



## Transit Operating Force 25-Year/Age 55 Retirement Plan For Tier 4 Members

TIER 4

MARCH 2013

This brochure outlines the benefits of the Transit 25-Year/Age 55 Retirement Plan (T25/55 Plan). The T25/55 Plan is available only to those employed in a Transit Operating Force (TOF) position.

### PARTICIPATION

The T25/55 Plan was created by Chapter 529 of the Laws of 1994. Under Chapter 529, only hourly-paid employees and first-line supervisors of the NYC Transit Authority (NYCTA) were allowed to participate in the T25/55 Plan. However, as of December 15, 2000, participation in the T25/55 Plan is MANDATORY for anyone employed by the NYCTA on or after July 27, 1976 and classified by the NYCTA as working in a TOF position (including upper level supervisors and managers).

#### Special Exception:

If you were already a participant of the 57/5 Retirement Plan when you were mandated into the T25/55 Plan on December 15, 2000, you had the option to remain in the 57/5 Plan by filing an election form with NYCERS.

Participants who cease to hold a TOF position will no longer be able to participate in the T25/55 Plan.

Participants who cease to hold a TOF position, and return to a TOF position at a later date, will again be required to participate in the T25/55 Plan.

### CONTRIBUTIONS

As a participant in the T25/55 Plan you are required to contribute 2% of your gross wages effective with the first full pay period after December 15, 2000. These contributions are referred to as Basic Member Contributions (BMCs) and they are held in the Member Contribution Accumulation Fund (MCAF). Participants are required to pay BMCs for as long as they remain in service; BMCs do not stop after 10 years as is the case with other Tier 4 members.

Participants in the T25/55 Plan were required to pay Additional Member Contributions (AMCs) consisting of

2.3% of gross wages for all Allowable Service in the Transit Authority rendered between August 28, 1994 and December 15, 2000. Additional Member Contributions are *no longer required* for T2555 participants effective with the first full pay period after December 15, 2000.

AMCs are maintained in the Retirement Reserve Fund (RRF) which is an account maintained separately from the MCAF account. Both funds earn interest at a rate of 5%, compounded annually.

All contributions are Federal tax deferred, meaning that you do not pay Federal taxes on the contributions, only New York State and local taxes. Contributions made while on Union leave are not Federal tax deferred.

### DEFICITS

Failure to pay any of the required BMCs will result in a deficit. If a deficit is identified prior to retirement, steps will be taken to resolve the deficit.

In the event of a deficit at retirement in the MCAF account (BMCs), an actuarial reduction can be applied to the pension benefit.

### LOANS

In addition to the ability to borrow up to 75% of the BMCs held in the MCAF account, T25/55 Plan participants may borrow up to 75% of their accumulated AMCs held in the RRF account (unless they applied for and received a refund of AMCs). Any loans taken are subject to the same terms and conditions governing loans applicable to Tier 4 members. Please consult Brochure #911 for additional information.

### ALLOWABLE SERVICE IN THE TRANSIT AUTHORITY

Allowable Service in the Transit Authority (Allowable Service) is a special term used in the T25/55 Plan, which is defined as membership service (not purchased service) while employed by the NYCTA in a Career and Salary title or TOF position. Allowable Service also includes certain Military Service and Union Leave Service.

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Allowable Service *does not* include other public service rendered in New York State or New York City, e.g., service rendered in a clerical position in another agency. This is significant because only Allowable Service can be used to qualify for service retirement.

## VESTING

A participant in the T25/55 Plan who leaves City service with at least 25 years of Allowable Service, but who has not attained age 55, is eligible for a Service Retirement Benefit payable when he or she attains age 55.

A T25/55 Plan participant who leaves City service with at least five but less than 25 years of Allowable Service may vest under the Tier 4 62/5 Plan. All future benefits would be payable based on the provisions of such plan. Refer to the Tier 4 62/5 Summary Plan Description for additional information.

## REFUNDS

### Refund of AMCs

Current and former members of the T25/55 Plan may be eligible for a refund of AMCs due to legislation enacted in 2006 and 2007. AMCs were required of participants between August 28, 1994 and December 15, 2000.

To be eligible for the refund you must meet the following union membership and account balance criteria:

- ▶ Be a current or former member of the Transport Workers Union, Local 100 with an RRF balance on December 16, 2005,

**OR**

- ▶ Be a current or former member of the Amalgamated Transit Union with an RRF balance on December 28, 2005.

Please refer to the Fact Sheet on the Application for Refund of Additional Member Contributions for Transit 25 Year/Age 55 Members (Form #336) for more information including tax consequences and rollover options with this refund.

### Refund of BMCs

T25/55 Plan participants who have rendered less than 10 years of Credited Service and who leave City service may apply for a refund of BMCs, plus accrued interest, effectively terminating their membership. Members with between five and 10 years of Credited Service must also waive their right to a Vested Retirement Benefit. Refunds of BMCs are not possible for members with ten or more years of Credited Service.

## WITHDRAWAL OF EITHER BMCs or AMCs WILL TRIGGER A FEDERAL TAX LIABILITY AND MAY RESULT IN A TAX PENALTY

## SERVICE RETIREMENT BENEFITS

A Participant with 25 or more years of Allowable Service in the Transit Authority who has reached age 55 will be eligible to receive a Service Retirement Benefit equal to:

2% *times* Final Average Salary (FAS) *times* the number of years of Allowable Service, up to 30 years of such service, **plus**

1.5% *times* FAS *times* the number of years of Allowable Service in excess of 30 years of such service.

Final Average Salary (FAS) is defined as the greater of:

the average of wages earned during any three consecutive calendar years,

**OR**

the average of wages earned during the 36 months immediately preceding the member's retirement date.

**NOTE:** Wages earned in any year used in the FAS computation cannot exceed more than 10% of the average of the previous two years.

For additional details on FAS please refer to NYCERS Brochure #929, Calculating Your Final Average Salary.

## IN-SERVICE DEATH BENEFIT

If you die while a Participant in the T25/55 Plan, an In-Service Death Benefit will be paid to the beneficiary(ies) you designated and have on file with NYCERS. If you do not designate a beneficiary(ies), payment will be made to your estate. The death benefit payable is equal to that which is payable to the beneficiary(ies) of a non-uniformed member of Tier 4 who dies while in City service. If death occurs after retirement, a Post-Retirement Death Benefit is payable.

## BASIC TIER 4 BENEFITS

Participants in the T25/55 Plan are entitled to other benefits applicable to Tier 4 members besides the Vested and Service Retirement Benefits conferred by such plan, e.g., disability benefits. Participants should refer to the Tier 4 62/5 Summary Plan Description for additional information.

