid by MaBSTOA.

The following chronology is to help you understand what happens after you file your Service Retirement Application with Employee Benefits:

- ◆ Your Service Retirement Application is date stamped and a copy is given to you.
- ◆ Your service and salary records are retrieved and verified.
- ◆ Your Service Retirement Benefit is calculated and prepared for entry to our MSA Payroll System.
- ◆ Your retirement is submitted to the MaBSTOA Pension Board of Administration for its review and approval at its monthly meeting.
- ◆ Your approved retirement is entered into the Management Systems America (MSA) Payroll System.
- ◆ Your first retirement payment is issued at the end of the first full month of retirement and represents the benefit payable under the payment option you selected or were awarded. This payment includes amounts retroactive to your retirement date. **You may not change your payment option once your first payment has been mailed to you. A discussion of options begins on page 17.**



SERVICE RETIREMENT (...continued)

Other Important Facts:

- ◆ Starting with your first retirement payment, Federal income taxes will be withheld based on the election you made on your Service Retirement Application. If you do not make a tax withholding election on your application, taxes will automatically be withheld from all checks you receive from MaBSTOA based on the Federal tax table for a person who is married claiming three exemptions.
- ◆ Pension checks are dated the last day of each month and are mailed the last day of the month. If you do not receive your check by the 10th day of the month, notify the Treasury Department at 718-694-1159. A lost check affidavit will be sent to you.
- ◆ You can elect to have your retirement payments directly deposited into your bank account by Electronic Fund Transfer (EFT). EFT ensures that your payments won't get lost or stolen and saves you a trip to your bank. You also won't have to wait for checks to clear. Funds are available in your bank account on the last day of each month. If the last day of the month is on a weekend or a holiday, the bank will credit your payment on the next business day. You can get the necessary EFT application from the Treasury Department 718-694-1159.
- ◆ If your pension check is lost or stolen, notify the Treasury Department. Keep in mind, however, that MaBSTOA cannot stop payment and issue of a replacement check until the 10th of the month. The best way to safeguard against such occurrences is to elect EFT.
- ◆ If you have any problems with health care coverage or deductions from your pension, you should call 347-643-8550.

Example: If you file for retirement and elect a retirement date of June 15th, your Service Retirement Application will be reviewed by the July MaBSTOA Board of Administration and your first payment is mailed to you at the end of July (your first full month of retirement).

Withdrawing an Application for Service Retirement

You may withdraw your Service Retirement Application by filing a written request with Employee Benefits **up to the day before your effective date of retirement.**

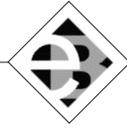
D. Retirement Options

The following Retirement Options apply to all Service Retirements, Vested Retirements and Disability Retirements.

When you prepare for retirement, there are several questions you will want to answer:

- ◆ Do you want to provide continuing retirement income to your spouse, partner or survivor after your death?
- ◆ What is the cost of providing continuing retirement income?
- ◆ What effect will your death have on your retirement allowance?

Keep in mind that if you do not select a payment option either on your Service Retirement Application or by filing an option selection form with your Service Retirement application, you will be awarded the maximum retirement allowance. You may change your payment option until your first retirement payment is mailed.



SERVICE RETIREMENT (...continued)

Maximum Retirement Allowance

The Maximum Retirement Allowance is the largest benefit you can receive. Payments are made throughout your lifetime and cease upon your death.

Options

Options allow you to provide benefits for your survivors. Upon retirement you may elect an option. To do so, you agree to accept a reduced retirement allowance during your lifetime, as shown below. The amount of the reduction depends on the option selected, your age and may also depend upon your beneficiary's age.

Option 1

100% Joint and Survivor

Under this option you will receive a smaller allowance than the maximum allowance and it will continue for as long as you live. After your death, your beneficiary, if he/she is still living, will continue to receive the same allowance for as long as he/she lives. You may designate **only one** beneficiary and you **may not** change that designation. The amount of your reduced retirement benefit will depend upon your age at retirement and your beneficiary's age.

Option 2

75%, 50%, 25% Joint and Survivor

Under this option you will receive a smaller allowance than the maximum allowance and it will continue for as long as you live. After your death, your beneficiary, if he/she is still living, will receive 75%, 50% or 25% of your allowance for as long as he/she lives. You may designate only one beneficiary and you may not change that designation. The amount of your reduced retirement benefit will depend upon your age at retirement and your beneficiary's age. (If you elect this option, **you must** also check the percentage you wish to be continued to your beneficiary.)

Option 3

Five-Year Certain

Option 3 provides you with a reduced lifetime benefit. If you die within five years of retirement, the reduced retirement benefit will continue to be paid to your surviving designated primary beneficiary for the unused balance of the five-year period. If the designated primary beneficiary predeceases you, the balance of the payments due for the remainder of the five-year period are continued to your surviving designated contingent beneficiary, if there is one. If none exists, the balance is paid in a lump sum to your estate. Should the designated primary beneficiary also die after having started to receive payments, the balance will be paid in a lump sum to your surviving designated contingent beneficiary. If none exists, the lump-sum balance is paid to the estate of the primary beneficiary. **You may** change your beneficiary with this option.



SERVICE RETIREMENT (...continued)

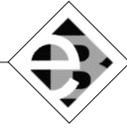
Option 4

Ten-Year Certain

Option 4 provides you with a reduced lifetime benefit. If you die within ten years of retirement, the reduced retirement benefit will continue to be paid to your surviving designated primary beneficiary for the unused balance of the ten-year period. If the designated primary beneficiary predeceases you, the balance of the payments due for the remainder of the ten-year period are continued to your surviving designated contingent beneficiary, if there is one. If none exists, the balance is paid in a lump sum to your estate. Should the designated primary beneficiary also die after having started to receive payments, the balance will be paid in a lump sum to your surviving designated contingent beneficiary. If none exists, the lump sum balance is paid to the estate of the primary beneficiary. Just like Option 3, **you may** change your beneficiary with this Option.

Option 5 (Pop-Up)

Under this option you will receive a smaller allowance than the maximum allowance and it will continue for as long as you live. After your death, your beneficiary, if he/she is still living, will receive 100% or 50% of your allowance for as long as he/she lives. However, should your beneficiary predecease you, your retirement allowance will Pop-Up to the maximum allowance, for the remainder of your life. **You may** designate only one beneficiary and **you may not** change that designation. The amount of your reduced retirement benefit will depend upon your age at retirement and your beneficiary's age. (If you elect this option, you must also check the percentage you wish to be continued to your beneficiary.)



VESTING

Vesting refers to your right to receive plan benefits, even if you terminate employment before you are eligible for payment of a Service Retirement Benefit.

Eligibility

Members of the Operating 25/55 Program with at least 25 years of Credited Service with MaBSTOA but are not yet age 55 will be eligible for a vested retirement benefit at age 55.

Members of the 62/5 Plan and the 57/5 Program are eligible to vest in their retirement benefit provided they have at least five years of Credited Service with at least two of those years qualifying as membership service. Under the 62/5 Plan the vested benefit is payable at age 62. Under the 57/5 Program the vested benefit is payable at age 57.

Members of the 55/25 Program with five or more years of Credited Service but less than 25 years of service with MaBSTOA are eligible for a vested retirement benefit under the 62/5 Plan, (*Basic Tier 4 Plan*), payable at age 62.

Filing Requirements

If you file a Notice of Intent to vest with Employee Benefits when you terminate employment, Employee Benefits will send you a notice of the approaching payability of your vested retirement benefit and an application approximately 90 days before your payability date. **You must file an application before you begin receiving payment of your vested retirement benefit.** You may file the application any time within 90 days before your payability date.

Death Benefits For Vested Members

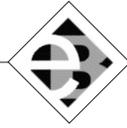
Vested members with 10 or more years of Credited Service who die on or after January 1, 1997 are entitled to a death benefit equal to 50% of the benefit that would have been payable if the member had died on his or her last day of *Active Service*. Vested members generally are not eligible for a Post-Retirement Death Benefit.

Vested Retirement Benefit

Vested retirement benefits for members of the 62/5 Plan, Operating 25/55 Program and 57/5 Program are computed in the same manner as the Service Retirement Benefit. (See pages 13-15)

Health Benefits

Employees whose employment ends after qualifying for a Vested Retirement Benefit should contact Employee Benefits to obtain information on health benefits after retirement.



DISABILITY RETIREMENT

A. Disability Retirement Benefits

Eligibility

As a member, you are eligible to receive a disability retirement benefit at any age, if:

- ◆ you have 10 or more years of Credited Service,
and
- ◆ NYCERS' Medical Board determines:
 - a) that you are physically or mentally incapacitated from performing the duties of your job title,
and
 - b) that you were so incapacitated at the time you ceased performance of your duties.
or
 - a) you have less than 10 years of Credited Service,
and
 - b) The NYCERS' Medical Board determines, a) and b), above.
plus
 - c) your disability is the result of an accidental injury sustained while a MaBSTOA member, in the performance of your duties, and not caused by your own willful negligence.

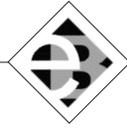
The Plan uses the NYCERS Medical Board to conduct examinations of members who file for disability retirement and makes determinations regarding their ability to perform the duties of their job title.

Definition of an Accident

The Courts has defined the term "Accident": As a sudden, fortuitous mischance, unexpected, out of the ordinary, and injurious in impact. Not every line of duty injury results in the award of an Accident Disability retirement benefit. Injuries sustained while performing routine duties, not resulting from unexpected events, are not "Accidents." Injuries sustained by sudden, unexpected events, which are not a risk of the work performed are usually considered to be "Accidents."

For example:

- ◆ A disabling injury sustained by a member due to incidents which involve routine lifting or bending **would not** qualify as an "Accident."
- ◆ A disabling injury sustained by a member, while in the performance of duty, due to a fall on a slippery substance such as oil or ice, generally would qualify as an "Accident."



DISABILITY RETIREMENT (...continued)

Special Notice Regarding Completing Accident Reports

In order to avoid disputes and ensure timely disposition of your application, you and your supervisor or manager should prepare written reports, **at the time of the event**, that accurately and completely describe all injuries, conditions and the events surrounding them. If there was anything out of the ordinary that caused your injury, or any contributing factor(s), such as weather or a slippery surface (ice, grease, refuse, etc.), make sure to describe them clearly and thoroughly on your accident reports, even if it means attaching an addendum due to shortage of space on the form(s). If there were any witnesses to the incident, make sure to list them and have them prepare a written report about the incident.

As a minimum, accident reports should provide all details concerning the object, conditions and/or substance that directly caused the injury.

For example:

- ◆ ice which was slipped on,
- ◆ the machine that struck you, etc.
- and**
- ◆ the particular job or task performed at the time of the injury.

The report should note any other factor that may have contributed to the injury.

NYCERS' MEDICAL BOARD AND THE MABSTOA PENSION BOARD MAKE DECISIONS ON DISABILITY APPLICATIONS. DISABILITY REPORTS FILED AS SOON AS POSSIBLE AFTER AN ACCIDENT OR OTHER EVENT ARE LIKELY TO BE GIVEN GREATER CREDIBILITY THAN REPORTS FILED AFTER A DELAY.

B. FILING FOR A DISABILITY RETIREMENT BENEFIT

You must file an application for a Disability Retirement Benefit:

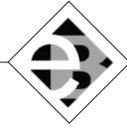
a) within three months from the last date you were being paid on the payroll,

or

b) if you were placed on a leave of absence without pay for medical reasons, either voluntarily or involuntarily, at the time that you ceased being paid on the payroll, no later than 12 months after the date you receive notice that your employment has been terminated.

The application must be filed:

- ◆ by you, or
- ◆ by a person with legal authority to act on your behalf, **or**
- ◆ by MaBSTOA on a form furnished by MaBSTOA, which must be accompanied by proof to substantiate the application, including your personal report and a physician's report of your disability.



DISABILITY RETIREMENT (...continued)

You will need the following forms to file for a disability retirement benefit

- ◆ Application for Disability Retirement for Tier 4 members
- ◆ Applicant's report of personal disability
- ◆ Physician's report of disability
- ◆ General authorization for release of medical information
- ◆ Questionnaire to be completed by applicant for Disability Retirement

Withdrawing an Application for Disability Retirement

Provided that NYCERS' Medical Board has not yet finalized its findings, you may withdraw your application for a Disability Retirement Benefit upon written request to Employee Benefits.

Appearing Before NYCERS' Medical Board For Examination

You **must** appear before NYCERS' Medical Board when scheduled for an interview and examination, or provide proof that you were medically unable to do so. Failure to do so will result in the denial of your disability retirement application and, depending on your employment status, you may not be eligible to re-apply. Please note that you will have to be examined by the Medical Board before a decision can be made on your application for disability retirement.

Disability Retirement Benefit Formula

The disability benefit, whether you are disabled and have 10 or more years of Credited Service or your disability is due to an accident, is **the greater of:**

- ◆ $1 \frac{2}{3}\%$ times *FAS* times the years of Credited Service.

or

- ◆ $\frac{1}{3}$ of your *FAS*,

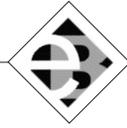
Except

where you are eligible to receive a Service Retirement Benefit and that benefit is greater than either of the above calculations, then you will receive a disability retirement benefit equal to your Service Retirement Benefit.

The disability retirement date is effective 30 days after the application is filed with MaBSTOA, or the day after the last day you were paid on the payroll, whichever is **later**.

Re-Examination

In some cases, the Medical Board may approve a disability retirement application contingent on re-examination at a later date. Additionally, once a year, MaBSTOA may require any person retired on a Disability Retirement (not yet service retirement eligible) to be re-examined by NYCERS' Medical Board.



DISABILITY RETIREMENT (...continued)

Re-Examination (...continued)

If upon re-examination, the Medical Board determines that you are no longer disabled, Employee Benefits will schedule an appointment for an interview and physical with the Employment Center. Your name will be placed on a list of candidates for appointment to a position with a salary not exceeding that from which you were retired. Your Disability Retirement Benefit will be paid to you until such time as you are **offered** a position with MaBSTOA. If you return to work, or if you fail to return to work when offered a position, MaBSTOA will discontinue payment of your Disability Retirement Benefit.

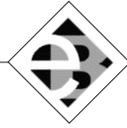
Members retired by reason of disability for more than one year may request a re-examination by the NYCERS' Medical Board to establish their ability to return to work. You must contact Employee Benefits immediately upon your return to work, so that you can be restored to active membership. Failure to do so may jeopardize your rights to future benefits from MaBSTOA.

Earnings Limitations While Receiving Disability Retirement Benefits

If you are employed while receiving a Disability Retirement Benefit from MaBSTOA, your *Personal Service Income* is subject to a yearly cap called the "*Income Limitation*." The *Income Limitation* changes each year based on increases or decreases in the Consumer Price Index. If your *Personal Service Income* exceeds the *Income Limitation* in any year, by any dollar amount regardless of how much or how little, your Disability Retirement Benefit will be **suspended** for 12 months.

Personal Service Income

Once each year, you will be required to file a report with MaBSTOA disclosing any *Personal Service Income* you earned, not including any Disability Retirement Benefit received from MaBSTOA or Social Security benefits, during the preceding calendar year. In addition to the limitations on your *Personal Service Income*, other rules may apply to your employment while you are disabled. Before accepting employment you should discuss your plans with Employee Benefits to find out about limitations that may apply to you.



DISABILITY RETIREMENT (...continued)

Income Limitation

The “*Income Limitation*” is a fixed dollar amount that limits your *Personal Service Income* in any calendar year while you are receiving a Disability Retirement Benefit from MaBSTOA. At the end of each year, the *Income Limitation* is established by adding or subtracting the Consumer Price Index percentage increase, or decrease, for that year to, or from, the *Income Limitation* for the prior year.

The *Income Limitation* for past years has been:

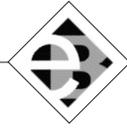
Year	<i>Income Limitation</i>
1987	\$14,300
1988	14,900
1989	15,600
1990	16,600
1991	17,100
1992	17,600
1993	18,000
1994	18,500
1995	19,000
1996	19,600
1997	19,900
1998	20,200
1999	20,800
2000	21,400
2001	21,700
2002	21,900

Final Medical Review

Members have the opportunity to contest the findings and recommendation of the NYCERS' Medical Board through a process called “Final Medical Review.”

In order to elect Final Medical Review, you must sign a waiver notifying MaBSTOA of your intent. In addition, a request must be made on your behalf by either your bargaining representative or by the president of the MTA New York City Transit. MaBSTOA must receive the request and the completed waiver within 45 working days from your receipt of the Medical Board recommendation.

MaBSTOA will forward the medical evidence and the Medical Board reports, based on the application upon which you have requested Final Medical Review, to a Special Medical Committee of three independent doctors that is selected by the NYCERS' Final Medical Review coordinator. You may not submit any additional medical evidence to these doctors. Your union and MaBSTOA will pay the fee for each examination.



DISABILITY RETIREMENT (...continued)

Final Medical Review (...continued)

The findings and recommendation of the Special Medical Committee are final and conclusive. Therefore, you cannot take any legal proceeding in this regard nor can you file for Disability Retirement for the same illness.

TO ENSURE THAT YOU RECEIVE APPLICATIONS FOR PAYMENT AND OTHER
IMPORTANT NOTICES BE SURE TO NOTIFY EMPLOYEE BENEFITS WHEN YOU
CHANGE YOUR ADDRESS



REFUND OF CONTRIBUTIONS

Refunds of the Basic Tier 4 Contributions

There are various types of member contributions and regulations regarding how and when they may be withdrawn or refunded. All Tier 4 members are required to contribute either 2% or 3% of their *Wages*. These basic Tier 4 contributions are a member's contribution. Tier 4 members resigning or separated from MaBSTOA service with fewer than 10 years of Credited Service can request a refund of the amount of their member contributions. However, members with at least five but less than 10 years of Credited Service must submit a form to MaBSTOA waiving their right to a Vested Retirement Benefit before a refund can be processed. This is necessary because Tier 4 members, who leave MaBSTOA service with at least five years of Credited Service, have the right to a Vested Retirement Benefit under Tier 4.

Refund of *Basic Member Contributions*

If you have **less than five years of Credited Service** when you separate from MaBSTOA service, you can submit a written request to Employee Benefits for a refund of your contributions.

Before you file for retirement or resign, you should speak to an Employee Benefits representative to learn about tax and retirement benefit consequences of an unpaid loan and about your repayment options.

Employees with 10 or more years of Credited Service are automatically vested. [See page 20 on Vesting.]

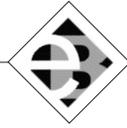
Refund of *Additional Member Contributions*

If you are an Operating 25/55 Program *Participant* with less than 25 years of Credited Service and cease to hold an **Operating** position, you may withdraw your *AMCs* plus accrued interest. Speak to an Employee Benefits representative for further information.

If you are a *Participant* in the 55/25 and 57/5 Programs you may receive a refund of the employee portion (50%) of *AMCs* plus accrued interest only in the event of:

- ◆ Death
- ◆ Disability Retirement
- ◆ Service Retirement at age 62 or later
- ◆ Separation from MaBSTOA service with less than 10 years of Credited Service
- ◆ Termination for economic reasons

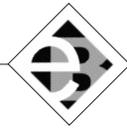
WITHDRAWALS OF *AMCs* MAY TRIGGER A FEDERAL TAX LIABILITY AND
MAY RESULT IN A TAX PENALTY.
REPAYMENT OF ANY SHORTAGE IN *AMCs* IS NOT ELIGIBLE
FOR DEFERRED TREATMENT UNDER FEDERAL INCOME TAX RULES
[IRC SECTION 414(h)].



LOANS

Eligibility:

- ◆ If you are an employee in active service and in pay status with at least one year of membership you may borrow from the MaBSTOA Pension Fund by filing a properly completed and notarized application.
- ◆ An outstanding loan cannot exceed 75% of the contributions, with interest, last posted to your pension account. In addition, the maximum allowable outstanding loan amount for VESTED employees cannot exceed 50% of the present value of the Accrued Vested Benefit (AVB) less the highest outstanding balance of any pension loan(s) within the previous one-year period from the day a new loan is issued. The AVB is the current value of the reserves needed today to fund your future retirement benefit and is based on your retirement plan, age, years of credited service and salary history.
- ◆ The minimum amount of any loan is \$1,000.
- ◆ Once a loan has been issued, it may not be cancelled.
- ◆ Only one pension loan may be issued in any 12-month period. There is no provision in the law to allow for any exceptions.
- ◆ The maximum number of outstanding loans allowed within a 12-month period is **TWO**. This includes loans from the pension plan and 401(k) and/or 457 deferred compensation plans.
- ◆ Your account(s) will remain intact and will continue to accrue interest on the full balance.



LOANS (...continued)

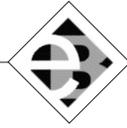
Fees:

- ◆ There is a service fee of \$20 for processing each loan. This fee is automatically deducted from the loan check.
- ◆ There is a \$15 service fee when filing for a Change of Repayment. Those who are no longer on payroll may switch to direct payment; however, there is a \$5 per check fee for each direct payment.
- ◆ There is a \$20 service fee for personal checks that are returned uncollected.

Payment:

- ◆ If you are in pay status, you may only make payments by payroll deductions. Once set, the repayment schedule remains the same for each payroll period until the loan is paid in full or a new loan is negotiated.
- ◆ Repayments must be at a rate not less than 2% of your gross salary per pay period. Because all loans (including interest and insurance premiums) **MUST** be paid within five years, it may be necessary for MaBSTOA to adjust your repayment to an amount higher than requested.
- ◆ Effective **January 1, 2004**, each loan issued and outstanding is considered separate, and a separate repayment schedule must be applied. **A separate deduction will be made for each loan issued.**
- ◆ You may request, in writing, to repay the outstanding loan in a lump sum. You will then be provided with a statement specifying the amount due on a certain date.
- ◆ You may change the loan repayment amount only once by filing for a Change of Repayment.

If you are no longer receiving a paycheck from which loan payments are being deducted, it is important to contact the Accounting Department at 718-694-1466 to arrange direct payments. This is especially true for vested employees. (See Consequences of Non Payment Section for further information.)



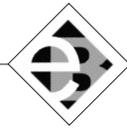
LOANS (...continued)

Interest:

- ◆ You must pay the current 7% interest rate.
- ◆ Whenever there is a change in the interest rate, it shall be applicable to loans applied for or renegotiated after the date of such change.

Consequences of Non-Payment:

- ◆ If you leave MaBSTOA service with an outstanding loan balance, and discontinue payments, interest will accrue on the outstanding loan up to the date of retirement. This outstanding balance may increase to such a large amount as to significantly decrease the retirement benefit otherwise payable.
- ◆ A loan for which no payments have been made for over 90 days is termed a *Non-Performing Loan* and may have adverse tax consequences. (See Taxability Section for further information.)
- ◆ If you have a *Non-Performing Loan*, you forfeit all future entitlement to borrow until the outstanding balance is fully paid.
- ◆ Insurance coverage is **DISCONTINUED** on a *Non-Performing Loan*. (See Insurance Section for further information.)



LOANS (...continued)

Insurance:

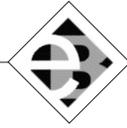
- ◆ Loan insurance is **MANDATORY** and you may not elect to waive the insurance premium of 0.3%.
- ◆ Insurance coverage applies only upon the death of a member.
- ◆ All loans are fully insured **AFTER** 30 days of issuance. For the first 30 days of a new loan, the insurance coverage will continue on the outstanding balance of the previous loan. However, the amount of the new loan will be uninsured for the first 30 days.
- ◆ Insurance coverage is discontinued on a *Non-Performing Loan*. Once you begin to make regular payments, the loan will be considered insured but, for all other purposes, will remain a *Non-Performing Loan*.
- ◆ MaBSTOA reviews the loan insurance premium rate at least once a year. Premiums may change over the life of the loan.
- ◆ The terms or conditions of coverage may be modified, or the insurance coverage itself may be discontinued.

Taxability:

If you currently have two or more loans outstanding and apply for an additional loan, the application for a loan will be denied. With the exception of loans greater than \$50,000, current tax law does not consider a loan scheduled to be repaid within a 5-year period to be a taxable distribution. If the loan is not paid within 5 years, then the outstanding balance at the end of that 5-year period may be considered a taxable distribution. In addition, if loan payments are not made for a 90-day period, the IRS considers the loan to be a Non-Performing Loan and some part of the outstanding loan will be deemed taxable and will be reported to the IRS. Subsequent loan payments will not negate the fact that a taxable distribution has been reported. An outstanding loan will also be at least partially taxable upon your retirement or at the time you elect to obtain a refund of contributions plus interest after resignation. In addition to being taxable at your normal tax rate, the distribution may incur an additional 10% penalty if you are under 59 years of age.

Military Service:

- ◆ If you are called into active military service and you have an outstanding loan balance, such a loan will be suspended until you are discharged from the service.
- ◆ The interest rate during this time cannot exceed 6%.
- ◆ The loan repayments may be increased to insure the outstanding balance is paid within the maximum 5-year period.



SURVIVOR BENEFITS

Your *Designated Beneficiary* is entitled to a survivor benefit if you die before retirement, whether death occurs on or off the job.

Benefits are paid as an:

- ◆ **Ordinary death benefit** payable to a *Designated Beneficiary*
or
- ◆ **Accidental death benefit** payable to an *Eligible Beneficiary*

Ordinary Death Benefit

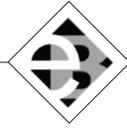
Ordinary Death Benefits will be paid only if:

- ◆ you were being paid on the payroll at the time of your death,
or
- ◆ you were off the payroll (see NOTE below), or were on an authorized leave without pay at the time of your death, and
- ◆ you were on the payroll, in service and paid within the last 12 months before death,
and
- ◆ you were not gainfully employed since last on the payroll,
and
- ◆ you had credit for one or more years of continuous service since you last entered MaBSTOA service,
and
- ◆ you have not received a refund of your pension contributions.

NOTE:

Effective October 1, 2000, a Tier 4 member of MaBSTOA shall be deemed to have died on the payroll if the death of such member occurs while he or she is on an authorized leave of absence without pay for medical reasons which have continuously been in effect since the member was last paid on the payroll, provided that he or she was in service and last paid on the payroll **within the four-year period prior to his or her death.**

If you die in *Active Service* and your death is not work related, or if your death is work related and the Ordinary Death Benefit is elected in lieu of the Accidental Death Benefit, your *Designated Beneficiary* will receive one of the death benefits described below.



SURVIVOR BENEFITS (...continued)

Death benefit for members in the operating 25/55 program

A member in the Operating 25/55 Program who dies in service is covered by a death benefit upon completion of 90 days of service provided the member was being paid on the payroll at the time of death.

The amount of the death benefit is equal to three times the member's *Current Salary*, raised to the next higher multiple of \$1,000.

This death benefit also applies to all non-operating employees who were hired prior to May 1, 1999.

This benefit is in addition to payment of the *BMCs & AMC*s plus all interest earned.
There are no Post Retirement Benefits paid.

Death Benefit Plan 1

The refund of your *BMCs*

plus

If you are a *Participant* in the 55/25 or the 57/5 Program the refund of half the additional employee contributions,

plus

the greater of:

◆ one month's salary for each full year of service (up to a maximum of three years' salary after 36 years of service),

or

If eligible for a Service Retirement Benefit;

◆ the actuarial reserve (MaBSTOA portion) for the Service Retirement Benefit which would have been payable had you retired on the day before your death.



SURVIVOR BENEFITS (...continued)

Death benefit plan 2

The refund of your *BMCs*

plus

If you are a *Participant* in the 55/25 or the 57/5 Programs, the refund of half your *AMCs*

plus

Years of Service:

A Lump-Sum Benefit Equal to

At least one year, but less than two years.....One year's *Current Salary*

At least two years, but less than three yearsTwo times *Current Salary*

At least three years.....Three times *Current Salary*

Reductions in benefit after age 60 and still in service

Age at Death:

Amount of Benefit

6195% of benefit in force

6290% of benefit in force

6385% of benefit in force

6480% of benefit in force

6575% of benefit in force

6670% of benefit in force

6765% of benefit in force

6860% of benefit in force

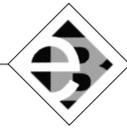
6955% of benefit in force

70 or over50% of benefit in force

Special Note:

Effective January 1, 2001, beneficiaries of members who die in service will receive the greater of Death Benefit Plan 1 or Death Benefit Plan 2 if the member had selected Death Benefit Plan 1. If, however, the deceased member had selected Death Benefit Plan 2 and Death Benefit Plan 1 would be a greater benefit, Death Benefit Plan 2 is still payable.

Death Benefit Plan 2 will automatically cover any person who becomes a member of MaBSTOA on or after January 1, 2001.



SURVIVOR BENEFITS (...continued)

Post-Retirement death benefits paid under death benefit plan 2

Where death occurs:	Amount of benefit:
In the first year of retirement:	50% of benefit in force before retirement.
In the second year of retirement:	25% of benefit in force before retirement.
In the third year of retirement and thereafter:	10% of benefit, if any, in force at age 60, or at the time of retirement, if you retired before reaching age 60.

Accidental Death Benefit

If MaBSTOA determines that your death was the natural and proximate result of an accident not caused by your own willful negligence, sustained in the performance of your duties in *Active Service*, your *Eligible Beneficiary* will be entitled to an annual benefit equal to 50% of the *Wages* you earned during the last year of service, or your annual wage rate if you had less than one year of service.

- ☞ **Note:** Payment does not include the member's contributions.
The Accidental Death Benefit will not be reduced by any Workers' Compensation that may have been collected in conjunction with this accident.

An Accidental Death Benefit is paid to an *Eligible Beneficiary* in the following order of priority:

- ◆ your spouse, until remarriage, unless he or she has renounced survivorship rights,
- ◆ to each of your children until he or she reaches age 25,
- ◆ to your parents who depend on you for support,
- ◆ to any person who qualified as a dependent on your final Federal income tax return, until age 21, or
- ◆ anyone you name as your beneficiary for your Ordinary Death Benefit.

In the event a class of your *Eligible Beneficiaries* consists of more than one person, benefits will be divided equally among such persons.

Application for an Accidental Death Benefit must be filed by your beneficiary and received by Employee Benefits within 60 days after your death. The 60-day period may be waived provided an Ordinary Death Benefit has not been paid.

Based upon the recommendation of NYCERS' Medical Board, the MaBSTOA Pension Board will make a determination as to whether the requirements for an Accidental Death Benefit have been met in each case.



SURVIVOR BENEFITS (...continued)

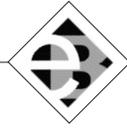
Naming Beneficiaries

When you join MaBSTOA, you are asked to name a beneficiary or beneficiaries. Your current designation is shown on the Annual Pension Benefit Statement that you receive from MaBSTOA. You have the option of changing your beneficiary designation at any time while a member. If you choose to make a change, you do so by filing the appropriate form with Employee Benefits.

How to File for Survivor Benefits

Your beneficiary should notify Employee Benefits of your death. Upon receipt of a death certificate, Employee Benefits will:

- ◆ calculate any benefits due
- ◆ mail claim forms and instructions to your beneficiary
- ◆ outline payment choices to your beneficiary



TAXATION

MaBSTOA benefits are subject to Federal income taxes, but are exempt from New York State and local income taxes. MaBSTOA benefits may be subject to state and local income taxes in states other than New York. You should retain any records that identify MaBSTOA as the source of funds that has been rolled over, in order to avoid New York State income tax on future withdrawals.

LOANS

Please refer to LOANS in this SPD for detailed information about loans prior to and after retirement.

CONTRIBUTIONS

Basic Tier 4 contributions *BMCs* and *AMCs* made to MaBSTOA through payroll deductions are not included as current gross income for Federal income tax purposes [IRC Section 414(h)], but they are subject to current Social Security and Medicare deductions and New York State and local income taxes.

REFUNDS

Withdrawal of your *BMCs* and/or *AMCs* may result in a Federal income tax liability. The taxable distribution, if any, is outlined on your Election of Payment Notice, along with an explanation of the Federal income tax consequences. You may temporarily avoid the Federal income tax consequences by rolling over the taxable portion of the distribution into an IRA account or employer plan, if your new employer's plan allows such rollovers. If you do not elect to roll it over, MaBSTOA is required by the Internal Revenue Code rules and regulations to withhold 20% of the taxable portion of the distribution.

The Election of Payment Notice contains three options, under which you can elect to receive or roll over the taxable portion of your refund:

- ◆ Direct refund, including the taxable portion, subject to 20% Federal income tax withholding.
- ◆ Rollover of the taxable portion of the refund into an IRA account or employer plan.
- ◆ Rollover of a portion of the taxable distribution, designated by you, into an IRA account or employer plan.

Members have 30 days to complete and return their Election of Payment Notice to MaBSTOA. If you do not return the notice to us within 30 days of the date of our letter, we will process your full refund, less 20% Federal income tax withholding on the taxable portion of your distribution.

Upon a member's obtaining a refund after resignation, the outstanding balance on a loan may be at least partially taxable. The refund check you receive from MaBSTOA may be less than the total taxable distribution, if you have an outstanding loan at the time of the refund. In addition to being taxable at the member's normal tax rate, a member under the age of 55 will incur an additional 10% Federal income tax penalty. Members who are age 55 or older are not subject to the 10% penalty.



TAXATION - continued

REFUNDS - continued

In addition to a Federal income tax liability, partial withdrawals of your contributions prior to your separation from MaBSTOA before you attain age 59½ may result in an additional 10% Federal income tax penalty.

RETIREMENT BENEFITS

Your monthly retirement allowance is subject to Federal income taxes, but part of it may be excludable. Your 1099R indicate the amount of Non-414(h) contributions included in the calculation of your pension. The IRS considers this amount to be your Investment in Contract (Cost) for the purpose of determining the excludable part of your monthly retirement allowance. (Non-414 (h) contributions were deducted from your paychecks after tax, and, therefore, are not subject to taxation a second time.) Use the Simplified Method detailed in your 1040 instructions in IRS Publication 575, or consult your tax preparer, in order to make that determination.

The IRS requires taxpayers to remit tax payments on a pay-as-you-go basis. In order to avoid a penalty at year-end for non-prepayment of the tax on your pension, you must either make payments of estimated taxes quarterly, or have income tax withheld from your monthly check or electronic payment. You may request income tax withholding when you file your retirement application. Subsequent changes can be made by filing IRS Form W4, mailed to you by MaBSTOA annually, or simply by providing MaBSTOA with a signed letter that indicates your instructions for income tax withholding.

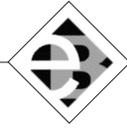
DEATH BENEFITS

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requires MaBSTOA to withhold taxes on death benefits that are subject to Federal taxation, unless the beneficiary files an election to be exempted from such withholding. MaBSTOA cannot pay any taxable death benefit to a beneficiary, until the beneficiary returns their election regarding tax withholding.

Beneficiaries who are the spouses of deceased members of MaBSTOA may choose from three options under which they can elect to receive or roll over the taxable portion of their lump sum death benefit:

- ◆ Direct payment of the taxable portion, subject to 20% Federal income tax withholding.
- ◆ Rollover of the taxable portion into an IRA account.
- ◆ Rollover of a portion of the taxable distribution, designated by them, into an IRA account.

ALL MaBSTOA BENEFIT PAYMENTS AND REFUNDS ARE SUBJECT TO FEDERAL INCOME TAXATION IN THE YEAR(S) DISTRIBUTIONS ARE MADE, BUT THEY ARE NOT SUBJECT TO NEW YORK STATE AND LOCAL INCOME TAXATION.



DOMESTIC RELATIONS ORDER

Under the equitable distribution laws of the State of New York, pension benefits are considered a marital asset. As a result, the **Supreme Court of the State of New York** may assign a portion of your current and/or future pension benefits to an ex-spouse under a Domestic Relations Order. By law, MaBSTOA is bound to comply with the order of the court.

New York State Estate Powers of Trust Law (EPTL) provides that if you are married and you change your beneficiary after 1992 to someone other than your spouse, your spouse retains a right to a portion of your death benefits.



GLOSSARY

The following terms will appear in *italics* throughout this SPD:

Active Service

Service rendered while the employee is on the payroll and being paid by MaBSTOA.

Additional Member Contributions (AMCs)

Contributions that are in addition to the Basic Tier 4 contributions of either 2% or 3% of ***Wages***, and are required to be paid each payroll period by members in any of the Tier 4 Special Programs. The ***Additional Member Contribution*** percentages differ in each Program.

Basic Member Contributions (BMCs)

The total of all basic Tier 4 contributions (2% or 3% of ***Wages***) plus interest earned on such contributions.

Basic Tier 4 Plan

Generally refers to the 62/5 Plan. It can also mean the plan benefits that are available to Tier 4 members, excluding those benefits that are available only to ***Participants*** in the Special Programs described in this SPD. A ***Participant*** in one of the “Special Programs” who does not meet all of the qualifications for a Service Retirement or Vested Retirement Benefit in their Program may still qualify for a benefit under the ***Basic Tier 4 Plan***. Wherever that is the case, it will be noted in this SPD.

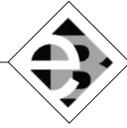
Participants in “Special Programs” are still always eligible for other Basic Tier 4 benefits that are not provided for in their Program such as Survivor Benefits, Disability Retirement Benefits, etc.

Current Salary

Includes base salary, longevity, overtime and all additional compensation as long as the payment becomes pensionable prior to the date of (Ordinary Death Benefit) or the date of (Post Retirement Death Benefit).

Designated Beneficiary

Any person whom a member has named, by filing a properly completed form with MaBSTOA, to receive a survivor benefit upon the death of the member while in ***Active Service***. Also, a person named by a retiree on the retirement option form nominated to receive an optional form of payment upon the death of the retiree.



GLOSSARY (...continued)

Eligible Beneficiary

A person who is eligible to be paid an Accidental Death Benefit, in the following order of priority:

- ◆ a surviving spouse who has not remarried
- ◆ dependent child up to age 25
- ◆ dependent parents, or
- ◆ any person up to age 21 who qualified as a dependent on the member's final Federal income tax return or
- ◆ any person you designate for your *Active Service* Ordinary Death Benefit

An *Eligible Beneficiary* must make application for an Accidental Death Benefit, and the NYCERS' Medical Board must recommend approval and the Board of Administration must then approve the application.

In the event that a class of eligible beneficiaries consists of more than one person (for example, two or more children under the age of 25), benefits will be divided equally among such persons.

Eligible Position

For the 25-year Early Retirement Program (55/25 Program) and the Age-57 Retirement Program (57/5 Program): An "*Eligible Position*" is any non-operating position in MaBSTOA, including Career and Salary positions.

Final Average Salary (FAS)

The greater of the average annual *Wages* earned during any three consecutive calendar-year periods, or the final 36 months immediately preceding the member's retirement date.

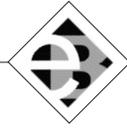
If the salary earned during any year included in the calculation of a member's *FAS* exceeds the average of the previous two years by more than 10%, the amount in excess of 10% is excluded from the computation. For members who had absences without pay in the 36 months immediately preceding retirement, the *FAS* will be computed by using more than three years' of salary.

Final Compensation (FC)

The average compensation earned during the five-year period immediately preceding a member's retirement, or any consecutive five calendar-year period prior to the member's retirement that would provide him or her with the greatest average compensation.

Income Limitation

The fixed dollar maximum amount of *Personal Service Income* a pensioner receiving a Tier 4 disability retirement benefit can earn in any calendar year. The *Income Limitation* is established annually and is based on the percentage increase or decrease in the prior year's Consumer Price Index.



GLOSSARY (...continued)

Non-Performing Loan

A loan for which the re-payment have not been made for a 90 day period.

Participant

Any Tier 4 member of MaBSTOA who elects or is required to contribute to one of the Special Programs described in this Summary Plan Description.

Personal Service Income

Any ***Wages*** salaries, tips, professional fees, or any other compensation received for personal services actually performed for any employer after the effective date of retirement of a Tier 4 Disability Retirement.

Previous MaBSTOA Service

Any prior Credited Service with MaBSTOA.

Unpaid Leave

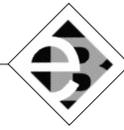
An approved leave of absence during which a member does not receive *Wages* from MaBSTOA.

Examples:

- ◆ Sick leave or absence without pay
- ◆ Workers' Compensation leave of absence without pay
- ◆ Leave of absence without pay for the purpose of engaging in union activities

Wages

Any earnings paid for services rendered to MaBSTOA.



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