

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 are eligible to receive *unreduced* retirement allowance payments under this plan if:

- 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 are eligible to receive *reduced* retirement allowance payments under this plan if:

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

**Tier III and IV members become vested upon attaining five years of Total Service Credit.*

Age 55 Retirement Program

In general, if you participate in the Age 55 Retirement Program, you are eligible to receive unreduced retirement allowance payments if:

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

provisions, at least 27 years of Total Service Credit are required.

In general, you are eligible to receive reduced retirement allowance payments if:

- You are between the ages of 55 and 61, you are vested, and you have less than the required amount (25 or 27 years) of Total Service Credit.

The Age 55 Retirement Program was established as of February 27, 2008 for employees of the Department of Education and participating Charter Schools, to provide qualifying members with the option to retire with unreduced benefits as early as age 55 after making Additional Member Contributions toward their pensions.

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 of the Laws of 2009 (*i.e.*, eligible Tier IV members who joined TRS after December 10, 2009).

BENEFITS

Your retirement allowance may be made up of two components.

- **Regular Pension:** This 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.
- **Annuity Reserve:** This 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:

- 1²/₃% 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 1¹/₂% 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 will generally be the average of your highest three consecutive annual salaries during your periods of 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% will 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 will be excluded from the calculation. In such a case, an equal amount of time immediately preceding that three-year period (up to one year) will 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 will 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 will 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 will 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. (Go to Forms ▶ **In Service Members ▶ Retirement.**)

The easiest way to file for retirement is to use the “e-form” version of the retirement application. Log in to the secure section of our website at www.trsnyc.org and go to **Forms ▶ Electronic Forms**. There, you’ll find the Tier IV retirement application e-form and related forms that you can submit electronically. You can also securely upload required documentation when you file an e-form to retire.

COST-OF-LIVING ADJUSTMENT

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

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

NOTE TO TIER III MEMBERS

If you are a Tier III member, you may elect to file for retirement under either Tier III or Tier IV. Before filing a retirement application, you should note the differences between the tier plans and carefully consider this irrevocable choice. The main difference between Tier III and Tier IV benefits is that, under Tier III, 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. This reduction does not apply to Tier IV benefits.

To elect to receive benefits under Tier IV, please file the "Tier IV Service Retirement Application (code RE19)." The "Tier III Service Retirement Application (code RE18)" is available upon request from our Member Services Center.

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 will 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 will 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 will 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 will 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 will 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 will be increased by the higher of the COLA or the Tier III cost-of-living plan.

This publication should not be solely relied upon, as it is based on currently available information that is subject to change. In all cases, the specific provisions of the governing laws, rules, and regulations prevail.



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