

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
AND

**NEW YORK CITY PUBLIC EMPLOYEES'
GROUP LIFE INSURANCE PLAN**

BROOKLYN, NEW YORK

A PENSION TRUST FUND OF THE CITY OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2003**

Prepared by: **The Finance Division of the
New York City Employees' Retirement System**

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Custodian of Funds: **William C. Thompson Jr.,
Comptroller of the City of New York**

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Brooklyn, N.Y. 11201-3751**

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A PENSION TRUST FUND OF THE CITY OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2003

PART 1

INTRODUCTORY SECTION

BOARD OF TRUSTEES

Hon. Martha Stark

*Chairperson
Commissioner, NYC Department of Finance*

Hon. Helen Marshall

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Comptroller of the City of New York

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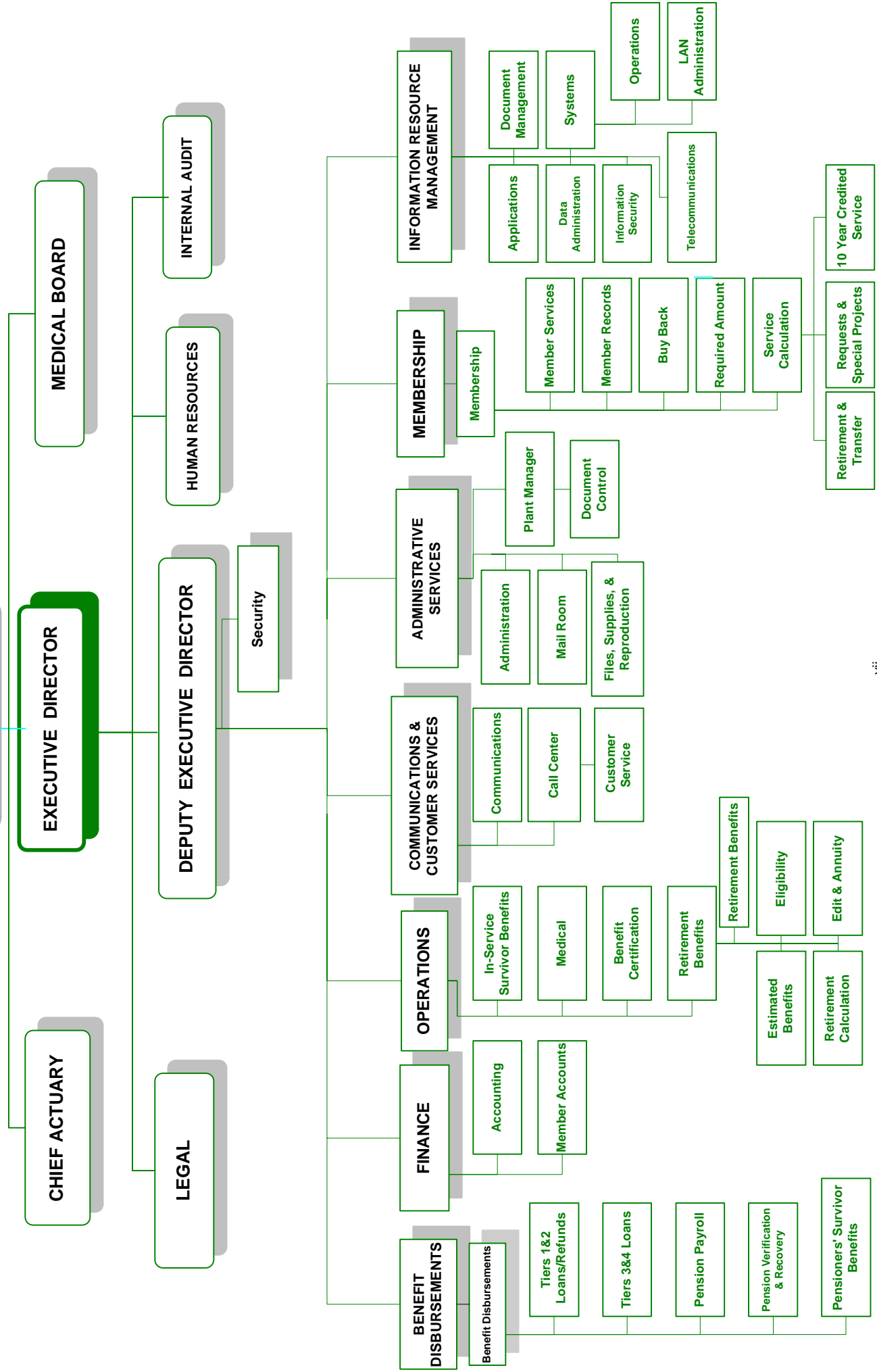
John J. Murphy

Executive Director

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM (NYCERS)

Organization Chart

BOARD of TRUSTEES



Certificate of Achievement for Excellence in Financial Reporting

Presented to

New York City

Employees' Retirement System
and Group Life Insurance Plan

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in cursive script, reading "William Patrick Rosta".

President

A handwritten signature in cursive script, reading "Jeffrey R. Emer".

Executive Director

NYCERS

RETIREMENT AND BENEFITS

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

MAIL ONLY:
335 ADAMS STREET,
SUITE 2300
BROOKLYN, NY 11201-3751

ALL OTHER SERVICES:
340 JAY STREET,
MEZZANINE LEVEL
BROOKLYN, NY 11201-3751

TEL: (347) 643-3000

EXECUTIVE DIRECTOR: JOHN J. MURPHY

December 31, 2003

Board of Trustees
New York City Employees' Retirement System
335 Adams Street
Brooklyn, 11201-3751

We are pleased to submit the Comprehensive Annual Financial Report (*CAFR*) of the New York City Employees' Retirement System and the New York City Public Employees' Group Life Insurance Plan (*Plan*) for the fiscal year ended June 30, 2003. The *CAFR* consists of five sections. The *Introductory Section* contains this Letter of Transmittal, the administrative organization, the Certificate of Achievement for Excellence in Financial Reporting, and the Summary of Plan Provisions. The *Financial Section* contains the opinion of the independent certified public accountant, the Management Discussion and Analysis (MD&A), the financial statements of the *Plan* and other required supplementary financial information and tables. The MD&A provides an overview of the current year's financial activity with an analysis of the effects of any significant changes from the prior year. The *Investment Section* contains a report on investment policies and activity, investment results, and various investment schedules. The *Actuarial Section* contains the *Plan's* actuarial certification letter and various actuarial tables. The *Statistical Section* contains various statistical tables consisting of significant data pertaining to the *Plan*.

ACCOUNTING SYSTEM AND REPORTS

This *CAFR* has been prepared in conformity with principles of governmental accounting and reporting, promulgated by the Governmental Accounting Standards Board, and is the responsibility of the *Plan's* management. The accrual basis of accounting is used to record assets and liabilities, and revenue and expenses. Revenues for the system are taken into account when earned without regard to date of collection, and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments are valued at fair value.

The management of the *Plan* is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements made by management are required to assess the expected benefits and related costs of control procedures.

The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition. It should also assure that transactions are executed in accordance with management's authorization, and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles.

The internal accounting controls of the system are adequate to assure the above objective. There have been no irregularities that would have a material effect on the financial statements. The supporting schedules and statistical tables also fairly reflect the status and operations of the system.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to NYCERS for its *CAFR* for the fiscal year ended June 30, 2002. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized *CAFR* whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The *Plan* has received this certificate for the last 16 years.

A Certificate of Achievement is valid for a period of one year only. We believe our *CAFR* for the fiscal year June 30, 2003 continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ADMINISTRATION THE SYSTEM

NYCERS was established by an act of the legislature of the State of New York under Chapter 427 of the laws of 1920. Chapter 427 created a retirement system in accordance with sound actuarial principles. The system became operational on October 1, 1920 with 13,331 original members. As of June 30, 2001, the date of the *Plan's* most recent actuarial valuation, the *Plan's* membership included 174,199 members in active pay status, 123,958 retirees and beneficiaries receiving benefits, and 2,980 terminated vested members who are not yet receiving benefits. The head of the retirement system is the Board of Trustees.

MEMBERSHIP

Membership in NYCERS is available to all New York City employees who are not eligible to participate in the New York City Teachers' Retirement System, the New York City Police Pension Fund, the New York City Fire Department Pension Fund, or the New York City Board of Education Retirement System.

All persons holding permanent civil service positions in the competitive or labor class are required to become members of the system six months after their date of appointment, but may voluntarily elect to join the system prior to their mandated membership date. All other eligible employees have the option of joining the system upon appointment or at anytime thereafter.

All members who joined NYCERS prior to July 1, 1973 are Tier 1 members.

All members who joined NYCERS on or after July 1, 1973, but prior to July 27, 1976, and *Investigator Members* employed in any District Attorney Office who joined, or join, NYCERS after July 1, 1973, are Tier 2 members subject to ARTICLE 11 of the Retirement and Social Security Law (RSSL).

All members of the uniformed force of the NYC Department of Correction who joined, or joins, NYCERS on or after July 27, 1976 are Tier 3 members subject to ARTICLE 14 of the RSSL.

All members who joined, or join, NYCERS on or after July 27, 1976, with the exception of members of the uniformed force of the Department of Correction and *Investigator Members* employed in a District Attorney's office, are Tier 4 members subject to ARTICLE 15 of the RSSL.

EMPLOYERS

The *Plan* is a cost sharing, multiple employer Public Employee Retirement System. In addition to the various departments of the City of New York, members of NYCERS are also employed by the New York City Transit Authority, the Triborough Bridge and Tunnel Authority, the New York City Housing Authority, the New York City Health and Hospitals Corporation, the New York City Off-Track Betting Corporation, the New York City Rehabilitation Mortgage Insurance Corporation, the New York City Housing Development Corporation, the City University of New York, the New York City School Construction Authority, the Municipal Water Authority, and certain employees in Departments of the State of New York which had formerly been New York City departments. A table listing these employers and their respective participating employees may be found on page 157.

CONTRIBUTIONS

The benefits of the system are financed by employer and employee contributions, and from earnings on the invested funds of the system.

As of July 1, 1970, Tier 1 and Tier 2 Transit operating-force employees enrolled in the Transit 20-Year Plan are non-contributory. For all other Tier 1 and Tier 2 members, contributions are dependent upon the member's age and retirement plan elected. For Tier 3 and Tier 4 members, contributions are 3% of wages, regardless of age. Certain Tier 2 and Tier 3 members who are uniformed Correction Officers and certain other members of Tier 2 and Tier 4 in the Improved Plan programs are required to make *Additional Member Contributions* in addition to their normal member contributions.

Employer contributions are determined annually by the Chief Actuary of the system.

REVENUES

The funds needed to finance retirement benefits are accumulated through the collection of employer and employee contributions, and through income on investments. Contributions and investment income for fiscal year 2003 totaled \$1,522,249,000, an increase of \$4,233,000 from that of fiscal year 2002. The increase is due to the fact that the fair value of the *Plan's* investment portfolio showed a modest increase of \$193,771,000 instead of continuing to decline. The Table of Revenue by Source on page 169 shows figures for the last 10 years.

EXPENSES

The primary expense of a retirement system relates to the purpose for which it is created: namely, the payment of benefits. Consequently, recurring monthly retirement benefit payments and death benefit payments prescribed by the *Plan*, and refunds of contributions to terminated members comprises the major expenses. The Table of Benefit Expenses by Type on page 170 and the Table of Total Expenses by Type on page 171 show the details of the different expenses over the last 10 years.

FUNDING

The bottom line for a retirement system is the level of funding. The better the level of funding, the larger the ratio of assets accumulated, giving the participants a higher degree of assurance that their pension benefits are secure. The advantage of a well-funded plan is that the participants can look at the assets that are irrevocably committed to the payment of benefits. The goal is to fund members' future retirement benefits over their working career. Please refer to the Actuarial section for details concerning the actuarial methods and assumptions used in determining the required funding.

INVESTMENTS

The investment portfolio must be regarded as a major contributor to the system. Although there was a net depreciation in the fair value of investments, the realized interest and dividend income from investments still overshadowed the employer and employee contributions. The Administrative Code of the City of New York authorizes the investment of *Plan* assets subject to the terms, conditions, limitations and restrictions imposed by law for investments by savings banks. The RSSL establishes the criteria for permissible equity investments. Details concerning the criteria for the *Plan's* investments, policies, investment performance and other investment tables may be found in the *Investment Section*. Although this CAFR does not list the thousands of investments, which the *Plan* holds, such information is available for inspection at the *Plan's* offices. The tables on pages 120 and 121 list the *Plan's* major domestic equity and long-term bond holdings.

ECONOMIC CONDITIONS

While there have been intermittent set-backs, starting with the first quarter of calendar year 2002, the national economy has been generally recovering at a moderate pace from the 2001 recession. The main contributors to growth have been consumer and government spending. However, the national labor market has continued to be weak. From early 2001 through mid 2003, the United States lost 2.7 million jobs.

The City's unemployment rate, 8.8% in September 2003, is at its highest in six years. The City lost another 35,300 jobs during the first eight months of 2003. In contrast to the national growth, the City's Gross City Product declined at an annual rate of 1.7% during the first six months of 2003. In addition to the weaknesses in the labor market and general local economy, the City also has a high commercial vacancy rate.

PROFESSIONAL SERVICES

The opinion of the independent certified public accounting firm on the *Plan's* financial statements is included in this CAFR. The Comptroller of the City of New York is the Custodian of the *Plan's* assets, and provides investment services through independent advisors, who are listed in the Investment Section's Schedule of Fees paid to Investment Advisors. Other consultant services are shown in the Financial Section's Schedule of Payments to Consultants. Actuarial services are provided to the *Plan* by the Chief Actuary employed by the Board of Trustees. The City's Corporation Counsel provides legal services to the *Plan*.

ACKNOWLEDGMENTS

The compilation of this CAFR reflects the combined effort of NYCERS' staff, under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship for the assets contributed by the members and their employers.

On behalf of the Board of Trustees, I would like to take this opportunity to express my gratitude to the staff, the advisors, and to the many people who have worked diligently to assure the continued successful operation of the system.

Respectfully submitted,



John J. Murphy
Executive Director



John D. Hartman
Director, Finance

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GLOSSARY OF TERMS

Accumulated Member Contributions

The total of all contributions made by members, **plus** interest earned on such contributions (8¼% for Tiers 1 and 2; 5% for Tiers 3 and 4), compounded annually.

Active Service

Service rendered while the employee is on the payroll and being paid by the City of New York or a *Participating Employer*.

Additional Member Contributions (AMCs)

Contributions that are made by members in addition to the basic member contributions of 3% of *Wages*, and are required to be paid each payroll period by *Participants* in any one of the *Special Programs* described in this document. The AMC percentages differ in each *Special Program* and all *AMC's* are maintained in the Retirement Reserve Fund, an account separate from the *Accumulated Member Contributions*.

Allowable Correction Service

Service as a member rendered in the uniformed-force of the New York City (NYC) Department of Correction.

Allowable Sanitation Service

Credited Service rendered in any of the following:

- Uniformed-force of the NYC Department of Sanitation
- Another uniformed-force (such as NYC Housing Police, NYC Transit Police or NYC Department of Correction) immediately prior to becoming a member of the uniformed-force of the NYC Department of Sanitation
- The uniformed-force of the NYC Police or Fire Departments immediately prior to becoming a member of the uniformed-force of the NYC Department of Sanitation, if service was transferred to NYCERS pursuant to Section 43 of the RSSL

Allowable Service as an Automotive Service Worker:

- Allowable Service as an Automotive Service Worker is all membership service while employed by the City of New York as a senior automotive service worker, automotive service worker, auto body worker, auto mechanic, marine maintenance mechanic or oil burner specialist, supervisor of mechanics.

Allowable Service as a Dispatcher Member

- service rendered by a member of NYCERS while employed by the City of New York as a Fire Alarm Dispatcher, Supervising Fire Alarm Dispatcher, levels 1 and 2, Director of Dispatch Operations or Deputy Director of Dispatch Operations, **and**

All service in the following NYC Civil Service titles:

- Chief Fire Alarm Dispatcher, Administrative Fire Alarm Dispatcher, Bus Operator (Transit), Train Dispatcher (Transit), Firefighter, Police Officer, Correction Officer, Fire

Marshal, Probation Officer, Police Communications Technician, Supervising Police Communications Technician, Principal Police Communications Technician, Police Administrative Aide, Senior Police Administrative Aide, Emergency Medical Technician, Advanced Emergency Medical Technician, Emergency Medical Service Specialist, levels 1 and 2, Fire Prevention Inspector, Fire Protection Inspector, Senior Fire Prevention Inspector, Principal Fire Prevention Inspector, Associate Fire Protection Inspector, County Detective, Detective (NYPD), Detective Investigator, Senior Detective Investigator, Deputy Sheriff, Senior Deputy Sheriff, Inspector of Fire Alarm Boxes, Radio Operator, Radio Repair Technician, Supervisor of Radio Repair Operations, Taxi and Limousine Inspector, Senior Taxi and Limousine Inspector, MTA Bridge and Tunnel Officer, **and** A member of NYCERS who is employed by the City of New York in a title whose duties require the supervision of employees whose Civil Service title is included above.

Allowable Service as an EMT Member

- all service rendered by a member of NYCERS while employed by the City of New York or the NYC Health & Hospitals Corporation in a title whose duties are those of an Emergency Medical Technician (EMT), or Advanced EMT (AEMT) or in a title whose duties require the supervision of employees whose duties are those of an EMT or AEMT, **and**
- all service while employed by the City of New York or the New York City Health & Hospitals Corporation in the title Motor Vehicle Operator.

Allowable Service a Special Officer:

Available to all **peace officer members** who are: *special officers* of any rank and are employed by a mayoral agency of the City of New York or by NYC Health & Hospitals Corporation, or Tier 1 *special officers* of any rank employed by the NYC Housing Authority or Board of Education; Parking Control Specialists employed by the NYC Department of Transportation; School Safety Agents of any rank employed by the NYC Police Department or Board of Education; Campus Peace Officers of any rank employed by the City University of New York, or; Taxi & Limousine Inspector of any rank employed by the NYC Taxi & Limousine Commission.

Allowable Service in the Transit Authority

Credited Service rendered in the operating-force of the NYC Transit Authority and some managerial service.

Annuity

Payments made to Tiers 1 and 2 retirees derived from their *Accumulated Member Contributions*.

Basic Tier 4 Plan (62/5 Plan)

Benefits available to Tier 4 members, excluding the benefits that are available only to *Participants* in one of the *Special Programs* described in this document. A *Participant* in one of the *Special Programs* who does not meet all of the qualifications for a benefit in his or her *Special Program* may still qualify for a benefit under the *Basic Tier 4 Plan*. Wherever that is the case, it will be noted in this document. *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.

The 62/5 Plan is an Age 62 – five years of *Credited Service* plan. This plan is for employees of the City of New York or a *Participating Employer* who became a member of NYCERS after July 26, 1976 but prior to June 29, 1995, and who did not elect to participate in the 55/25 Program.

Career Pension Plan Position

Any position in City service other than a Transit operating-force position, a position in the uniformed-force of the NYC Department of Sanitation, or the uniformed-force of the NYC Department of Correction.

Career Pension Plan Qualifying Service

Includes:

- *Membership Service* rendered in a *Career Pension Plan Position*
- Transferred Service from another New York State public employee retirement system
- 20-Year plan, uniformed-force and Transit operating-force service rendered on or after July 1, 1973 while a member of NYCERS

Cessation Date

Tier 4 member's basic contributions of 3% of *Wages*, will cease on the earlier of:

- the member's 10th anniversary of membership in NYCERS, or
- the date the member accumulates 10 years of *Credited Service*, (which can include any purchase and/or transferred service credit),
- but not before October 1, 2000.

Credited Service

Includes:

- Service rendered while a member of NYCERS, and
- Service rendered while a member of another retirement system within New York City or New York State and transferred to NYCERS, and
- Service purchased under applicable laws and rules for buy-back, which can include:
 - Membership Service
 - Transferred Service
 - Purchased Service
 - Membership Reinstatement Service
 - Military Service
 - Union Leave Service

Deputy Sheriff-25 Year Program

The Deputy Sheriff 25-Year program is available **ONLY** to members employed by the City of New York as a Deputy Sheriff level one, Deputy City Sheriff level two, Supervising Deputy Sheriff or Administrative Sheriff.

A Tier 4 Deputy Sheriff member who does not participate or discontinues service in the Deputy Sheriff 25-Year Program is eligible for Basic Tier 4 (62/5) plan service retirement benefits.

Designated Beneficiary

Any person designated by a member, by filing a properly completed form with NYCERS, to receive a survivor benefit upon the death of the member in *Active Service*.

Dispatcher Member

A member employed by the City of New York as a Fire Alarm Dispatcher, Supervising Fire Alarm Dispatcher, level one and level two, Director of Dispatch Operations or Deputy Director of Dispatch Operations.

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, (A surviving spouse of Tier 1 uniformed worker of the NYC Department of Sanitation may subsequently remarry and still retain the Accidental Death Benefit.)
- dependent child - up to age 18 for Tiers 1 and 2 members
- dependent child - up to age 25 for Tiers 3 and 4 members
- dependent parents, or
- for Tiers 3 and 4 members only, any person up to age 21 who qualified as a dependent on the member's final Federal income tax return.
- Anyone you name as your beneficiary for your Ordinary Death Benefit (**primary or contingent, but not both**)

An *Eligible Beneficiary* must make application for an Accidental Death Benefit and NYCERS' Medical Board and Board of Trustees must 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 Member

A member of NYCERS who is a *Participant* in one of the *Special Programs* described in this document, who is employed in an *Eligible Position*.

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** position in City service **EXCEPT**:

- Any position held by a ***Transit Authority Member*** eligible to participate in the 25-Year and Age-55 Retirement Program (whether or not such a Member is a ***Participant*** in that Program*)
- Any position in the uniformed forces of the NYC departments of Correction and Sanitation
- The positions of Bridge & Tunnel Officer, Bridge and Tunnel Sergeant, Bridge and Tunnel Lieutenant, Assistant Bridge and Tunnel Maintainer, Bridge and Tunnel Maintainer, Senior Bridge and Tunnel Maintainer, and Laborer with the MTA Bridge and Tunnel (formerly TBTA).
- Any positions in the Division of Housing and Urban Renewal
- Any position in the Unified Court System
- Any teaching position with the City University of New York (CUNY), and
- Investigators employed in a District Attorneys' office

* The exception is any Transit Authority Member who was enrolled in the 57/5 Program prior to enactment of Chapter 10 of the laws of 2000, and thereafter elected to remain a *Participant* in that Program.

FOR THE SANITATION 20-YEAR PROGRAM:

A position in the uniformed-force of the NYC Department of Sanitation.

FOR THE TRANSIT 25/55 PROGRAM:

A member employed in the NYC Transit Authority Operating-Force and some managers.

FOR THE MTA BRIDGES & TUNNELS 50/20 PROGRAM: (formerly TBTA)

A position as a Bridge & Tunnel Officer, Sergeant or Lieutenant in a non-managerial position.

FOR THE DISPATCHER 25-YEAR PROGRAM:

A position while employed by the City of New York as a Dispatcher Member: that is as a Fire Alarm Dispatcher, Supervising Fire Alarm Dispatcher, levels 1 and 2, Director of Dispatch Operations or Deputy Director of Dispatch Operations.

FOR THE EMT 25-YEAR PROGRAM:

A position while employed by the City of New York or the New York City Health and Hospitals Corporation as an EMT Member: that is in a title whose duties are those of an Emergency Medical Technician (EMT), or Advanced Emergency Medical Technician (AEMT), or in a title whose duties require the supervision of employees whose duties are those of an EMT or AEMT.

EMT Member

A member employed by the City of New York or the Health and Hospitals Corporation in a title whose duties are those of an Emergency Medical Technician (EMT) or Advanced Emergency Medical Technician (AEMT) or in a title that supervises EMTs or AEMTs.

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.

But, if the salary earned during any year included in the calculation of the member's *FAS* exceeds the specific limits for Tier 2, Tier 3 or Tier 4 members, the amount in excess of such limit is excluded from the computation. For members who did not work full-time, or who had absences without pay in the 36 months immediately preceding their retirement, the period used in computing the *FAS* will be greater than three years.

Final Compensation

The average compensation earned during:

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

Where the period used to determine *Final Compensation* is the period which immediately precedes the date of retirement, any month or months (not in excess of 12) during which the member was on authorized leave of absence at partial pay or without pay are excluded and an equal number of months immediately preceding the five-year period shall be substituted in lieu thereof to provide *Credited Service* totaling five **calendar** years.

Final Salary

For members of the uniformed forces of the departments of Sanitation and Correction who joined the retirement system prior to July 1, 1973:

- the annual rate of salary earnable on the day before the date of retirement.
- For all others:
- the salary earnable in the year ending on the day before the date of retirement or alternatively, the average annual compensation during any three calendar years designated by the member, if in a Career-Pension-Plan Position.

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 based on percentage increases or decreases in the prior year's Consumer Price Index.

Members' Contribution Accumulation Fund (MCAF)

An account maintained for each Tier 3 and Tier 4 member into which the "basic" contributions of 3% of *Wages* deducted from the member's paycheck each payroll period are deposited, **plus** interest earned on such contributions at the rate of 5%, compounded annually.

Membership Service

Service rendered after joining NYCERS - includes all service while on the payroll of the City of New York or a *Participating Employer* and *Military Service*.

Military Service

There are various laws that allow members to purchase service credit for time spent on active duty in the U.S. military. They are Sections 242, 243 and 244 of the New York State Military Law, the Federal Veterans Reemployment Rights Act (VRRRA) and Chapter 548 of the Retirement & Social Security Law of 2000. Each law has different provisions for granting of service. A member is entitled to receive credit for Military Service under whatever law provides him or her with the greatest benefit.

Under all provisions, **Military Service must have been satisfactorily completed and a discharge under honorable circumstances received.** Under the VRRRA, a member is eligible to receive credit for the entire length of **mandatory** military service and up to four years of **voluntary** military service, but only time actually spent on active duty.

Minimum Accumulation

The amount of normal contributions accumulated with interest to the earliest date for service retirement, less the amount of the reserve for *Increased-Take-Home-Pay* on such date. For a member in the *Career Pension Plan*, the amount of normal contributions is accumulated to the date on which he or she either completed or could have completed 25 years of *Career-Pension-Plan* qualifying service.

MTA Bridges & Tunnel Eligible Position (formerly TBTA)

Bridge & Tunnel Officer, Sergeant and Lieutenants in a non-managerial position.

MTA Bridges & Tunnel Member (formerly TBTA)

A member of NYCERS who is employed by the MTA Bridges & Tunnel as a Bridge and Tunnel Officer, Sergeant or Lieutenant in a non-managerial position and who elects to contribute to NYCERS for the right to retire under the 20-Year/Age 50 Retirement Programs enacted by Chapter 472 of the Laws of 1995

Non-Performing Loan

Failure to make loan payment for a 90-day period.

Participant

Any member of NYCERS who elects or is required to participate in one of the *Special Programs* described in this document.

Participating Employer

In addition to the City of New York, members of NYCERS are also employed by the following Participating Employers:

- NYC Employees' Retirement System
- NYC Teachers' Retirement System
- NYC Transit Authority
- MTA Bridges & Tunnels (formerly TBTA)
- NYC Housing Authority
- NYC Health & Hospitals Corporation
- NYC Off Track Betting Corporation
- NYC Rehabilitation Mortgage Insurance Corporation
- NYC Housing Development Corporation
- City University of New York
- NYC School Construction Authority
- Municipal Water Authority
- Departments of the State of New York which had formerly been departments of the City of New York, where members of NYCERS are still employed

Part-Time Service

Service rendered in a City job or with a participating employer in which an employee is regularly scheduled to work less than 1,827 hours in a calendar year. NYCERS prorates credit for past or present *Part-Time Service* on the basis of one year of service credit for 1,827 hours worked in a calendar year. No member can receive credit for more than one year of service in any calendar year, regardless of the number of hours worked or positions held, or service credit greater than the elapsed time actually worked.

Pension

That part of a member's retirement benefit that is provided by contributions made by the City of New York or the member's *Participating Employer(s)*.

Personal Service Income

Any wages, salaries, tips, professional fees, or other compensation received for personal services actually performed for any employer after the effective date of retirement of a Tier 4 disability retiree.

Physically-Taxing Position

A position in City service included on the Official List of *Physically-Taxing Positions* promulgated and maintained by the NYC Office of Labor Relations.

Members in *Physically-Taxing Positions* who are *Participants* in the Age-55-Improved-Benefit-Retirement Program, the 25-Year Early Retirement Program or the Age-57 Retirement Program are required to pay a higher percentage of *Wages* as *Additional Member Contributions*, and are eligible for retirement as early as age 50, if they have 25 or more years of service in *Physically-Taxing Positions*.

Police Service

Service rendered by Tier 1 and Tier 2 members while employed in the uniformed-force of the NYC Department of Correction.

Previous Service

Service rendered while employed by an agency of the City of New York, or with the State of New York, or any of its political subdivisions.

Primary Social Security Retirement Benefit

The benefit payable to a covered employee at age 62 or later, under the Federal Social Security Program, exclusive of any family benefits, calculated as provided in Section 511(c) of ARTICLE 14 of the Retirement and Social Security Law.

Prior Membership Service

Service for which retirement service credit was received while a member of a public employee retirement system of the City or State of New York.

Reserve for Increased-Take-Home-Pay (ITHP)

For some Tier 1 and Tier 2 members, an amount which at the time of death or retirement is equal to the accumulation of the contributions for *ITHP*, **plus** interest earned thereon.

Retirement Allowance

For Tier 1 and Tier 2 members, the annual benefit payable in monthly installments consisting of the *Pension*, including pension for *Increased-Take-Home-Pay*, if any, and *Annuity*.

Salary Base

Compensation used in computing a benefit.

Sanitation Member

A member employed in a position in the uniformed-force of the NYC Department of Sanitation.

Special Officer 25-Year Retirement Program

The Special Officer 25-Year Program is available **ONLY** to peace officers employed either as special officers by a mayoral agency of the City of New York, (Tier 1) NYCHA or BOE; parking control specialists employed by the NYC DOT; school safety agents employed by the NYPD or BOE; campus peace officers employed by the City University of New York; or taxi & limousine inspectors employed by the NYC Taxi & Limousine Commission.

Special Programs

- Age-57 Retirement Program (57/5 Program)
- 25-Year Early Retirement Program (55/25 Program)
- Sanitation 20-Year Retirement Program (Sanitation 20-Year Program)
- Transit 25-Year and Age-55 Retirement Program (Transit 25/55 Program)
- MTA Bridge & Tunnel 20-Year and Age-50 Retirement Program (MTA 50/20 Program)
- 25-Year Retirement Program for Dispatcher Members (Dispatchers 25-Year Program)
- 25-Year Retirement Program for EMT Members (EMT 25-Year Program)
- 25-Year (no age) Retirement program for Deputy Sheriffs (Deputy Sheriffs 25-Year Program)
- 25-Year and Age-50 Retirement Program for Automotive Service Workers (Automotive 50/25 Program)
- 25-Year (no age) Retirement Program for Special Officer titles (Special Officer 25-Year Program)

Tier 4 Members with Tier 3 Rights (Tier 3/4 Members)

Tier 4 members who last joined NYCERS after July 26, 1976 and prior to September 1, 1983, or were otherwise made eligible, automatically became Tier 4 members on September 1, 1983. However, these members retain their Tier 3 rights and are eligible to elect Tier 3 benefits.

In the past, a *Tier 3/4 Member* typically exercised his or her Tier 3 rights when he or she wanted to retire prior to age 62, since there was no such provision under Tier 4. Due to enactment of Tier Equity legislation in 2000, Tier 4 members are now eligible to retire prior to age 62, with a lesser benefit reduction than under Tier 3. Furthermore, Tier 3 Service Retirement and Disability Retirement Benefits impose a significant reduction upon the retiree's attainment of age 62 – i.e. the retirement benefit is further reduced by 50% of his or her primary Social Security benefit attributable to his or her Credited "City" Service.

In the vast majority of cases, it is no longer advantageous to revert back to Tier 3 for retirement purposes. There are Tier 3 disability provisions that may make a *Tier 3/4 Member* eligible for a benefit that he or she would not be eligible for under Tier 4.

Transit Authority Member

A Tier 4 member employed in the operating-force of the NYC Transit Authority and some managers.

Unpaid Leave

An approved leave of absence during which a member does not receive *Wages* from his or her employer.

EXAMPLES:

- Sick leave of 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 an agency of the City of New York or any other public employer in New York City or New York State.

NEW PLAN PROVISIONS

Legislation July 1, 2002 – June 30, 2003

New Laws that may be applicable to Tiers 1, 2, 3 or 4

Chapter 245 of the Laws of 2002

Signed into Law on July 30, 2002

Chapter Law 245 of the Laws of 2002 removes the requirement that approved leave without pay cannot exceed twelve weeks for Tier 1 and 2 NYCERS members entitled to receive up to 24 months of pension enhancement credit.

Active Service for purposes of pension enhancement is now defined as: Service while being paid on the payroll; a leave of absence with pay; other approved leave without pay; any period of time between school terms for a teacher or other employee employed on a school-year basis; and periods of time between regularly scheduled periods of paid service in the City University of New York

Chapter 277 of the Laws of 2002

Signed into Law on July 30, 2002

Chapter 277 of the Laws of 2002 amends Part B of the Early Retirement Incentive Bill (Chapter 69/02) to provide that any member who is a participant in Chapter 96 of the Laws of 1995 (CPP - I plan in Tier 2 (RSSL Sections 445-d) or 55/25 plan in Tier 4 (RSSL 604-c)) and retires under Part B (55/25) of the early retirement incentive will receive 2 months of credit for each year he/she has paid additional member contributions up to one year of additional service credit.

Chapter 310 of the Laws of 2002

Signed into Law on August 6, 2002

Chapter 310 of the Laws of 2002 amends §212 of the Retirement & Social Security Law to increase the amount a retired person may earn in public employment without loss, suspension or diminution of his or her retirement allowance during calendar 2003 to \$25,000.

Chapter 313 of the Laws of 2002

Signed into Law on August 6, 2002

Chapter 313 of the Laws of 2002 increases certain accidental death benefits payable to the widows, widowers, minor children or children under 23 attending college for Transit, Housing and Corrections Officers as of July 1, 2002 under Section 208-f of the General Municipal Law. The accidental death benefit was extended to Correction Officers as of December 8, 2000.

Chapter 381 of the Laws of 2002

Signed into Law on August 13, 2002

Chapter 381 of the Laws of 2002 amends Chapter Law 558 of the Laws of 2001 by providing that, in addition to Career Pension Plan retirees, ISF retirees from NYCERS or BERS may now transfer their retirement credit to TRS or NYSLRS where the retirees have received pension payments and the retirees have repaid whatever amounts they have received from that system. The retirement credit may not be transferred until such payment is received.

Chapter 414 of the Laws of 2002***Signed into Law on August 13, 2002***

Chapter 414 of the Laws of 2002 established a 25 - Year/Age 50 Retirement Program for Tier 2 and Tier 4 senior automotive service workers, automotive service workers, auto body workers, auto mechanics, marine maintenance mechanics, oil burner specialists and supervisor of mechanics (mechanical equipment).

Chapter 474 of the Laws of 2002***Signed into Law on August 20, 2002***

Chapter 474 of the Laws of 2002 allows public sector retirees to re-enter public employment without any earning limit and without diminution of retirement benefits at age 65 instead of age 70.

Chapter 504 of the Laws of 2002***Signed into Law on September 17, 2002***

Chapter 504 of the Laws of 2002 creates a new section 605-b of Article 15 of the RSSL for Tier 4 Uniformed Sanitation members of NYCERS. This law creates a $\frac{3}{4}$ Final Average Salary Accidental Disability Benefit for eligible members who have either: become disabled subsequent to the September 17, 2002 or have been retired for disability under Sections 605 and 507 of the RSSL between November 1, 1982 and September 16, 2002. An Eligible member must be a NYC Uniform Sanitation Member, *and* determined by NYCERS to be physically or mentally incapacitated as the natural or proximate cause of an "accident", *and* such accident was not caused by his/her willful negligence, *and* such accident was sustained in the performance of Sanitation Service *and* that the applicant was a NYCERS member when the accident occurred.

Chapter 547 of the Laws of 2002***Signed into Law on September 17, 2002***

Chapter Law 547 of the Laws of 2002 provides that member payments for military service credit shall be refunded by NYCERS, with interest, in the event the military service credit does not increase the person's retirement allowance or death benefit. This law applies to all Tiers and applies to the surviving heirs of those members who passed away in service and for retired members as well. This law shall be applied *retroactively* to December 21, 1998.

Chapter 602 of the Laws of 2002***Signed into Law on October 2, 2002***

Chapter Law 602 of the Laws of 2002 reduces the period of time that Correction members in the Tier III twenty year retirement plan must contribute Additional Member Contributions from thirty (30) years of credited service to twenty (20) years of credited service. Eligible Members include all Tier 3 members in the Correction Officer 20 Year Plan or the Correction Captain 20 Year Plan. Contributions ceased on the effective date of the law, October 2, 2002.

Chapter 617 of the Laws of 2002***Signed into law on October 2, 2002***

Chapter Law 617 of the Laws of 2002 adds new *covered titles* to the 25 Year Special Officer Retirement Plan for Tier 1 and 4 members. New titles added to this plan are *Special Officers* (all peace officer members who are special officers of any rank and are employed by the New York City

Housing Authority or the Board of Education in Tier 1 only) and *School Safety Agents* (a peace officer member employed as a school safety agent of any rank by the Board of Education).

Chapter Law 661 of the Laws of 2002

Signed into Law on December 3, 2002

Chapter Law 661 of the Laws of 2002 reduces the period of time that Bridge and Tunnel officers in the Tier 4 20 year/age 50 improved benefit retirement plan must contribute Additional Member Contributions from thirty (30) years of credited service to twenty (20) years of credited service. The additional member contributions can cease after the member contributed 20 years of credited service as a Bridge and Tunnel officer or the third anniversary of the date that he or she last became a participant in the twenty-year/age fifty retirement program. Contributions made after the 20th year of allowable service and interest will be refundable at retirement.

Chapter Law 697 of the Laws of 2002

Signed into Law on January 30, 2003

Chapter Law 697 of the Laws of 2002 creates §207-q of the General Municipal Law. The law provides a presumption that eligible members who developed heart disease after appointment incurred that disease in the performance of duty. The law applies to members of all Tiers who are Emergency Medical Technicians, or Advanced Emergency Medical Technicians, who perform the functions of an Emergency Medical Technician or an Advanced Emergency Medical Technician, *and* have been selected for the position from a competitive civil service list, *and* successfully passed a physical examination on entry into EMT service which did not indicate any proof of preexisting heart disease. The retirement allowance provided under this law equals $\frac{3}{4}$ Final Average Salary. The law is retroactive to June 30, 2002.

NYCERS RETIREMENT PLANS

TIER 1**EMPLOYEES WHO BECAME A MEMBER OF NYCERS PRIOR TO JULY 1, 1973 ARE ENROLLED IN TIER 1****CAREER PENSION PLAN (PLAN A)**

A member employed in a *Career Pension Plan Position* who elected the *Career Pension Plan* is eligible to retire after having credit for 25 or more years of *Career Pension Plan Qualifying Service*. Benefits begin not earlier than age 55, except that members who have credit for 25 or more years of physically-taxing service in a *Career Pension Plan Position* may have their benefits begin no earlier than age 50. A member in the *Career Pension Plan* is eligible to retire after having credit for 20 or more years of qualifying service. In such case, benefits will begin on the date the member would have had credit for 25 years of *Career Pension Plan Qualifying Service* if he or she had continued in City service, or attained age 55, (age 50 for those holding a *Physically-Taxing Position*), whichever is later*. Regardless of the number of years of *Credited Service*, a member who has elected the *Career Pension Plan* and who is 55 years of age or older may retire with benefits payable immediately by withdrawing his or her election of the *Career Pension Plan*, thereby becoming eligible for the benefits of the Fifty-Five-Year-Increased-Service-Fraction Plan (Plan B).

The Service Retirement Benefit is:

For the years of *Career Pension Plan Qualifying Service*, not in excess of 25 years of such service,

2.20% of *Final Salary*,

less

an *Annuity* which is the actuarial equivalent of the *Minimum Accumulation*,

plus

an *Annuity* which is the actuarial equivalent of the *Accumulated Member Contributions*,

plus

For all years of *Credited Service* other than the first 25 years of *Career Pension Plan Qualifying Service*,

1.20% of *Final Salary* for each year of such service rendered prior to July 1, 1968,

plus

1.70% of *Final Salary* for each year of such service rendered on or after that date,

plus

a *Pension* for *ITHP* which is the actuarial equivalent of the accumulation of the contributions for *Increased-Take-Home-Pay* made in each such year.

- * Any member of NYCERS who retired as a member of the *Career Pension Plan* (Plan A) and who has not yet received a pension payment or received then repaid a pension payment from NYCERS, is allowed to transfer his or her membership to another NYS retirement system.

The former Plan A member will be able to rescind their retirement application and then transfer their NYCERS' membership to another NYS retirement system. In so doing, their retirement service credit and applicable Tier status will be transferred to the other retirement system.

FIFTY-FIVE-YEAR-INCREASED-SERVICE-FRACTION PLAN (PLAN B)

A member in a *Career Pension Plan Position*, who either elected the Fifty-Five-Year-Increased-Service-Fraction Plan, or who withdraws his or her election of the *Career Pension Plan*, may retire after having attained age 55 with benefits payable immediately.

The Service Retirement Benefit is:

For each year of *Credited Service* prior to July 1, 1968,

1.20% of *Final Salary*,

plus

For each year of *Credited Service* after June 30, 1968,

1.53% of *Final Salary*,

plus

a *Pension* for *ITHP* which is the actuarial equivalent of the accumulation of the contributions for *Increased-Take-Home-Pay* made in each such year,

plus

an *Annuity*, (the actuarial equivalent of the member's *Accumulated Deductions*).

TRANSIT 20-YEAR PLAN (T-20)

A member in a Transit operating-force position who elected the Transit 20-Year Plan is eligible to retire after having credit for 20 or more years of Transit operating-force service. Benefits begin no earlier than age 50. Regardless of the number of years of *Credited Service*, however, a member who has elected the Transit 20-Year Plan who is 55 years of age or older may retire with benefits payable immediately by withdrawing his or her election of the Transit 20-Year Plan, thereby becoming eligible for the benefits of the Age-Fifty-Five-One-Percent Plan (1/100 Plan).

The Service Retirement Benefit is:

For the first 20 years of *Credited Service* in a Transit operating-force position,

50% of *Final Salary*

less

an *Annuity* which is the actuarial equivalent of the *Minimum Accumulation*,

plus

an *Annuity* which is the actuarial equivalent of the *Accumulated Member Contributions*, if any,

PLUS

For all years of service other than the first 20 years of *Credited Service* in a Transit operating-force position,

For each year of such service rendered prior to July 1, 1968,

1% of *Final Compensation*

plus

For each year of such service rendered on or after June 30, 1968,

1½% of *Final Compensation*,

plus

a *Pension* for *ITHP* which is the actuarial equivalent of the accumulation of the contributions for *Increased-Take-Home-Pay* made in each such year.

Tier 1 and Tier 2 members of the Transit 20-Year-Non-Contributory Plan who joined NYCERS on or after July 1, 1970 are neither required nor permitted to make employee contributions. Those

Transit 20-Year-Non-Contributory Plan members who joined the retirement system prior to July 1, 1970 can contribute on a voluntary basis.

SANITATION 20-YEAR PLAN (S-20)

A *Sanitation Member* enrolled in the Tier 1 Sanitation 20-Year Plan is eligible to retire after having credit for 20 or more years of service in the uniformed-force of the NYC Department of Sanitation. However, such member, if he or she is at least 55 years of age, may retire with less than 20 years of *Credited Service* in the uniformed-force of the NYC Department of Sanitation by withdrawing his or her election of the Sanitation 20-Year Plan, thereby becoming eligible for benefits similar to those payable under the Age-Fifty-Five-One-Percent Plan, except that the service fraction is 1½ % for each year of *Credited Service* rendered after July 2, 1965.

The Service Retirement Benefit is:

For the first 20 years of service in the uniformed-force of the NYC Department of Sanitation,
50% of *Final Salary*,

less

the actuarial equivalent of the *Minimum Accumulation*,

plus

an *Annuity* which is the actuarial equivalent of the *Accumulated Member Contributions*

For all years of *Credited Service* other than the first 20 years of *Credited Service* in the uniformed-force of the NYC Department of Sanitation,

For each year of such service rendered prior to July 3, 1965,

1% of *Final Compensation*,

plus

For each year of such service rendered on or after July 3, 1965,

1½% of *Final Compensation*,

plus

a *Pension* for *ITHP* which is the actuarial equivalent of the accumulation of the contributions for *Increased-Take-Home-Pay* made in each such year.

SANITATION 25-YEAR PLAN (S-25)

A member of the uniformed-force of the NYC Department of Sanitation enrolled in the Sanitation 25-Year Plan is eligible to retire after having credit for 25 or more years of service in the uniformed force of the NYC Department of Sanitation. A member who retires after having attained age 55 may retire with credit for less than 25 years of service in the uniformed-force of the NYC Department of Sanitation, by withdrawing his or her election of the Sanitation 25-Year Plan, thereby becoming eligible for benefits similar to those payable under the Age-Fifty-Five-One-Percent Plan.

The Service Retirement Benefit is:

For the first 25 years of service in the uniformed-force of the NYC Department of Sanitation:
50% of *Final Salary*

less

the actuarial equivalent of the *Minimum Accumulation*,

plus

an *Annuity* which is the actuarial equivalent of the *Accumulated Member Contributions*,
PLUS
For all years of *Credited Service* other than the first 25 years of service in the uniformed-force of the NYC Department of Sanitation:

For each year of such service rendered prior to July 3, 1965,

1% of *Final Compensation*,

plus

For each year of such service rendered on or after July 3, 1965,

1½% of *Final Compensation*

plus

a *Pension* for *ITHP* which is the actuarial equivalent of the accumulation of the contributions for *Increased-Take-Home-Pay* made in each such year.

AGE-FIFTY-FIVE-ONE-PERCENT PLAN (1/100 Plan)

A member who elects the Age-Fifty-Five-One-Percent Plan is eligible to retire if he or she is in City service upon attaining age 55, irrespective of the amount of *Credited Service*.

The Service Retirement Benefit is:

For each year of *Credited Service*,

1% of *Final Compensation*,

plus

a *Pension* for *ITHP* which is the actuarial equivalent of the accumulation of the contributions for *Increased-Take-Home-Pay* made in each such year,

plus

An *Annuity*, (the actuarial equivalent of the *Accumulated Member Contributions*).

DISPATCHER 25-YEAR PROGRAM (D-25)

A Dispatcher member is eligible to retire after having credit for 25 or more years of *Allowable Service as a Dispatcher Member*.

The Service Retirement Benefit is:

For the first 25 years of service as a Dispatcher Member:

An *Annuity* (the actuarial equivalent of the member's required contributions)

plus

a *Pension* for *ITHP*

plus

a *Pension*, which when added to the *Annuity* and *Pension* for *ITHP* equals:

55% of *Final Salary*

plus

an additional 1.70% of *Final Salary* for each year (and fraction) beyond the first 25 years of *Allowable Service as a Dispatcher Member*

EMT 25-YEAR PROGRAM (E-25)

An *EMT member* is eligible to retire after having credit for 25 or more years of *Allowable Service as an EMT Member*.

The Service Retirement Benefit is:

For the first 25 years of service as an EMT Member:

An *Annuity* (the actuarial equivalent of the member's required contributions)

plus

a *Pension* for *ITHP*

plus

a *Pension*, which when added to the *Annuity* and *Pension* for *ITHP* equals:

55% of *Final Salary*

plus

an additional 1.70% of *Final Salary* for each year (and fraction) beyond the first 25 years of *Allowable Service as an EMT Member*

SPECIAL OFFICER 25-YEAR RETIREMENT PROGRAM (SPO)

Chapter 582 of the Laws of 2001 and Chapter 617 of the Laws of 2002 established a 25-Year Retirement Program for *Special Officer Members*. Chapter 617 of the Laws of 2002 added covered titles effective October 2, 2002 with the 180 day open period beginning on that date. Any person who was a *Special Officer Member* on December 19, 2001 (or October 2, 2002 for added titles) could elect to become a *Participant* in the *Program* by filing a duly executed application with NYCERS no later than June 17, 2002 (or March 31, 2003 for added titles), provided he or she was a *Special Officer Member* on the date such application was filed. Any member who becomes a *Special Officer Member* after December 19, 2001, (or October 2, 2002 for added titles) may elect to become a *Participant* in the *Program* by filing within 180 days after becoming a *Special Officer Member*, a duly executed application with NYCERS provided he or she is a *Special Officer Member* at the time of filing such application.

SERVICE RETIREMENT BENEFIT (SPO)

A *Special Officer Member* is eligible to retire after having credit for 25 or more years of *Allowable Service as a Special Officer Member*.

The Service Retirement Benefit is:

For the first 25 years of service as a Special Officer Member:

An *Annuity* (the actuarial equivalent of the member's required contributions)

plus

a *Pension* for *ITHP*

plus

a *Pension*, which when added to the *Annuity* and *Pension* for *ITHP* equals:

55% of *Final Salary*

plus

an additional 1.70% of *Final Average Salary* for each year (and fraction) beyond the first 25 years of *Allowable Service as a Special Officer Member*

Note: FAS in this context means the average salary over all of the years of additional Allowable Service.

LIMITATIONS ON SALARY BASE FOR ALL PLANS

For any Tier 1 member who joined NYCERS on or after June 17, 1971, the earnings used in the computation of the *Final Salary* for the computation of retirement or death benefits cannot exceed 120% of the preceding year's earnings.

OTHER TIER 1 BENEFITS

ORDINARY DISABILITY RETIREMENT

An Ordinary Disability Retirement Benefit is payable upon the disablement of a member from causes other than an accident in the actual performance of duty, subject to the approval of NYCERS' Medical Board.

To qualify for an Ordinary Disability Retirement Benefit:

- Members in *Career Pension Plan Positions* and members in Transit operating-force positions, must have credit for 10 or more years of City service as a member, and have been a member of NYCERS in the 10 years immediately preceding disablement.
- Members of the uniformed-force of the NYC Department of Sanitation must have credit for five or more years of service as a member of the uniformed force of the NYC Department of Sanitation, and must have been a member of NYCERS in the five years immediately preceding disablement.

For members of the uniformed-force of the NYC Department of Sanitation, the Ordinary Disability Retirement Benefit is:

If the member has credit for 10 or more years of uniformed-force service in the NYC Department of Sanitation, the benefit is:

one-half of *Final Salary*.

If the member has credit for less than 10 years of uniformed-force service in the NYC Department of Sanitation, the benefit is:

one-third of *Final Salary*.

If, at the time of becoming disabled, the member could have retired for service, with benefits payable immediately, the benefit is:

the same as the Service Retirement Benefit.

For all other members, the Ordinary Disability Retirement Benefit is equal to the allowance which the member would have been entitled to if he or she had retired for service after the same period of *Credited Service*. However, members in the *Career Pension Plan* who are not eligible to retire with immediate payability are deemed to have elected the *Fifty-Five-Year Increased-Service-Fraction*

Plan. (Please see the special Line of Duty Disability for member employed by EMS under the Accidental Disability Retirement section).

ACCIDENT DISABILITY RETIREMENT

An Accident Disability Retirement Benefit is payable upon disablement of a member caused by an accident in the actual performance of duty, without willful negligence on the part of the member, subject to the approval of NYCERS' Medical Board. There is no service requirement in order to qualify for an Accident Disability Retirement.

The Accident Disability Retirement Benefit is:

75% of *Final Compensation* (*Final Salary* for members of the uniformed forces of the NYC departments of Sanitation and Correction)

plus

a *Pension* which is the actuarial equivalent of the *Reserve For Increased-Take-Home-Pay*,

plus

an *Annuity* which is the actuarial equivalent of the *Accumulated Member Contributions*.

For members of the uniformed forces of the NYC departments of Sanitation and Correction who are eligible for service retirement when disabled, there is an additional *Pension* for the period of credited uniformed-force service in excess of the minimum required uniformed-force service.

The additional *Pension* is:

For members of the uniformed-force of the NYC Department of Correction
1 2/3% for each year of such service.

For members of the uniformed-force of the NYC Department of Sanitation
1% for each year of such service rendered prior to July 1, 1967,

plus

1½% for each year of such service rendered after June 30, 1967.

NOTE: The *Pension* in all cases is subject to reduction by Workers' Compensation payments received on account of disability for the same accident.

DISABILITIES OF FDNY EMERGENCY MEDICAL TECHNICIANS

ACCIDENT DISABILITY BENEFIT

Chapter 587 of the laws of 1998 added a new Section 607-b to the Retirement and Social Security Law to provide a line-of-duty disability to Emergency Medical Technicians (EMT) who become mentally or physically incapacitated on or after March 17, 1996, as a natural and proximate result of an injury sustained in the performance of duty. Furthermore, an EMT member who contracts HIV (where he or she may have been exposed to bodily fluids of a person under their care or treatment, or while the member examined, transported or has contact with such person in the performance of duties), tuberculosis or hepatitis will be presumed to have contracted such disease in the performance of duties, unless the contrary is proven by competent evidence. The member is entitled to a three-quarters disability allowance.

HEART BILL

Chapter 697 of the Laws of 2002 provides for a presumption that a disease of the heart was incurred in the performance of duty for Emergency Medical Technicians and Paramedics employed by the Fire Department of New York. Such members are entitled to a 75% benefit which is paid in accordance with the statute governing their disability payment. The presumption may be rebutted by competent medical evidence.

MEDICAL REVIEW BOARD

If your application for accidental disability retirement is denied by NYCERS' Board of Trustees, either your bargaining representative or the head of the agency by which you are employed may, on your behalf, request a review by the Medical Review Board, a panel of three independent specialists.

In order for a request to be valid, you must file a waiver in which you agree that the decision of the Medical Review Board is final and conclusive, and you waive any and all rights to seek another disposition by court, administrative proceeding or any other process.

VESTED RETIREMENT BENEFIT

A member of NYCERS in a *Career Pension Plan Position*, who either elects Plan B or withdraws his or her election of Plan A may, at resignation before attainment of age 55, with credit for five or more years of service, elect to receive a retirement allowance computed in the same manner as the Service Retirement Benefit under Plan B. Payment of the benefit is deferred until the member attains age 55.

A member of the uniformed-force of the NYC Department of Sanitation who, before becoming eligible for service retirement, resigns after having credit for five or more years of uniformed-force service, may elect to receive a Service Retirement Benefit based upon *Credited Service* at the time City service ceased. Payment of such retirement allowance is deferred to the earliest date on which the member would have been eligible for service retirement had he or she remained in *Active Service*, in a uniformed-force title.

SPECIAL RETIREMENT BENEFIT

A member of NYCERS, in the competitive or labor class, whose City service is terminated without fault or delinquency before having become eligible for service retirement, and whose name no longer appears on the appropriate civil service preferred eligible list, may elect, in lieu of the return of his or her *Accumulated Member Contributions* in a lump-sum payment, to receive a retirement allowance, beginning immediately. Such allowance consists of an *Annuity* which is the actuarial equivalent of the *Accumulated Member Contributions*, a *Pension for Increased-Take-Home-Pay* which is the actuarial equivalent of the *Reserve For Increased-Take-Home-Pay*, and a *Pension* equal to the present value of the *Pension* the member would have received on his or her payability date based upon *Credited Service* at termination. If the member has attained age 50, and has credit in the retirement system for 20 or more years of service, an additional *pension* is payable equal to one-half the difference between the *Pension* so computed and the *Pension* payable at the member's earliest payability date. Such benefits are payable to all other members on removal from City service without fault or delinquency, provided they have credit in the retirement system for 20 or more years of City service, including not less than one-half year during the year immediately preceding such removal.

ORDINARY DEATH BENEFIT

Upon the death of a member in City service, from causes other than an accident in the actual performance of duty, an Ordinary Death Benefit is payable to his or her estate, or to such person as the member shall have designated.

With respect to a member who joins the retirement system before July 1, 1973, the benefit is equal to the compensation earnable by him or her in the last six months immediately preceding death. If the total number of years of *Credited Service* exceeds 10, the benefit is equal to the compensation earnable by the member during the 12 months immediately preceding death. If at the time of death, the member holds a *Career Pension Plan Position*, and his or her *Credited Service* includes at least 20 years of *Career Pension Plan Qualifying Service*, the benefit is equal to two times the compensation earnable by him or her during the 12 months immediately preceding death. In addition, the *Accumulated Member Contributions* and the *Reserve For Increased-Take-Home-Pay* are paid to his or her estate or designated beneficiary.

Except for members in Transit operating-force positions, the benefit payable on account for a member who at the time of death would have been eligible for service retirement is either the benefit described above or an amount equal to the reserve on the retirement allowance which would have been payable if he or she had retired on the day before death, whichever is greater.

The Rules adopted by NYCERS' Board of Trustees in accordance with Chapter 581 of the Laws of 1970 provide that the first \$50,000 of each benefit on account of death in *Active Service* is payable from the funds of the Group Term Life Insurance Plan. The amount in excess of \$50,000, if any, is payable from the funds of the retirement system.

ACCIDENTAL DEATH BENEFIT

An Accidental Death Benefit is payable if the death of a member in City service is the result of an accident sustained in the actual performance of duty, without willful negligence on the part of the member, subject to approval by NYCERS' Medical Board.

An *Eligible Beneficiary*, in priority order, is:

- A surviving spouse who has not renounced survivorship rights in a separation agreement, until remarriage. (A surviving spouse of Tier 1 uniformed worker of the NYC Department of Sanitation may subsequently remarry and still retain the Accidental Death Benefit.)
- Surviving children until age 18
- Dependent parents

OR

- **Anyone you name as your beneficiary for your Ordinary Death Benefit (SEE IMPORTANT NOTE)**

In the event that a class of *Eligible Beneficiaries* consists of more than one person, benefits shall be divided equally among the persons in such class (such as more than one surviving child under the age of 18).

If an *Eligible Beneficiary* receiving the Accidental Death Benefit becomes ineligible to continue to receive such benefit, the benefit shall be continued for all other members of the eligible class of

beneficiaries and, if none, to each successive class, if any, during their eligibility to receive such a benefit.

IMPORTANT NOTE:

Should your death be the result of an on-the-job accident, and if no *Eligible Beneficiary* (as listed above) exists at the time of your death, then the Accidental Death Benefit may be paid, upon application, to the person designated as the beneficiary to receive payment of your Ordinary Death Benefit (either primary or contingent but not both).

The Accidental Death Benefit is:

A lump sum equal to the *Reserve For Increased-Take-Home-Pay*

plus

A lump-sum equal to the *Accumulated Member Contributions* payable to the estate or designated beneficiary

plus

A *Pension* equal to 50% of *Final Compensation* is payable to an *Eligible Beneficiary* or designated beneficiary (see below).

By election, however, the benefit may be equal to the reserve on the retirement allowance which would have been payable if the member had retired on the day before death, provided the member was not in a Transit operating-force position, and his or her death occurred after he or she had become eligible to retire from service. The *Pension* is subject to reduction by the amount of any Workers' Compensation payments made on account of the accidental death.

LOANS (TIERS 1 AND 2)

- A Tier 1 or Tier 2 member of NYCERS in City service, who has been a member continuously for at least three years may borrow up to 75% of his or her *Accumulated Member contributions*.
- Loans are limited to no more than two loans during any twelve-month period.
- Loans are repaid through payroll deductions of not less than 5% of the member's gross salary.

LOAN INSURANCE

Beginning 30 days after the inception of the loan, 25% of the unpaid portion is insured up to a maximum of \$10,000. The insured portion is increased to 50% after 60 days, and to 100% after 90 days, subject to a maximum of \$10,000.

EXCESSES (TIERS 1 AND 2)

A Tier 1 or Tier 2 member of the retirement system may withdraw excess contributions and interest thereon credited to his or her account, after at least one year succeeding the year in which his or her rate of contribution may be canceled. Such withdrawal is not required to be repaid, but may be at the member's option.

TIER 1 RETIREMENT OPTIONS

SELECTION OF BENEFITS WITHOUT OPTIONAL MODIFICATION (MAXIMUM RETIREMENT ALLOWANCE)

If a member upon retirement does not elect one of the options listed on the following page, his or her benefit will be paid as a Maximum Retirement Allowance payable in monthly installments throughout his or her life, with all payments ceasing at death.

OPTION 1: UNMODIFIED AND MODIFIED INITIAL RESERVE

Option 1 provides the pensioner with a reduced monthly lifetime allowance. If the pensioner dies before his or her payments equal the total value of the initial reserve set aside to provide his or her benefits on the date of retirement, the balance is paid to the designated beneficiary(ies) in either a lump-sum or monthly payments. More than one beneficiary may be named and the beneficiary(ies) may be changed at any time.

OPTION 2: 100% JOINT-AND-SURVIVOR

The pensioner receives a reduced monthly lifetime allowance. When the pensioner dies, the surviving beneficiary receives 100% of the reduced allowance for life. Only one beneficiary may be named, and the beneficiary may not be changed once named and the option is in effect.

OPTION 3: 50% JOINT-AND-SURVIVOR

The pensioner receives a reduced monthly lifetime allowance. When the pensioner dies, the surviving beneficiary receives 50% of the reduced allowance for life. Only one beneficiary may be named, and the beneficiary may not be changed once named and the option is in effect.

OPTIONS 4-2 AND 4-3: POP-UP JOINT-AND-SURVIVOR OPTIONS

These pop-up options are variations of Options 2 and 3. The pensioner receives a reduced monthly lifetime allowance under either a 100% or 50% joint-and-survivor arrangement, but if the beneficiary dies before the pensioner, the pensioner's benefit "pops-up," that is, it automatically becomes the Maximum Retirement allowance.

OPTION 4: LUMP-SUM PAYMENT

The pensioner receives a reduced monthly lifetime allowance with the provision that when he or she dies, the beneficiary receives a limited lump-sum payment specified by the pensioner at the time he or she chose this option. More than one beneficiary can be named and the beneficiary(ies) can be changed at any time.

NOTE: A pensioner may elect to receive any form of payment that is the actuarial equivalent of his or her Maximum Retirement Allowance, as certified by NYCERS' Chief Actuary and approved by the Board of Trustees.

TIER 2**ARTICLE 11 MODIFICATIONS**

In 1973, a new ARTICLE 11 was added to the New York State Retirement and Social Security Law (RSSL), the purpose of which was to apply certain limitations on the retirement benefits available under public retirement systems within the State of New York to persons who join or joined any of the systems within the State after June 30, 1973.

The limitations covered a broad spectrum of retirement provisions including, but not limited to, eligibility for retirement, minimum age for retirement, *Final Average Salary*, maximum retirement benefits, etc.

The limitations that are applicable to members of the uniformed-forces of the NYC departments of Correction and Sanitation are as follows:

- Members must have credit for 25 or more years of uniformed-force service, (rather than the former 20 years of such service), in order to be eligible for a full (unreduced) retirement benefit except for members who are *Participants* in the 20-Year Program for Tier 2 Correction Officers below the Rank of Captain (Chapter 936 of the laws of 1990), or the 20-Year Program for Tier 2 Correction Officers of the Rank of Captain or Above (Chapter 631 of the laws of 1993) or the 20-Year Retirement Program for Tier 2 members of the Uniformed-force of the NYC Department of Sanitation (Chapter 547 of the laws of 1992). For requirements and benefits of these three programs, see later pages of this document.
- If a member retires prior to having credit for 25 years of uniformed-force service, the City-supported portion of his or her retirement benefit is limited to an amount, which cannot exceed 2% of *Final Average Salary* for each year of such service.
- The salary used in the computation of benefits has been changed from the last year's salary to a three-year-average salary known as the *Final Average Salary (FAS)*. If the salary in any of the three years used in the computation of *FAS* exceeds the average of the previous two years by 20%, the excess above 20% is not used in the computation of the *FAS*.

Transit operating-force employees who are members of the *Modified* Transit 20-Year Retirement Plan are subject to the following limitations:

- Members must be at least 55 years of age and have credit for 25 or more years of Transit operating-force service (rather than the Tier 1 age 50 with 20 years of such service), in order to be eligible for full (unreduced) retirement benefits.
- If a Transit operating-force member retires between the ages of 50 and 55 and/or has credit for between 20 and 25 years of Transit operating-force service, the portion of his or her retirement allowance based on City contributions is limited to an amount which cannot exceed 2% of *FAS* for each year of credited Transit operating-force service.
- The salary used in the computation of benefits has been changed from the last year's salary to a three-year-average salary known as the *Final Average Salary (FAS)*. If the salary in any of the three years used in the computation of the *FAS* exceeds the average of the previous two years by 20%, the excess above 20% is not used in the computation of the *FAS*.

For other members of the retirement system, those primarily entitled to coverage under the Modified-Career-Pension Plan (Plan C), the Modified-Fifty-Five-Year-Increased-Service-Fraction Plan (Plan D), or Transit operating-force employees covered by the Age-Fifty-Five-One-Percent Plan (1/100 Plan), the following limitations apply:

- The earliest age for service retirement is 62 in order to be eligible for a full (unreduced) retirement benefit.
- If a member retires between age 55 (the minimum retirement age) and age 62, his or her benefits are reduced as follows:

For each of the first 24 full months that retirement predates age 62,

one-half of 1% per-month,

plus

For each month that retirement predates age 60,

one-quarter of 1% per-month.

- The salary used in the computation of benefits has been changed from the last year's salary to a three-year-average salary known as the *Final Average Salary (FAS)*. If the salary in any of the three years used in the computation exceeds the average of the previous two years by 20%, the excess above 20% is not used in the computation of the three-year-average salary.

NOTE: Any member of NYCERS who retired as a member of the Modified Career Pension Plan (Plan C) and who has not yet received a pension payment (this does not refer to payments from the Annuity Reserve Fund) from NYCERS, will be allowed to transfer his or her membership to another NYS retirement system.

The former Plan C member will be able to rescind their retirement application and then transfer their NYCERS' membership to another NYS retirement system. In so doing, their retirement service credit and applicable Tier status will be transferred to the other retirement system.

Such retired member must have started working in a position covered by the other NYS retirement system within five years of retiring from NYCERS (10 years with 25 years of credited service).

Members who are enrolled in the Modified-Age-Fifty-Five-Retirement Plan (Plan D), in addition to having the restrictions imposed as indicated above, have a further restriction which requires a minimum of five years of *Credited Service* as a member in order to qualify for retirement. Previously, such employees had no minimum service credit requirement.

**20-YEAR-IMPROVED-BENEFIT RETIREMENT PROGRAM
FOR TIER 2 CORRECTION MEMBERS BELOW THE RANK OF CAPTAIN (CI-20)**

Chapter 936 of the Laws of 1990 established a 20-Year-Improved-Benefit-Retirement Program (*Program*) for Tier 2 uniformed Correction force members below the rank of Captain. Any such member who elected or is enrolled in the *Program* is eligible to receive an unreduced retirement allowance after having credit for 20 or more years of *Allowable-Correction Service*.

SERVICE RETIREMENT BENEFIT (CI-20)

Participants may retire after having credit for 20 or more years of *Allowable Correction Service*. If they have contributed the required amount of regular member contributions for the first 20 years of such service, and *Additional Member Contributions* as required by the *Program*,

the Service Retirement Benefit is:

For the first 20 years of *Allowable Correction Service*,

50% of *FAS*,

plus

an *Annuity* which is the actuarial equivalent of the member's regular contributions in excess of the required amount,

plus

For all years of *Allowable-Correction Service*, other than the first 20 years of such service,

1 2/3% of the Average Compensation* (or *FAS* if the compensation period is less than three years),

plus

a *Pension for Increased-Take-Home-Pay (ITHP)***

plus

75% times 1.67% times your *Final Compensation* for each year of all other *Credited Service*.

* The average of the compensation earned each year of such service since the completion of 20 years of *Allowable Correction Service*.

** The actuarial equivalent of the accumulation of the contributions for *ITHP* in each year of *Credited Service* rendered after January 1, 1967, **and** after completion of 20 years of *Allowable Correction Service*.

**20-YEAR-IMPROVED-BENEFIT RETIREMENT PROGRAM FOR
TIER 2 CORRECTION OFFICERS OF THE RANK OF CAPTAIN OR ABOVE (CP-20)**

Chapter 631 of the Laws of 1993 established a 20-Year-Improved-Benefit Retirement Program for Tier 2 uniformed Correction Officers of the rank of Captain or above. Any such member who elected or is enrolled in the *Program* is eligible to receive an unreduced retirement allowance after having credit for 20 or more years of *Allowable-Correction Service*.

SERVICE RETIREMENT BENEFIT (CP-20)

Participants may retire after having credit for 20 or more years of *Allowable Correction Service*. If they have contributed the required amount of regular member contributions for the first 20 years of such service, and *Additional Member Contributions* as required by the *Program*,

the Service Retirement Benefit is:

For the first 20 years of such service,

50% of *FAS*,

plus

an *Annuity* which is the actuarial equivalent of the member's regular contributions in excess of the required amount,

plus

For all years of *Allowable Correction Service*, other than the first 20 years of such service,
 1 2/3% of the Average Compensation* (or *FAS* if the compensation period is less than three years)

plus

75% times 1.67% times your *Final Compensation* for each year of all other *Credited Service*

plus

a *Pension* for *Increased-Take-Home-Pay (ITHP)***

* The average of the compensation earned each year of such service since the completion of 20 years of *Allowable Correction Service*.

** The actuarial equivalent of the accumulation of the contributions for *ITHP* in each year of *Credited Service* rendered after January 1, 1967, **and** after completion of 20 years of *Allowable Correction Service*.

20-YEAR-IMPROVED-RETIREMENT PROGRAM FOR TIER 2 MEMBERS OF THE UNIFORMED-FORCE OF THE NYC DEPARTMENT OF SANITATION (SI-20)

Chapter 547 of the Laws of 1992 established a 20-Year-Improved-Benefit-Retirement Program (*Program*) for Tier 2 members of the uniformed force of the NYC Department of Sanitation. Any such member who elected or is enrolled in the *Program*, is eligible to receive an unreduced retirement allowance after having credit for 20 or more years of *Allowable Sanitation Service*.

SERVICE RETIREMENT BENEFIT (SI-20)

Participants may retire after having credit for 20 or more years of *Allowable Sanitation Service*. If they have contributed the required amount of regular member contributions for the first 20 years of such service, and *Additional Member Contributions* as required by the *Program*,

the Service Retirement Benefit is:

For the first 20 years of *Allowable Sanitation Service*,

50% of *FAS*

plus

an *Annuity* which is the actuarial equivalent of the member's regular contributions in excess of the required amount,

plus

For all years of *Allowable Sanitation Service*, other than the first 20 years of such service,

1½% of *Final Compensation*,

plus

For each year of all other *Credited Service*,

1% of *Final Compensation*,

plus

a *Pension* based on the actuarial value of the *Increased-Take-Home-Pay* contributions made during any period not included in the first 20 years of *Allowable Sanitation Service*.

AGE-55-IMPROVED-BENEFIT-RETIREMENT PROGRAM FOR TIER 2 MEMBERS (CPP-I)

Chapter 96 of the Laws of 1995 established an Age-55-Improved-Benefit-Retirement Program (*Program*) for Tier 2 members of NYCERS who were in *Active Service* in an *Eligible Position* on or after June 28, 1995. *Eligible Members* who were in *Active Service* on June 28, 1995 were required to file a properly completed election form with NYCERS no later than September 26, 1995. A person who becomes an *Eligible Member* after June 28, 1995 may elect to participate in the *Program* by filing a properly completed application with NYCERS within 90 days after becoming an *Eligible Member* in *Active Service*.

Participants in the Age-55-Improved-Benefit-Retirement Program are eligible to receive an unreduced retirement allowance at age 55, after having credit for 25 or more years of *Career Pension Plan Qualifying Service*. *Participants* employed in a position designated as physically-taxing who have credit for 25 or more years of *Career Pension Plan Qualifying Service* in *Physically-Taxing Positions*, will be able to retire at age 50 with no benefit reduction due to age.

SERVICE RETIREMENT BENEFIT (CPP-I)

Participants may retire with credit for 25 or more years of *Career Pension Plan Qualifying Service*. If they have contributed the required amount of regular member contributions for the first 25 years of such service, and *Additional Member Contributions* as required by the *Program*,

the Service Retirement Benefit is:

For the first 25 years of *Career Pension Plan Qualifying Service*,
55% of *Final Average Salary (FAS)*

plus

For years of additional *Credited Service* rendered after June 30, 1968,
1.7% times *FAS*

plus

For years of additional *Credited Service* rendered before July 1, 1968,
1.2% times *FAS times*

plus

a *Pension* based on the actuarial value of the *Increased-Take-Home-Pay* contributions made during any period not included in the first 25 years of *Career Pension Plan Qualifying Service*, if any

plus

an *Annuity* based on accumulations in excess of the required amount of normal employee contributions, if any.

NO VESTING OR DEFERRING (CPP-I)

There is no provision for vesting or deferring under the Age-55-Improved-Benefit-Retirement Program. A *Participant* must meet both the age **and** service requirements in order to be eligible for

a service retirement benefit under the *Program*. A *Participant* who wishes to retire, and does not meet the age and service requirements, may retire under their previous plan provisions. Such a *Participant*, however, is not eligible for a refund of any part of the *Additional Member Contributions* made while a *participant* in the *Program*.

**20-YEAR AND AGE 50 RETIREMENT PROGRAM
FOR TIER 2 MEMBERS EMPLOYED AS MTA
BRIDGE & TUNNEL OFFICERS, SERGEANTS AND LIEUTENANTS (20501)**

Chapter 472 of the Laws of 1995 established a 20-Year And Age 50 Retirement Program (*Program*) for Tier 2 members of NYCERS who were a *MTA Bridge & Tunnel Member* on August 2, 1995. *MTA Bridge and Tunnel Members* who were in *Active Service* on August 2, 1995 were required to file a properly completed election form with NYCERS no later than January 29, 1996. A person who becomes a *MTA Bridge & Tunnel Member* after August 2, 1995 may elect to participate in the *Program* by filing a properly completed application with NYCERS within 180 days after becoming a *MTA Bridge & Tunnel Member* in *Active Service*.

Participants in the *Program* are eligible to receive an unreduced retirement allowance after having credit for 20 or more years of *Allowable Service* at age 50.

SERVICE RETIREMENT BENEFIT (20501)

Participants may retire with credit for 20 or more years of *Allowable Service*. If they have contributed the required amount of regular member contributions for the first 20 years of such service, and *Additional Member Contributions* as required by the *Program*,*

the Service Retirement Benefit is:

For the first 20 years of *Allowable Service*,

50% of *Final Average Salary (FAS)*

plus

For each additional year *Allowable Service* (to a maximum of 30 years of such service),

1½% *times FAS*

* Should a Tier 2 MTA Bridge and Tunnel member have a deficit in reserves, he or she can still retire, and rather than take an actuarial reduction, he or she can elect to receive his or her full *Pension* and pay off the deficit, with interest, in monthly installments over a period of up to nine years. The member also has the option to make a partial payment at retirement only and/or a total lump-sum payment at any time during the payment period.

**25-YEAR RETIREMENT PROGRAM FOR MEMBERS EMPLOYED
AS INVESTIGATORS IN DISTRICT ATTORNEYS' OFFICES (25IDA)**

Chapter 370 of the Laws of 1996 as amended by Chapter 285 of the Laws of 1997 and Chapter 643 of the laws of 1999 established a 25-Year Retirement Program (*Program*) for members of NYCERS who were employed as Investigators in a District Attorneys' office (*DA Investigator Members*) on July 30, 1996. *DA Investigator Members* employed in a District Attorney's office in *Active Service* on July 30, 1996 were required to file a properly completed election form with NYCERS no later than January 25, 1998. A person who becomes a *DA Investigator Member* after July 30, 1996 may

elect to participate in the *Program* by filing a properly completed application with NYCERS within 180 days after becoming a *DA Investigator Member*, provided he or she is a *DA Investigator Member* on the date the election is filed with NYCERS.

Participants in the *Program* are eligible to receive an unreduced retirement allowance after having 25 or more years of *Credited Service*.

SERVICE RETIREMENT BENEFIT (25IDA)

Participants may retire with credit for 25 or more years of *Credited Service*. If they have contributed the required amount of regular member contributions for the first 25 years of such service,

The Service Retirement Benefit is:

For the first 25 years of *Credited Service*,

55% of the salary earned in the year prior to retirement,

plus

For each additional year *Allowable Service* (to a maximum of 30 years of such service),

1.70% *times FAS* for each additional year of *Credited Service* in excess of 25.

VESTING (25IDA)

Participants in the *DA 25-Year Program* who have completed at least 15 but less than 25 years of *Credited Service* will be eligible for a Vested Retirement Benefit.

The Vested Retirement Benefit becomes payable on the date the *Participant* could have retired from service.

That is, **the later of:**

- the date the *Participant* could have completed 25 years of *Credited Service*, if discontinuance had not occurred,

OR

- age 55.

DEATH BENEFIT TO VESTED MEMBERS (25IDA)

There is a pre-retirement death benefit payable in the event of the death of a Tier 2 Vested member who is out of service, and who dies on or after January 1, 1997 but prior to retirement and has at least 10 years of *Credited Service* at the time of death. The death benefit is one-half of the Ordinary Death Benefit payable if the member had died on the last day of service upon which his or her membership was based. This is in addition to the refund of the member's accumulated contributions, plus interest.

VESTED RETIREMENT BENEFIT (25IDA)

The Vested Retirement Benefit is a *Pension* equal to:

2.20% *times FAS* for each year of *Credited Service*.

25-YEAR IMPROVED BENEFIT RETIREMENT PROGRAM FOR DISPATCHERS (DIS-I)

Chapter 576 of the Laws of 2000 established 25-Year Retirement Programs for *Dispatcher Members*. Any person who was a *Dispatcher Member* on December 8, 2000 could elect to become a *Participant* in the *Program* by filing a duly executed application with NYCERS no later than June 6, 2001, provided he or she was a *Dispatcher Member* on the date such application was filed. Any member who becomes a *Dispatcher Member* after December 8, 2000, may elect to become a *Participant* in a *Program* by filing within 180 days after becoming such *Dispatcher Member*, a duly executed application with NYCERS provided he or she is a *Dispatcher Member* at the time of filing such application.

SERVICE RETIREMENT BENEFIT (DIS-I)

Participants may retire if they have credit for 25 or more years of *Allowable Service as a Dispatcher Member*, and have paid all *Additional Member Contributions*.

The Service Retirement Benefit is:

An *Annuity* (the actuarial equivalent of the required contributions for the first 25 years of *Allowable Service as a Dispatcher Member*),

plus

a *Pension* for *ITHP*,

plus

a *Pension*, which when added to the *Annuity* and *Pension* for *ITHP* equals:

50% of *Final Average Salary (FAS)*

plus

an additional 2% of *FAS* for each year (or fraction) beyond the first 25 years of *Allowable Service as a Dispatcher Member*, but not to exceed more than five years of additional *Allowable Service as a Dispatcher Member*

Note: A Tier 2 *Participant* cannot receive a greater benefit than would be received by a Tier 1 *Participant*.

25-YEAR IMPROVED BENEFIT RETIREMENT PROGRAM FOR EMT MEMBERS (EMT-I)

Chapter 577 of the Laws of 2000 established 25-Year Retirement Programs for *EMT Members*. Any person who was an *EMT Member* on December 8, 2000 could elect to become a *Participant* in the *Program* by filing a duly executed application with NYCERS no later than June 6, 2001, provided he or she was an *EMT Member* on the date such application was filed. Any member who becomes an *EMT Member* after December 8, 2000, may elect to become a *Participant* in a *Program* by filing within 180 days after becoming such an *EMT Member*, a duly executed application with NYCERS provided he or she is an *EMT Member* at the time of filing such application.

SERVICE RETIREMENT BENEFIT (EMT-I)

Participants may retire if they have credit for 25 or more years of *Allowable Service as an EMT Member*, and have paid all *Additional Member Contributions*.

The Service Retirement Benefit is:

An *Annuity* (the actuarial equivalent of the required contributions for the first 25 years of *Allowable Service as an EMT Member*),

plus

a *Pension* for *ITHP*,

plus

a *Pension*, which when added to the *Annuity* and *Pension* for *ITHP* equals:

50% of *Final Average Salary (FAS)*

plus

an additional 2% of *FAS* for each year (or fraction) beyond the first 25 years of *Allowable Service as an EMT Member*, but not to exceed more than five years of additional *Allowable Service as an EMT Member*

Note: A Tier 2 *Participant* cannot receive a greater benefit than would be received by a Tier 1 *Participant*.

25-YEAR IMPROVED BENEFIT RETIREMENT PROGRAM FOR DEPUTY SHERIFF MEMBERS (DSH-I)

Chapter 559 of the Laws of 2001 establishes a 25-Year Retirement Program for Deputy Sheriffs. Any person who was a *Deputy Sheriff Member* on December 12, 2001 could elect to become a *Participant* in the *Program* by filing a duly executed application with NYCERS no later than June 10, 2002, provided he or she was a *Deputy Sheriff Member* on the date the application was filed. Any member who becomes a *Deputy Sheriff Member* after December 12, 2001, may elect to become a *Participant* in the *Program* by filing within 180 days after becoming a *Deputy Sheriff Member*, a duly executed application with NYCERS provided he or she is a *Deputy Sheriff Member* at the time of filing such application.

SERVICE RETIREMENT BENEFIT (DSH-I)

Participants may retire after having credit for 25 or more years of *Credited Service as a Deputy Sheriff Member*, regardless of age, and have paid all *Additional Member Contributions*.

The Service Retirement Benefit is:

For the first 25 years of service as a Deputy Sheriff Member:

An *Annuity* (the actuarial equivalent of the member's required contributions)

plus

a *Pension* for *ITHP*

plus

a *Pension*, which when added to the *Annuity* and *Pension* for *ITHP* equals:

55% of *Final Average Salary (FAS)*

plus

an additional 1.7% *FAS* of for each year (or fraction) beyond the first 25 years of *Allowable Service* beyond the required minimum period of service (25 years of *Credited Service*)

plus

an annuity which is the actuarial equivalent of the excess accumulated deductions (ASF) beyond the required amount for the 25 year period of service

plus

an annuity which is the actuarial equivalent of the excess *ITHP* credited beyond the required 25 year period of service and its associated interest

NO PARTICIPANT WAS ELIGIBLE TO RETIRE UNDER THIS PROGRAM PRIOR TO DECEMBER 12, 2001

VESTED RETIREMENT BENEFIT (DSH-I)

There is no provision for vesting.

25-YEAR AND AGE-50 IMPROVED BENEFITS RETIREMENT PROGRAM FOR AUTOMOTIVE SERVICE WORKER MEMBERS (AUT-I)

Chapter 414 of the Laws of 2002 (originally Chapter 560 of Laws of 2001) established a 25-Year/Age 50 Retirement Program for *Automotive Service Worker Members*. Any person who was a *Automotive Service Worker Member* on December 12, 2001 could elect to become a *Participant* in the *Program* by filing a duly executed application with NYCERS no later than June 10, 2002, provided he or she was an *Automotive Service Worker Member* on the date the application was filed. Any member who becomes an *Automotive Service Worker* after December 12, 2001, may elect to become a *Participant* in the *Program* by filing within 180 days after becoming an *Automotive Service Worker Member*, a duly executed application with NYCERS provided he or she is an *Automotive Service Worker Member* at the time of filing such application.

SERVICE RETIREMENT BENEFIT (AUT-I)

Participants that are at least 50 years of age may retire after having credit for 25 or more years of *Allowable Service as an Automotive Service Worker Member*, and have paid all *Additional Member Contributions*.

The Service Retirement Benefit is:

For the first 25 years of *Credited Service* as an Automotive Service Member:

A *Pension* which equals:

50% of *Final Average Salary (FAS)*

plus

an additional 2% of *FAS* for each additional year (or fraction) of *Allowable Service* beyond the required 25 years, but not to exceed more than five years of additional *Allowable Service as an Automotive Service Worker Member*

VESTED RETIREMENT BENEFIT (AUT-I)

There is no provision for vesting.

25-YEAR IMPROVED BENEFIT PROGRAM FOR SPECIAL OFFICER MEMBERS (SPO-I)

Chapter 582 of the Laws of 2001 and Chapter 617 of the Laws of 2002 established a 25-Year Retirement Program for *Special Officer Members*. Chapter 617 of the Laws of 2002 added covered titles effective October 2, 2002 with the 180 day open period beginning on that date. Any person who was a *Special Officer Member* on December 19, 2001 (or October 2, 2002 for added titles)

could elect to become a *Participant* in the *Program* by filing a duly executed application with NYCERS no later than June 17, 2002 (or March 31, 2003 for added titles), provided he or she was a *Special Officer Member* on the date such application was filed. Any member who becomes a *Special Officer Member* after December 19, 2001, (or October 2, 2002 for added titles) may elect to become a *Participant* in the *Program* by filing within 180 days after becoming a *Special Officer Member*, a duly executed application with NYCERS provided he or she is a *Special Officer Member* at the time of filing such application.

SERVICE RETIREMENT BENEFIT (SPO-I)

Participants may eligible to retire after having credit for 25 or more years of *Allowable Service as a Special Officer Member*, regardless of age, and have paid all *Additional Member Contributions*.

The Service Retirement Benefit is:

For the first 25 years of *Allowable Service as a Special Officer Member*:

An *Annuity* (the actuarial equivalent of the member's required contributions)

plus

a *Pension* for *ITHP*

plus

a *Pension*, which when added to the *Annuity* and *Pension* for *ITHP* equals:

50% of *Final Average Salary (FAS)*

plus

an additional 2% *FAS* of for each year (or fraction) beyond the first 25 years of *Allowable Service as a Special Officer Member*, but not to exceed more than five years of additional *Allowable Service as a Special Officer Member*

Note: A Tier 2 *Participant* cannot receive a greater benefit than would be received by a Tier 1 *Participant*.

VESTED RETIREMENT BENEFIT (SPO-I)

There is no provision for vesting.

DISABILITIES OF FDNY EMERGENCY MEDICAL TECHNICIANS

ACCIDENT DISABILITY BENEFIT

Chapter 587 of the laws of 1998 added a new Section 607-b to the Retirement and Social Security Law to provide a line-of-duty disability to Emergency Medical Technicians (EMT) who become mentally or physically incapacitated on or after March 17, 1996, as a natural and proximate result of an injury sustained in the performance of duty. Furthermore, an EMT member who contracts HIV (where he or she may have been exposed to bodily fluids of a person under their care or treatment, or while the member examined, transported or has contact with such person in the performance of duties), tuberculosis or hepatitis will be presumed to have contracted such disease in the performance of duties, unless the contrary is proven by competent evidence. The member is entitled to a three-quarters disability allowance.

HEART BILL

Chapter 697 of the Laws of 2002 provides for a presumption that a disease of the heart was incurred in the performance of duty for Emergency Medical Technicians and Paramedics employed by the Fire Department of New York. Such members are entitled to a 75% benefit which is paid in accordance with the statute governing their disability payment. The presumption may be rebutted by competent medical evidence.

ORDINARY DEATH BENEFITS FOR TIERS 2, 3 AND 4 MEMBERS

Anyone who becomes a member of NYCERS after January 1, 2001 will automatically be covered by Death Benefit Plan 2.

If a member selected Death Benefit Plan 1, the beneficiaries of Tiers 2, 3, and 4 members who die in service collect the greater of Death Benefit Plan 2 or Death Benefit Plan 1.

Previously, any person who joined NYCERS after June 30, 1973, other than members of the uniformed forces of the departments of Correction and Sanitation and Transit operating-force members, were required to choose between the two following death benefit plans, under the terms of which a benefit is paid at his or her death:

DEATH BENEFIT PLAN 1: Pays a benefit equal to one month's salary for each year of *Credited Service*, up to a maximum of three year's salary. In addition, the member's *Accumulated Deductions* are refunded. If the member would have been eligible to receive an unreduced retirement allowance at the time of death, the benefit is the reserve on the retirement allowance which would have been payable had he or she retired on the day before the date of death, if greater.

DEATH BENEFIT PLAN 2: Pays a benefit equal to one year's salary for each year of *Credited Service*, up to a maximum of three years' salary after three years of *Credited Service*. In addition, the member's *Accumulated Deductions* are refunded.

For either Death Benefit Plan 1 or 2, a benefit is also payable upon death after retirement. Such benefit is a percentage of the benefit in force immediately before retirement as follows:

If death occurs in the first year after retirement:

50% of such benefit;

If death occurs in the second year after retirement:

25% of such benefit;

If death occurs in the third year of retirement or later:

10% of the benefit in force at age 60, if any, or at retirement if before age 60.

If you selected Death Benefit Plan 2 the percentage payable will be reduced annually once you attain age 61 while in City service, regardless of their age when joining NYCERS.

Age	Percentage Payable
61	95% of benefit in force
62	90% of benefit in force
63	85% of benefit in force
64	80% of benefit in force
65	75% of benefit in force
66	70% of benefit in force

Age	Percentage Payable
67	65% of benefit in force
68	60% of benefit in force
69	55% of benefit in force
70 ⁺	50% of benefit in force

MEMBERS OF THE TRANSIT OPERATING-FORCE AND THE UNIFORMED FORCES OF THE DEPARTMENTS OF CORRECTION AND SANITATION WHO DIE IN SERVICE ARE COVERED BY A DEATH BENEFIT UPON COMPLETION OF 90 DAYS OF SERVICE, PROVIDED THEY WERE BEING PAID ON THE PAYROLL AT THE TIME OF DEATH.

THE DEATH BENEFIT IS EQUAL TO THREE TIMES THE MEMBER'S SALARY, RAISED TO THE NEXT HIGHER \$1,000.

THIS BENEFIT IS IN ADDITION TO PAYMENT OF THE *MEMBER'S CONTRIBUTION ACCUMULATION FUND* ACCOUNT.

ACCIDENTAL DEATH BENEFIT

An Accidental Death Benefit is payable if the death of a member in City service is the result of an accident sustained in the actual performance of duty, without willful negligence on the part of the member, subject to approval by NYCERS' Medical Board.

An *Eligible Beneficiary*, in priority order, is:

- A surviving spouse who has not renounced survivorship rights in a separation agreement, until remarriage.
 - Surviving children until age 18
 - Dependent parents
- OR**
- Anyone you name as your beneficiary for your Ordinary Death Benefit (**SEE IMPORTANT NOTE**)

In the event that a class of *Eligible Beneficiaries* consists of more than one person, benefits shall be divided equally among the persons in such class (such as more than one surviving child under the age of 18).

If an *Eligible Beneficiary* receiving the Accidental Death Benefit becomes ineligible to continue to receive such benefit, the benefit shall be continued for all other members of the eligible class of beneficiaries and, if none, to each successive class, if any, during their eligibility to receive such a benefit.

IMPORTANT NOTE:

Should your death be the result of an on-the-job *accident*, and if no *Eligible Beneficiary* (as listed above) exists at the time of your death, then the Accidental Death Benefit may be paid, upon application, to the person designated as the beneficiary to receive payment of your Ordinary Death Benefit. (either primary or contingent but not both).

The Accidental Death Benefit is:

A lump-sum payment equal to your *Accumulated Deductions* to be paid to your designated beneficiary, or to your estate if no valid designation is on file with NYCERS

plus

Your *Eligible Beneficiary* will be entitled to apply for payment equal to:

A lump-sum payment equal to the amount in your ITHP account

plus

A pension equal to 50% of your *Final Compensation*

less

100% of any Workers' Compensation benefits

GROUP TERM LIFE INSURANCE PLAN

The Rules adopted by the Board of Trustees in accordance with Chapter 581 of the Laws of 1970 provide that the first \$50,000 of each benefit on account of death in active service is payable from the funds of the Group Term Life Insurance Plan. The amount in excess of \$50,000, if any, is payable from the funds of the retirement system.

TIER 2 RETIREMENT OPTIONS**SELECTION OF BENEFITS WITHOUT OPTIONAL MODIFICATION
(MAXIMUM RETIREMENT ALLOWANCE)**

If a member, upon retirement, does not elect one of the options listed below, his or her benefit will be paid as a Maximum Retirement Allowance payable in monthly installments throughout his or her life, with all payments ceasing at death.

**OPTION 1:
RETURN OF ANNUITY RESERVE**

Option 1 provides the pensioner with a reduced monthly lifetime allowance. If the pensioner dies before the *Annuity* portion of his or her payments equal the total value of the *Annuity* reserve set aside to pay his or her *Annuity* on the date of retirement, the balance is paid to the designated beneficiary in either a lump sum or monthly payments. Option 1 cannot be elected for the *ITHP* or *Pension* portions of the retirement allowance. More than one beneficiary may be named and the beneficiary(ies) may be changed at any time.

**OPTION 2:
100% JOINT-AND-SURVIVOR**

The pensioner receives a reduced monthly lifetime allowance. When the pensioner dies, the surviving beneficiary receives 100% of the reduced monthly allowance for life. Only one beneficiary may be named, and the beneficiary may not be changed once named and the option is in effect.

**OPTION 3:
50% JOINT-AND-SURVIVOR**

The pensioner receives a reduced monthly lifetime allowance. When the pensioner dies, the surviving beneficiary receives 50% of the reduced monthly allowance for life. Only one beneficiary may be named, and the beneficiary may not be changed once named and the option is in effect.

**OPTIONS 4-2 AND 4-3:
POP-UP JOINT-AND-SURVIVOR OPTIONS**

These options are variations of Options 2 and 3. The pensioner receives a reduced monthly lifetime allowance under either a 100% or 50% joint-and-survivor arrangement, but if the beneficiary dies before the pensioner, the pensioner's benefit "pops-up," that is, it automatically becomes the Maximum Retirement Allowance.

**OPTION 4:
LUMP-SUM PAYMENT**

The pensioner receives a reduced monthly lifetime allowance. When the pensioner dies, the surviving beneficiary(ies) receives a limited lump-sum payment specified by the pensioner at the time he or she chose this option. More than one beneficiary can be named and the beneficiary(ies) can be changed at any time.

NOTE: A pensioner may elect to receive any form of payment that is the actuarial equivalent of their Maximum Retirement Allowance, as certified by NYCERS' Chief Actuary and approved by the Board of Trustees.

TEN-YEAR CERTAIN

The pensioner receives a reduced monthly lifetime allowance. If the pensioner dies within ten years of retirement, the reduced monthly retirement allowance will be paid to the surviving designated primary beneficiary for the unexpired balance of the ten-year period. If the designated primary beneficiary predeceases the pensioner, the balance of the payments due for the remainder of the ten-year period is continued to the pensioner's designated contingent beneficiary. If none exists, it is paid in a lump-sum to the estate of the pensioner.

Should a designated primary beneficiary also die, after having started to receive payments under this option selection, the balance will be paid in a lump-sum to the designated contingent beneficiary. If none exists, the lump-sum balance will be paid to the estate of the primary beneficiary.

FIVE-YEAR CERTAIN

The pensioner receives a reduced monthly lifetime allowance. If the pensioner dies within five years of retirement, the reduced monthly retirement allowance will be paid to the surviving designated primary beneficiary for the unexpired balance of the five-year period. If the designated primary beneficiary predeceases the pensioner, the balance of the payments due for the remainder of the five-year period is continued to the pensioner's designated contingent beneficiary. If none exists, it is paid in a lump-sum to the estate of the pensioner.

Should a designated primary beneficiary also die, after having started to receive payments under this option selection, the balance will be paid in a lump-sum to the designated contingent beneficiary. If none exists, the lump-sum balance will be paid to the estate of the primary beneficiary.

TIER 3**ARTICLE 14 - (CO-ESC) RETIREMENT PLAN**

Members of the uniformed-force of the NYC Department of Correction who join NYCERS on or after July 27, 1976 are Tier 3 members subject to ARTICLE 14 of the Retirement and Social Security Law (RSSL).

Members who **are not** employed in the uniformed-force of the NYC Department of Correction **but** who last joined NYCERS after July 26, 1976 and prior to September 1, 1983 who were automatically made Tier 4 members on September 1, 1983 retain their right to elect Tier 3 benefits. Depending on the member's situation the Tier 3 benefits may be more advantageous than Tier 4 benefits, but that is seldom the case.

EARLY SERVICE RETIREMENT (UNIFORMED CORRECTION FORCE 25 YEAR)

In this plan, Correction Officers appointed after July 27, 1976 can retire after 25 years of *Credited Service* without regard to age, and without a benefit reduction due to retirement prior to age 62.

50% of your Final Average Salary

Note: You will receive credit for only your first 25 years of Credited Service.

This benefit is not reduced by Primary Social Security.

There is no Vesting provision with this plan.

NORMAL SERVICE RETIREMENT (UNIFORMED CORRECTION FORCE)

A Tier 3 Uniformed Correction Force member who, if for some reason, does not meet the requirements for his or her Plan or Program, always has the underlying right to a Service Retirement Benefit under the Normal Service Retirement Benefit at age 62.

- **For members with five but less than 20 years of *Credited Service*:**

1 2/3% times FAS times years of Credited Service

- **For members with 20 or more years of *Credited Service*:**

2% times FAS times years of Credited Service (but not more than 30 years of such service)

This benefit is not reduced by social security.

VESTED RETIREMENT (UNIFORMED CORRECTION FORCE)

The Vested Retirement Benefit is payable at age 62, on an unreduced basis, or as a reduced benefit as early as age 55.

YOUR BENEFITS WILL BE SUBJECT TO THE FOLLOWING REDUCTIONS AT RETIREMENT	
AGE AT RETIREMENT	PERCENTAGE OF BENEFIT REDUCTION
61	6.7%
60	13.3%
59	16.7%
58	20.0%
57	23.3%
56	26.7%
55	30.0%

This benefit is not reduced by social security.

TIER 3 RIGHTS FOR CERTAIN TIER 4 MEMBERS

Members who **are not** employed in the uniformed-force of the NYC Department of Correction **but** who last joined NYCERS after July 26, 1976 and prior to September 1, 1983 who were automatically made Tier 4 members on September 1, 1983 retain their right to elect Tier 3 benefits.

NORMAL SERVICE RETIREMENT BENEFIT

▪ **Age 62 or later with less than 20 years of *Credited Service*:**

1 2/3% times FAS times years of *Credited Service*,

minus

one-half of the Primary Social Security benefit resulting from covered employment for which the member also received service credit in NYCERS.

▪ **Age 62 or later with 20 or more years of *Credited Service*:**

2% times FAS times years of *Credited Service* (but not more than 30 years of such service),

minus

one half of the Primary Social Security benefit resulting from covered employment for which the member also received service credit in NYCERS.

EARLY SERVICE RETIREMENT BENEFIT

For members age 55 or older, with 5 but less than 20 years of service:

1 2/3% of FAS multiplied by the years of *Credited Service*.

▪ For members age 55 or older, with 20 or more years of *Credited Service*, but not more than 30 years of service:

2% of FAS multiplied by the years of *Credited Service*.

YOUR BENEFITS WILL BE SUBJECT TO THE FOLLOWING REDUCTIONS AT RETIREMENT	
AGE AT RETIREMENT	PERCENTAGE OF BENEFIT REDUCTION
61	6.7%
60	13.3%
59	16.7%
58	20.0%
57	23.3%
56	26.7%
55	30.0%

Service Retirement benefits (Early and Normal) are reduced at age 62 by one-half of the Primary Social Security benefit resulting from covered employment for which the member also received service credit in NYCERS. **(This reduction does not apply to members of the uniformed-force of the NYC Department of Correction.)**

VESTED RETIREMENT BENEFIT

A member who terminates City service with five or more years of *Credited Service* may receive payment of a retirement benefit at age 62 and later, as a Normal Service Retirement benefit, as described above. Or they may elect to receive a reduced benefit prior to age 62 (refer to the Benefit Reduction Chart above)

ESCALATION OF BENEFITS AFTER RETIREMENT

- No escalation is provided at any time for persons taking Early Service Retirement with immediate payability, but is provided on Ordinary Death and Accidental Death benefit payments which are paid other than as a lump-sum.
- For service retirement at age 65 or older, the benefit is increased, (or decreased), annually by the lesser of 3% or the actual percentage increase, (or decrease), in the Consumer Price Index. The retirement benefit is never reduced below the amount set at the date of retirement.
- Benefits for service retirement between ages 62 and 65 are subject to the escalation rate as in the paragraph above. However, such escalation rate is reduced by one-thirty-sixth for each month the benefit commencement date precedes age 65.

NOTE: Cost-of-living adjustments, as described above, commence on the first day of April following the effective date of the member's service retirement. The first year's escalation is pro-rated depending upon the date of retirement.

DISABILITY RETIREMENT

DISABILITY RETIREMENT BENEFIT (Section 507-a of RSSL)

A member must have a minimum of 10 years of *Credited Service* (rendered subsequent to July 26, 1976), including five years of membership service, to be eligible for a Disability Retirement Benefit.

Note: If any such 10 years of *Credited Service* includes purchased service rendered in a former membership, such purchased service need not have been rendered after July 26, 1976.

There is no minimum service credit required to be eligible for a Disability Retirement Benefit, if the disability was caused by a line-of-duty accident and the accident was not caused by the member's own willful negligence.

The Disability Retirement Benefit is **the greater of:**

one-third of *FAS*,

or

1 2/3% *times FAS times years of Credited Service*.

NOTE: Where a member is eligible for service retirement, and that benefit would be greater than either of the above calculations, then the member's Disability Retirement Benefit will be equal to the Service Retirement Benefit.

ALTERNATE BENEFITS

ORDINARY DISABILITY RETIREMENT (Section 506 of the RSSL)

A member who has credit for five or more years of service, and who has been awarded Primary Social Security Disability benefits is eligible for Ordinary Disability Retirement.

The Ordinary Disability Retirement Benefit is **the greater of:**

2% *times FAS times years of Credited Service* (not to exceed 30 years)

or

One-third of *FAS*

Both calculations are reduced by:

50% of the Primary Social Security Disability benefit resulting from covered employment for which the member also received service credit in NYCERS,

and

100% of any Workers' Compensation payments.

NOTE: A member who is eligible for Ordinary Disability Retirement, and who is subsequently determined to be eligible for a Service Retirement Benefit shall not lose the right to Ordinary Disability Retirement benefits.

ESCALATION

Cost-of-living adjustments (see Escalation of Benefits) commence on the first day of April following the effective date of the member's Ordinary Disability Retirement, regardless of age. The first year's escalation is pro-rated depending upon the date of retirement.

ACCIDENT DISABILITY RETIREMENT (Section 507 of the RSSL)

A member is eligible for Accident Disability Retirement, if he or she has been awarded Primary Social Security Disability benefits, and is found by the retirement system's Medical Board to be disabled as the result of an accident sustained in the line of duty, not caused by his or her own willful negligence.

The Accident Disability Retirement Benefit is:

60% of *FAS*

less:

50% of the Primary Social Security Disability benefit resulting from covered employment for which the member also received service credit in NYCERS,

and

100% of any Workers' Compensation payments.

NOTE: A member who is eligible for Accident Disability Retirement, and who is subsequently determined to be eligible for a Service Retirement Benefit shall not lose the right to Accident Disability Retirement benefits.

ESCALATION

Cost-of-living adjustments (see Escalation of Benefits) commence on the first day of April following the effective date of the member's Accident Disability Retirement, regardless of age. The first year's escalation is pro-rated depending upon the date of retirement.

DISABILITIES OF MEMBERS OF THE UNIFORMED-FORCE OF THE NEW YORK CITY DEPARTMENT OF CORRECTION

HEART BILL

Section 207-o of the RSSL provides that members of the uniformed-force of the NYC Department of Correction who are disabled by diseases of the heart are presumed to have become disabled in the line of duty and are entitled to a benefit of 75% of salary. The presumption may be rebutted by competent medical evidence.

HAT BILL

Section 207-n of the RSSL provides that members of the uniformed-force of the NYC Department of Correction who contract HIV (where there may have been exposure to a bodily fluid of an inmate or any person confined in an institution under the jurisdiction of the Department of Correction or the Department of Health), tuberculosis or hepatitis are presumed to have become disabled in the line of duty and are entitled to a benefit of 75% of salary. The presumption may be rebutted by competent medical evidence.

**GENERAL LIMITATIONS ON CONTINUED RECEIPT OF DISABILITY BENEFITS
(Ordinary and Accident – Sections 506 and 507 of the RSSL)**

If a member ceases to be eligible for Primary Social Security Disability benefits before attaining age 65, the disability retirement benefit payable from this system ceases. However, if such member is otherwise eligible, the NYC Department of Citywide Administrative Services shall place the name of such person on a preferred eligible list for positions in a salary grade not exceeding that from which he or she was retired. In such event, benefits are continued until the member is first offered a position at such salary grade.

DEATH BENEFITS

ORDINARY DEATH BENEFIT

Any Tier 3 member of the uniformed-force of the NYC Department of Correction on or after July 26, 1986 is covered for an Ordinary Death Benefit upon completion of 90 days of service as a member. The amount of the Ordinary Death Benefit is equal to three times the member's salary, raised to the next higher multiple of \$1,000. In addition, the member's *Accumulated Deductions* are payable.

ARTICLE 14 (TIER 3) ORDINARY DEATH BENEFITS AS OF APRIL 1, 2003

Applicable to ARTICLE 15 (Tier 4) members who joined the retirement system between July 27, 1976 and August 31, 1983, and die between April 1, 2003 and March 31, 2004.

Tier 3 Ordinary Death Benefits are capped at maximum amounts, and are increased on April 1st of each year, based on increases in the Consumer Price Index.

If death occurs before age 60, and *Credited Service* equals:

AT LEAST	BUT NOT MORE THAN	AMOUNT OF BENEFIT (AS OF APRIL 1, 2003)
One Year	Two Years	One <i>times</i> final rate of pay, but not in excess of \$39,900
Two Years	Three Years	Two <i>times</i> final rate of pay, but not in excess of \$79,700
Three Years or more		Three <i>times</i> final rate of pay, but not in excess of \$99,700

If death occurs at age 60 or later, the above benefits will be reduced to the following percentages:

AGE AT DEATH:	AMOUNT OF BENEFIT:
60	95% of benefit in force
61	90% of benefit in force
62	85% of benefit in force
63	80% of benefit in force
64	75% of benefit in force
65	70% of benefit in force
66	65% of benefit in force
67	60% of benefit in force
68	55% of benefit in force
69 or over	50% of benefit in force

PLEASE NOTE: If a member who joined NYCERS between July 27, 1976 and July 25, 1986 is eligible for a Vested Retirement Benefit on the date of his or her death, and his or her *Eligible Beneficiary* is their surviving spouse, he or she, in lieu of the lump-sum benefit provided above, may elect to receive a death benefit of:

- a lump-sum payment equal to one-third of the lump-sum death benefit, **plus**
- a *Pension* equal to 1% times *Final Average Salary* times the member's years of *Credited Service* on the date of death.

If the surviving spouse is more than 10 years younger than the member, the *Pension* described above will be actuarially reduced because of such age difference.

In the event of the death or remarriage of the spouse before an amount equal to the full lump-sum death benefit has been paid, then the difference between the amount paid out and the full lump-sum death benefit will be paid to the spouse or his or her estate, as the case may be.

DEATH BENEFIT FOR VESTED MEMBERS

There is a pre-retirement death benefit payable in the event of the death of a Tier 3 Vested member who is out of service, and who dies on or after January 1, 1997 but prior to retirement and has at least 10 years of *Credited Service* at the time of death. The death benefit is one-half of the Ordinary Death Benefit that would have been payable if the member had died on the last day of service upon which his or her membership was based. The benefit will be payable to the Estate or the designated beneficiary(ies). This is in addition to the refund of the member's accumulated deductions, with interest.

ACCIDENTAL DEATH BENEFIT

If a member dies as a result of an accident sustained in the line of duty, without willful negligence on his or her part, a *Pension* equal to 50% of *FAS* is payable to an *Eligible Beneficiary*.

An *Eligible Beneficiary*, in priority order, is:

- A surviving spouse who has not renounced survivorship rights in a separation agreement, until remarriage.
- Surviving children until age 25.
- Dependent parents.
- Any dependent on the final Federal income tax return of the member, until age 21.

In the event that a class of *Eligible Beneficiaries* consists of more than one person, benefits shall be divided equally among the persons in such class (such as more than one surviving child under the age of 25).

If an *Eligible Beneficiary* receiving the Accidental Death Benefit becomes ineligible to continue to receive such benefit, the benefit shall be continued for all other members of the eligible class of beneficiaries and, if none, to each successive class, if any, during their eligibility to receive such benefit.

SPECIAL NOTE:

If none of the people mentioned above survive the member, the benefit may then be distributed to a person whom the member may have nominated by written designation as his or her beneficiary for payment of the Ordinary Death Benefit.

ESCALATION

Cost-of-living adjustments mentioned above commence on the first day of April following the effective date of the Accidental Death Benefit. The first year's escalation is pro-rated depending upon the date of retirement.

**20-YEAR RETIREMENT PROGRAM
FOR TIER 3 CORRECTION MEMBERS BELOW THE RANK OF CAPTAIN (CO-20)**

Chapter 936 of the Laws of 1990 established a 20-Year Retirement Program for NYC Correction members below the rank of Captain who are subject to ARTICLE 14 of the RSSL. A NYC Department of Correction member below the rank of Captain who was a Tier 3 member of NYCERS on December 19, 1990 (or were members before September 1, 1983), and elected to become a *Participant* in the 20-Year Retirement Program, will be eligible to receive an unreduced retirement allowance after having 20 or more years of *Credited Service*. A member who becomes subject to ARTICLE 14 after December 19, 1990 because he or she is appointed as a Correction member below the rank of Captain (and became a member of NYCERS after August 31, 1983) is automatically enrolled in the 20-Year Retirement Program and is required to have 20 or more years of *Allowable Correction Service* to be eligible to retire under the *Program*.

SERVICE RETIREMENT BENEFIT (CO-20)

Participants may retire after having 20 or more years of *Credited Service* or *Allowable Correction Service*. If they have contributed the required amount of regular member contributions for the first 20 years of such service, and the *Additional Member Contributions* required by the *Program*,

the Service Retirement Benefit is:

For the first 20 years of *Allowable Correction Service*,
50% of *FAS*

For all years of *Allowable Correction Service*, other than the first 20 years of such service,
1 2/3% of *FAS times* the years of such service (not to exceed 30 years).

VESTED RETIREMENT BENEFIT (CO-20)

A *Participant* in the 20-Year Retirement Program for Tier 3 Correction members below the rank of Captain, who resigns after having five or more years of *Credited Service* or *Allowable Correction Service* (see above), but less than 20 years of such service, is eligible to apply for a Vested Retirement Benefit.

The Vested Retirement Benefit is:

2½% of *FAS* for each year, or fraction thereof, of *Credited Service*.

The Vested Retirement Benefit will become payable on the earliest date the *Participant* could have retired with credit for 20 years of *Allowable Correction Service*, if he or she had continued in such service.

DEATH BENEFIT FOR VESTED MEMBERS (CO-20)

There is a pre-retirement death benefit payable in the event of the death of a Tier 3 Vested member who is out of service, and who dies on or after January 1, 1997 but prior to retirement and has at least 10 years of *Credited Service* at the time of death. The death benefit is one-half of the ordinary death benefit that would have been payable if the member had died on the last day of service upon which his or her membership was based. The benefit will be payable to the Estate or the designated beneficiary(ies). This is in addition to the refund of the member's accumulated deductions, with interest.

20-YEAR RETIREMENT PROGRAM FOR TIER 3 CORRECTION OFFICERS OF THE RANK OF CAPTAIN OR ABOVE (CC-20)

Chapter 631 of the Laws of 1993 established a 20-Year Retirement Program for NYC Correction Officers of the rank of Captain or above who are subject to ARTICLE 14 of the RSSL. A NYC Correction Officer of the rank of Captain or above, who was a Tier 3 member of NYCERS on August 4, 1993 (or were members before September 1, 1983), and elected to become a *Participant* in the 20-Year Retirement Program (*Program*), or any member who thereafter became eligible to file an election to participate in the *Program* and did so, is eligible to receive an unreduced retirement benefit after having 20 or more years of *Credited Service*.

A NYC Correction Officer of the rank of Captain or above who becomes subject to ARTICLE 14 after August 4, 1993 because they are appointed as a Correction Captain (and become a member of NYCERS after August 31, 1983) is automatically enrolled in the 20-Year Retirement Program and are required to have 20 or more years of *Allowable Correction Service* to be eligible to retire under the *Program*.

SERVICE RETIREMENT BENEFIT (CC-20)

Participants may retire after having credit for 20 or more years of *Credited Service* or *Allowable Correction Service*. If they have contributed the required amount of regular member contributions for the first 20 years of such service, and the *Additional Member Contributions* required by the *Program*,

the Service Retirement Benefit is:

For the first 20 years of *Allowable Correction Service*,
50% of *FAS*,

plus

For all years of *Allowable Correction Service*, other than the first 20 years of such service (not to exceed 30 years)

1 2/3% of *FAS*.

VESTED RETIREMENT BENEFIT (CC-20)

A *Participant* in the 20-Year Retirement Program for Tier 3 Correction Officers of the rank of Captain or above, who resigns after having credit for five or more years of *Credited Service* or *Allowable Correction Service* (see above), but less than 20 years of such service, is eligible to apply for a Vested Retirement Benefit.

The Vested Retirement Benefit is:

2½% of *FAS* for each year, or fraction thereof, of *Credited Service*.

The Vested Retirement Benefit will become payable on the earliest date the *Participant* could have retired with credit for 20 years of *Credited Service* or *Allowable Correction Service*, if he or she had continued in such service.

DEATH BENEFIT FOR VESTED MEMBERS (CC-20)

There is a pre-retirement death benefit payable in the event of the death of a Tier 3 Vested member who is out of service, and who dies on or after January 1, 1997 but prior to retirement and has at least 10 years of *Credited Service* at the time of death. The death benefit is one-half of the Ordinary Death Benefit that would have been payable if the member had died on the last day of service upon which his or her membership was based. The benefit will be payable to the Estate or the designated beneficiary(ies). This is in addition to the refund of the refund of the member's accumulated deductions, with interest.

TIER 3 RETIREMENT OPTIONS**SELECTION OF BENEFITS WITHOUT OPTIONAL MODIFICATION
(MAXIMUM RETIREMENT BENEFIT)**

If a member, upon retirement, does not elect one of the options listed below, his or her benefit will be paid as a Maximum Retirement Benefit, payable in monthly installments throughout his or her life, with all payments ceasing at death.

**OPTION 1:
100% JOINT-AND-SURVIVOR**

The pensioner receives a reduced monthly lifetime benefit. When the pensioner dies, the surviving beneficiary receives the same reduced monthly benefit for life. Only one beneficiary may be named, and the beneficiary may not be changed once named and the option is in effect.

**OPTION 2:
OTHER JOINT-AND-SURVIVOR OPTIONS**

The pensioner receives a reduced monthly lifetime benefit. When the pensioner dies, the surviving beneficiary receives a benefit of 90% or less, depending on the pensioner's choice, in increments of not less than 10%, of the pensioner's reduced monthly benefit for life. Only one beneficiary may be named, and the beneficiary may not be changed once named and the option is in effect.

**OPTION 3:
FIVE-YEAR CERTAIN**

The pensioner receives a reduced monthly lifetime benefit. If the pensioner dies within five years of retirement, the reduced monthly retirement benefit will continue to be paid to the surviving designated primary beneficiary for the unexpired balance of the five-year period. If the designated primary beneficiary predeceases the pensioner, the balance of the payments due for the unexpired balance of the five-year period is continued to the pensioner's contingent beneficiary or, if none exists, is paid in a lump-sum to the estate of the pensioner. Should a designated beneficiary who has started to receive payments after the death of the pensioner thereafter die before the unexpired balance of the five-year period, the balance of the payments for the unexpired balance of the five-year period is paid in a lump-sum to the designated contingent beneficiary or, if none exists, to the estate of the primary beneficiary.

**OPTION 4:
TEN-YEAR CERTAIN**

The pensioner receives a reduced monthly lifetime benefit. If the pensioner dies within 10 years of retirement, the reduced monthly retirement benefit will continue to be paid to the surviving designated primary beneficiary for the unexpired balance of the 10-year period. If the designated primary beneficiary predeceases the pensioner, the balance of the payments due for the unexpired

balance of the 10-year period is continued to the pensioner's contingent beneficiary or, if none exists, is paid in a lump-sum to the estate of the pensioner. Should a designated beneficiary who has started to receive payments after the death of the pensioner thereafter die before the unexpired balance of the 10-year period, the balance of the payments for the unexpired balance of the 10-year period is paid in a lump-sum to the designated contingent beneficiary or, if none exists, to the estate of the primary beneficiary.

Members who retire on or after November 21, 1992 are eligible to elect Option 5, the *Pop-Up Option*.

**OPTION 5:
POP-UP OPTION**

The Pop-Up Option is a variation of Options 1 and 2. The pensioner receives a reduced monthly lifetime benefit under a 100%, 90% or less, depending on the pensioner's choice, in increments of not less than 10%, of the pensioner's reduced benefit under a joint-and-survivor selection. If the beneficiary dies before the pensioner, the pensioner's benefit "pops-up," that is, it automatically becomes the Maximum Retirement Benefit.

TIER 4**ARTICLE 15 - COORDINATED RETIREMENT PLAN****SERVICE RETIREMENT BENEFIT**

Tier 4 membership is mandatory for all employees who complete six months in a permanent position in the competitive or labor class after July 26, 1976, **EXCEPT**

- members who are employed in the uniformed-force of the NYC Department of Correction who are Tier 3 members governed by ARTICLE 14 of the Retirement and Social Security Law (RSSL), and
- members employed as Investigators by District Attorneys' offices who are Tier 2 members governed by ARTICLE 11 of the RSSL.

Permanent employees may voluntarily join NYCERS at any time during the first six months of covered employment. Tier 4 membership is optional, by voluntary enrollment, for employees who receive appointment to a provisional, non-competitive, exempt or unclassified position.

Under the *Basic Tier 4, 62/5 Plan*, members are eligible for a Service Retirement Benefit at age 62 with five or more years of *Credited Service*, including at least two years of *Membership Service*.

The *Final Average Salary (FAS)* on which retirement benefits are based is determined by adding the highest annual wages earned for any three consecutive years and dividing that sum by three. If the wages earned during any year included in the *FAS* exceeds that of the average of the previous two years by more than 10%, the amount in excess of 10% will be excluded from the computation of the *FAS*.

The Service Retirement Benefit is:

With less than 20 years of *Credited Service*,

1 2/3% of *FAS times* the years of *Credited Service*.

With 20 or more years of *Credited Service*,

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

plus

1½% of *FAS times* each year of *Credited Service* in excess of 30.

EARLY SERVICE RETIREMENT

Basic Tier 4 members who do not belong to a special plan (i.e. 55/25, 57/5 or the TA 25/55 Program) can retire prior to the normal retirement age of 62, if they have met the minimum service requirement. However, they may not retire prior to age 55.

Members may retire and elect to receive their payments between the ages of 55 and 62. The Service Retirement Benefit will be reduced by ½ of 1% for each of the 24 months that the payment date precedes age 62, plus ¼ of 1% for each month it precedes age 60 (before reduction for a survivor option).

The following table shows the percentage reduction for various ages:

AGE PAYMENT BEGINS	PERCENT OF BENEFIT REDUCTION
61	6
60	12
59	15
58	18
57	21
56	24
55	27

VESTED RETIREMENT BENEFIT

A member who terminates City service after having five or more years of *Credited Service*, including at least two years of *Membership Service* subsequent to July 26, 1976 or after last joining a public retirement system, if later, may receive benefits at age 62 in accordance with the Service Retirement Benefit formula set forth above.

Members with between five and 10 years of *Credited Service* may still terminate their membership and receive a refund of their accumulated deductions but in electing to do so, they forfeit their right to any future benefit from NYCERS. However, a member with 10 or more years of *Credited Service* may not receive a refund of his or her accumulated deductions.

DISABILITY RETIREMENT BENEFIT

Ten or more years of *Credited Service* rendered subsequent to July 26, 1976, including at least two years of *Membership Service*, is required for eligibility for a Disability Retirement Benefit. However, if any such 10 or more years of *Credited Service* includes purchased service rendered in a former membership, such purchased service need not have been rendered after July 26, 1976.

The requirement of 10 or more years of *Credited Service* is not applicable to members who apply for a disability retirement, when the disability is the result of a line-of-duty accident not caused by the member's own willful negligence.

The Disability Retirement Benefit is the greater of:

one-third of *FAS*,

or

1 2/3% *times FAS times years of Credited Service*.

DISABILITIES OF FDNY EMERGENCY MEDICAL TECHNICIANS

ACCIDENT DISABILITY BENEFIT

Chapter 587 of the laws of 1998 added a new Section 607-b to the Retirement and Social Security Law to provide a line-of-duty disability to Emergency Medical Technicians (EMT) who become mentally or physically incapacitated on or after March 17, 1996, as a natural and proximate result of

an injury sustained in the performance of duty. Furthermore, an EMT member who contracts HIV (where he or she may have been exposed to bodily fluids of a person under their care or treatment, or while the member examined, transported or has contact with such person in the performance of duties), tuberculosis or hepatitis will be presumed to have contracted such disease in the performance of duties, unless the contrary is proven by competent evidence. The benefit will be 75% of the member's Final Average Salary (*FAS*).

HEART BILL

Chapter 697 of the Laws of 2002 provides for a presumption that a disease of the heart was incurred in the performance of duty for Emergency Medical Technicians and Paramedics employed by the Fire Department of New York. Such members are entitled to a benefit of 75% of their Final Average Salary (*FAS*). The presumption may be rebutted by competent medical evidence.

THREE QUARTER ACCIDENT DISABILITY BENEFIT FOR UNIFORMED SANITATION WORKERS

Chapter 507 of the Laws of 2002 creates a new section 605-b of Article 15 of the RSSL for Tier 4 Uniformed Sanitation members of NYCERS. This law creates a $\frac{3}{4}$ Final Average Salary Accident benefit for eligible members who have either: become disabled subsequent to September 17, 2002 or have been retired for disability under Sections 605 or 507 of the RSSL between November 1, 1982 and September 16, 2002. An eligible member must be a NYC Uniform Sanitation member, and determined by NYCERS to be physically or mentally incapacitated as the natural or proximate cause of an "accident", and such accident was not caused by his/her willful negligence, and such accident was sustained in the performance of Sanitation Service and that the applicant was a NYCERS member when the accident occurred.

FINAL MEDICAL REVIEW

If your application for accidental disability retirement is denied by NYCERS' Board of Trustees, either your bargaining representative or the head of the agency by which you are employed may, on your behalf, request a review by the Medical Review Board, a panel of three independent specialists. **For members who are Tier 4 Uniformed Sanitation Members, you must file a request with the Final Medical Review Board within 15 days of receipt of the letter denying your application for disability.** In order for a request to be valid, you must file a waiver in which you agree that the decision of the Medical Review Board is final and conclusive, and you waive any and all rights to seek another disposition by court, administrative proceeding or any other process.

ORDINARY DEATH BENEFITS FOR TIERS 2, 3 AND 4 MEMBERS

Anyone who becomes a member of NYCERS after January 1, 2001 will automatically be covered by Death Benefit Plan 2.

If a member selected Death Benefit Plan 1, the beneficiaries of Tiers 2, 3, and 4 members who die in service collect the greater of Death Benefit Plan 2 or Death Benefit Plan 1.

Previously, any person who joined NYCERS after June 30, 1973, other than members of the uniformed forces of the departments of Correction and Sanitation and Transit operating-force members, were required to choose between the two following death benefit plans, under the terms of which a benefit is paid at his or her death:

DEATH BENEFIT PLAN 1: Pays a benefit equal to one month's salary for each year of *Credited Service*, up to a maximum of three year's salary. In addition, the member's *Accumulated Deductions* are refunded. If the member would have been eligible to receive an unreduced retirement allowance at the time of death, the benefit is the reserve on the retirement allowance which would have been payable had he or she retired on the day before the date of death, if greater.

DEATH BENEFIT PLAN 2: Pays a benefit equal to one year's salary for each year of *Credited Service*, up to a maximum of three years' salary after three years of *Credited Service*. In addition, the member's *Accumulated Deductions* are refunded.

For either Death Benefit Plan 1 or 2, a benefit is also payable upon death after retirement. Such benefit is a percentage of the benefit in force immediately before retirement as follows:

If death occurs in the first year after retirement:

50% of such benefit;

If death occurs in the second year after retirement:

25% of such benefit;

If death occurs in the third year of retirement or later:

10% of the benefit in force at age 60, if any, or at retirement if before age 60.

If you selected Death Benefit Plan 2 the percentage payable will be reduced annually once you attain age 61 while in City service, regardless of their age when joining NYCERS.

Age	Percentage Payable
61	95% of benefit in force
62	90% of benefit in force
63	85% of benefit in force
64	80% of benefit in force
65	75% of benefit in force
66	70% of benefit in force

Age	Percentage Payable
67	65% of benefit in force
68	60% of benefit in force
69	55% of benefit in force
70 ⁺	50% of benefit in force

SPECIAL NOTE:

The beneficiaries of Tiers 2, 3, and 4 members who die in service collect the greater of Death Benefit Plan 2 or Death Benefit Plan 1, if the member selected Death Benefit Plan 1.

Anyone who becomes a member of NYCERS before January 1, 2001 will also be covered by Death Benefit 2, unless the member elected Death Benefit Plan 1 in a timely manner, and the death benefit would be greater than under Death Benefit Plan 2.

DEATH BENEFIT PAYABLE TO PRE-JULY 26, 1986 TIER 4 MEMBERS

In the event of the death of a member who joined the retirement system before July 26, 1986, the death benefit payable to his or her beneficiary or estate, as the case may be, is a lump-sum or an *Annuity* based thereon, calculated by multiplying one-twelfth of the wages earned by such member during the last 12 months of active City service, while a member, by the number of years of *Credited Service*, not in excess of 36 years of such service. Alternately, the Ordinary Death Benefit described above, which is also available to all other Tier 4 members, is payable.

DEATH BENEFIT FOR MEMBERS OF THE TRANSIT OPERATING-FORCE OR THE UNIFORMED-FORCE OF THE NYC DEPARTMENT OF SANITATION

A Tier 4 member of either the Transit operating-force or the uniformed-force of the NYC Department of Sanitation is covered for a death benefit upon having credit for ninety days of service. The amount of the death benefit is equal to three times the member's salary, raised to the next higher multiple of \$1,000. In addition, the member's *Accumulated Deductions* are payable.

DEATH BENEFIT FOR VESTED MEMBERS

There is a pre-retirement death benefit payable in the event of the death of a Tier 4 Vested member who is out of service, and who dies on or after January 1, 1997 but prior to retirement and has at least 10 years of *Credited Service* at the time of death. The death benefit is one-half of the Ordinary Death Benefit that would have been payable if the member had died on the last day of service upon which his or her membership was based. The benefit will be payable to the Estate or the designated beneficiary(ies). This is in addition to the refund of the member's accumulated deductions, with interest.

ACCIDENTAL DEATH BENEFIT

If a member dies as a result of an accident sustained in the performance of his or her duties while in active City service, without willful negligence on his or her part, and while actually a member of NYCERS, a pension equal to 50% of the *Wages* earned by him or her during the last year of *Credited Service* will be paid to an *Eligible Beneficiary*.

An *Eligible Beneficiary*, in priority of the order is:

- A surviving spouse who has not renounced survivorship rights in a separation agreement, until remarriage
- Surviving children until age 25
- Dependent parents, determined under regulations promulgated by NYCERS' Board of Trustees
- Any dependent on the final Federal income tax return of the member, until age 21

OR

- Anyone you name as your beneficiary for your Ordinary Death Benefit (SEE IMPORTANT NOTE)

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

If an *Eligible Beneficiary* receiving the Accidental Death Benefit becomes ineligible to continue to receive such benefit, the benefit shall be continued for all other members of the eligible class of beneficiaries and, if none, to each successive class, if any, during their eligibility for such benefit.

IMPORTANT NOTE:

Should your death be the result of an on-the-job accident, and if no *Eligible Beneficiary* (as listed above) exists at the time of your death, then the Accidental Death Benefit may be paid, upon application, to the person designated as the beneficiary to receive payment of your Ordinary Death Benefit. (either primary or contingent but not both).

**LOANS
(TIERS 3 AND 4 MEMBERS)**

A Tier 4 member in active service, who has credit for at least one year of *Membership Service*, may borrow up to 75% of the amount last posted to his or her Member Contribution Accumulation Fund (MCAF) account, minus any outstanding loan.

The following restrictions apply to all Tier 4 loans.

- A member must be in active service on a participating employer's payroll to be issued a loan.
- Loans are limited to no more than one loan during any twelve-month period.
- The minimum amount of a loan is \$1,000. (A member must have at least \$1,334 to his or her credit in his or her MCAF account to qualify for the minimum loan amount.)
- There is a service fee of \$15.00 that is charged for processing a loan application. The fee is deducted from the amount of the loan check.
- In addition, there is a mandatory insurance charge on each loan. The current loan insurance premium of .3% is deducted from each payment.
- Once a loan has been issued, it may not be canceled.
- Loans are repaid through payroll deductions of not less than 2% of the member's gross salary, for a period not greater than five years.
- **If a member is on active military leave, obligation to repay loans will be suspended, and shall be extended for the same amount of time the member was on military duty.**
- If a member resigns or is terminated, he or she may make arrangements with NYCERS to make periodic direct payments.
- Non-payment of a loan may result in: forfeiture of future entitlements to borrow; a reduction of retirement benefits; tax liabilities.
- Loans greater than \$10,000 or consolidated loans over \$50,000 may be subject to taxation.
- At retirement, outstanding loan balances are subject to taxation.
- Loans are fully insured after 30 days.

20-YEAR RETIREMENT PROGRAM FOR MEMBERS OF THE UNIFORMED-FORCE OF THE NYC DEPARTMENT OF SANITATION (SA-20)

Chapter 547 of the Laws of 1992 established a 20-Year Retirement Program (*Program*) for members of the uniformed-force of the NYC Department of Sanitation who are subject to ARTICLE 15 of the RSSL. A member of the uniformed-force of the NYC Department of Sanitation who was a member of NYCERS on July 24, 1992, and elected to become a *Participant* in the 20-Year Retirement Program, is eligible to receive an unreduced retirement allowance after having credit for 20 or more years of *Allowable Sanitation Service*.

A person who becomes a member of the uniformed-force of the NYC Department of Sanitation after July 24, 1992, and joins NYCERS upon becoming so employed, is automatically enrolled in the 20-Year Retirement Program.

SERVICE RETIREMENT BENEFIT (SA-20)

Participants may retire after having credit for 20 or more years of *Allowable Sanitation Service*. If they have contributed the required amount of regular member contributions for the first 20 years of such service, and the *Additional Member Contributions* required by the *Program*,

the Service Retirement Benefit is:

- **For the first 20 years of *Allowable Sanitation Service*,**
50% of *FAS*,
- plus**
- **For all years of *Allowable Sanitation Service*, other than the first 20 years of such service,**
1½% of *Final Compensation times* the years of such service,
- plus**
- **For each year, (or fraction thereof), of *Credited Service*, other than *Allowable Sanitation Service*,**
1% of *Final Compensation*.

VESTED RETIREMENT BENEFIT (SA-20)

Participants in the *Program* who resign after having credit for five or more years of *Allowable Sanitation Service*, but less than 20 years of such service, and do not withdraw their *Accumulated Member Contributions*, are eligible to apply for a Vested Retirement Benefit, which becomes payable on the date that the *Participant* could have retired with credit for 20 years of *Allowable Sanitation Service*, if he or she had continued in such service.

The Vested Retirement Benefit is:

- **For each year of *Allowable Sanitation Service* credited to the member at the time of discontinuance,**
2½% of *FAS*,
- plus**
- **For each year, or fraction thereof, of *Credited Service* other than *Allowable Sanitation Service*,**
1% of *Final Compensation*.

DEATH BENEFIT FOR VESTED MEMBERS (SA-20)

There is a pre-retirement death benefit payable in the event of the death of a Tier 4 Vested member who is out of service, and who dies on or after January 1, 1997 but prior to retirement, and has at least 10 years of *Credited Service* at the time of death. The death benefit is one-half of the Ordinary Death Benefit that would have been payable if the member had died on the last day of service upon which his or her membership was based. The benefit will be payable to the Estate or the designated beneficiary(ies). This is in addition to the refund of the member's accumulated deductions, with interest

25-YEAR AND AGE-55 RETIREMENT PROGRAM FOR NEW YORK CITY TRANSIT AUTHORITY OPERATING-FORCE MEMBERS (T2555)

Chapter 529 of the Laws of 1994 established a 25-Year And Age 55 Retirement Program (*Program*) for New York City Transit Authority operating-force members subject to ARTICLE 15 (Tier 4) of the Retirement and Social Security Law. A New York City Transit Authority operating-force employee who was a Tier 4 member of NYCERS on July 26, 1994, and elected to become a *Participant* in the 25-Year And Age-55 Retirement Program, is eligible to receive an unreduced retirement allowance after having credit for 25 or more years of *Allowable Service in the Transit Authority* and attainment of age 55. A person who becomes a *Transit Authority Member* after July 26, 1994, and joins NYCERS upon becoming so employed, is automatically enrolled in the 25-Year And Age-55 Retirement Program.

SERVICE RETIREMENT BENEFIT (T2555)

Participants may retire with credit for 25 or more years of *Allowable Service in the Transit Authority*. If they have contributed the required amount of regular member contributions for the first 25 years of such service, and the *Additional Member Contributions* required by the *Program*,

the Service Retirement Benefit is:

- **For the first 25 years of *Allowable Service in the Transit Authority*,**
50% of *FAS*,
- plus**
- **For each additional year beyond the first 25 years of *Allowable Service in the Transit Authority* (to a maximum of 30 years of such service),**
2% of *FAS*,
- plus**
- **For each additional year of *Allowable Service in the Transit Authority* in excess of 30 years of such service,**
1½% of *FAS*.

VESTED RETIREMENT BENEFIT (T2555)

A *Participant* in the *Transit 55/25 Program* with at least 25 years of *Allowable Service in the Transit Authority*, but has not attained age 55, is eligible for a Vested Retirement Benefit which becomes payable on his or her 55th birthday.

A *Participant* with five or more years of *Credited Service* but less than 25 years of *Allowable Service in the Transit Authority* is eligible for a Vested Retirement Benefit under the *62/5 Plan*, payable at age 62.

The Vested Retirement Benefit is computed as follows:

- 2% of *FAS* for each year of *Allowable Service in the Transit Authority*, up to 30 years of such service,
- plus**
- 1½% times *FAS* times the years of *Allowable Service in the Transit Authority* in excess of 30.

25-YEAR EARLY RETIREMENT PROGRAM (55/25)

Chapter 96 of the Laws of 1995 established a 25-Year Early Retirement Program (*Program*) for Tier 4 members who were employed in an *Eligible Position* on June 28, 1995. *Eligible Members* who were in Active Service in an *Eligible Position* on June 28, 1995, and elected to become a *Participant* in the 25-Year Early Retirement Program, are eligible to receive an unreduced retirement allowance after having 25 or more years of *Credited Service* and attaining age 55. *Participants* employed in positions designated as physically-taxing who have 25 or more years of *Credited Service* in *Physically-Taxing Positions* will be able to retire at age 50 with no benefit reduction. A person who becomes an *Eligible Member* in *Active Service* after June 28, 1995 may elect to participate in the *Program* by filing an application with NYCERS within 90 days after becoming an *Eligible Member* in *Active Service*.

SERVICE RETIREMENT BENEFIT (55/25)

Participants may retire with 25 or more years of *Credited Service*. If they have contributed the required amount of regular member contributions, and the *Additional Member Contributions* required by the *Program*,

The Service Retirement Benefit is:

- **For the years of *Credited Service*, up to 30 years of such service,**
2% times *FAS*
- plus**
- **For each additional year of *Credited Service* in excess of 30 years of such service,**
1½% of *FAS*.

NO VESTING OR DEFERRING (55/25)

There is no provision for vesting or deferring under this *Program*. A *Participant* must meet both the age and service requirements in order to be eligible for a service retirement benefit under the *Program*. A *Participant* who wishes to retire, and does not meet the age **and** service requirements, may retire under their previous plan provisions. Such a *Participant*, however, is not eligible for a refund of any part of the *Additional Member Contributions* made while a participant in the *Program*.

AGE-57 RETIREMENT PROGRAM (57/5)

Chapter 96 of the Laws of 1995 established the Age-57 Retirement Program (*Program*) for any person who **was not** employed in an *Eligible Position* on June 28, 1995. A Tier 4 member of

NYCERS whose date of membership is prior to June 28, 1995, and who was not employed in an *Eligible Position* on June 28, 1995, and who becomes employed in an *Eligible Position in Active Service* after June 28, 1995, may elect to participate in the *Program* by filing an application with NYCERS within 90 days after becoming an *Eligible Member* in active service.

Any person who becomes an *Eligible Member* in active service after June 28, 1995 is mandated into the Age-57 Retirement Program. *Participants* in the *Program* who have five or more years of *Credited Service* will be able to retire at age 57 with no benefit reduction due to age. *Participants* employed in positions designated as physically-taxing who have 25 or more years of *Credited Service* in *Physically-Taxing Positions* will be able to retire at age 50 with no benefit reduction.

SERVICE RETIREMENT BENEFIT (57/5)

Participants may retire with five or more years of *Credited Service*. If they have contributed the required amount of regular member contributions, and the *Additional Member Contributions* required by the *Program*,

The Service Retirement Benefit is:

- **For *Participants* with less than 20 years of *Credited Service*;**
 $1 \frac{2}{3}\%$ times FAS times the years of *Credited Service*
- **For *Participants* with 20 or more years of *Credited Service*;**

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

plus

For each additional year of *Credited Service* in excess of 30 years of such service,
 $1\frac{1}{2}\%$ of FAS.

VESTED RETIREMENT BENEFIT (57/5)

Participants will be eligible for a Vested Retirement Benefit after they have five or more years of *Credited Service*, with payability at age 57.

The Vested Retirement Benefit is computed the same as a Service Retirement Benefit.

**20-YEAR AND AGE-50 RETIREMENT PROGRAM
 FOR MEMBERS EMPLOYED AS MTA BRIDGE & TUNNEL OFFICERS, SERGEANTS
 AND LIEUTENANTS (TBTA 50/20)**

Chapter 472 of the Laws of 1995 established a 20-Year And Age-50 Retirement Program (*Program*) for Tier 4 members of NYCERS who were a *MTA Bridge & Tunnel Member* on August 2, 1995. *MTA Bridge and Tunnel Members* who were in *Active Service* on August 2, 1995 were required to file an election form with NYCERS no later than January 29, 1996. A person who becomes a *MTA Bridge & Tunnel Member* after August 2, 1995 may elect to participate in the *Program* by filing an application with NYCERS within 180 days after becoming a *MTA Bridge & Tunnel Member* in *Active Service*.

Participants may retire at age 50 or later and receive an unreduced retirement allowance after having 20 or more years of *Credited Service*.

SERVICE RETIREMENT BENEFIT (MTA BRIDGE & TUNNELS 50/20)

Participants may retire with 20 or more years of *Credited Service*. If they have contributed the *Additional Member Contributions* required by the *Program**,

The Service Retirement Benefit is:

- **For the first 20 years of Allowable Service,**
50% of *Final Average Salary (FAS)*
plus
 - **For years of additional Allowable Service (to a maximum of 30 years of such service),**
1½% *times FAS*
- * Should a MTA Bridge & Tunnel member have a deficit in reserves, he or she can still retire and rather than take an actuarial reduction, the member can then elect to receive his or her full *Pension*, and pay off the deficit, with interest, in monthly installments over a period up to nine years. The member also has the option to make a partial payment at retirement only, and/or a total lump-sum payment at any time during the payment period.

VESTED RETIREMENT BENEFIT (MTA BRIDGE & TUNNEL 50/20)

A *Participant* who discontinues service as a *MTA Bridge & Tunnel Member*, and prior to such discontinuance completes at least five but less than 20 years of *Credited Service*, and has paid (prior to discontinuance) all *Additional Member Contributions* required of the *Program*, and does not withdraw in whole or in part his or her *Accumulated Member Contributions* will be entitled to a Vested Retirement Benefit which shall vest automatically.

The Vested Retirement Benefit becomes payable on the earliest date the *Participant* could have retired for service (the date on which the member would have completed 20 years of MTA Bridge & Tunnel service, if such continuance had occurred).

The Vested Retirement Benefit is:

2½% *times FAS* for each year of *Credited Service*.

25-YEAR RETIREMENT PROGRAM FOR DISPATCHER MEMBERS (DIS25)

Chapter 576 of the Laws of 2000 established a 25-Year Retirement Program (*Program*) for Tier 4 members of NYCERS who were *Dispatcher Members* on December 8, 2000. Any person who was a Tier 4 *Dispatcher Member* on December 8, 2000 could elect to become a *Participant* in the *Program* by filing a duly executed application with NYCERS no later than June 6, 2001, provided he or she was a *Dispatcher Member* on the date such application was filed. Any NYCERS' Tier 4 member who becomes a *Dispatcher Member* after December 8, 2000 and has pre-existing Tier 4 rights, may elect to become a *Participant* in the *Program* by filing within 180 days after becoming such *Dispatcher Member*, a duly executed application with NYCERS, provided he or she is a *Dispatcher Member* on the date such application is filed.

Any person who becomes a Tier 4 *Dispatcher Member* after December 8, 2000 is automatically enrolled in the 25-Year Retirement Program.

SERVICE RETIREMENT BENEFIT (DIS25)

Participants may retire if they have credit for 25 or more years of *Allowable Service as a Dispatcher Member*, and have paid all their *Additional Member Contributions*,

The Service Retirement Benefit is:

- **For the first 25 years of *Allowable Service as a Dispatcher Member*,**
50% of *Final Average Salary (FAS)*
plus
- **For each additional year (or fraction) beyond the first 25 years of *Allowable Service as a Dispatcher Member*, but not to exceed more than five years of additional service as a *Dispatcher Member***
2% of *FAS*

VESTED RETIREMENT BENEFIT (DIS25)

A *Participant* who discontinues service as a *Dispatcher Member*, and prior to such discontinuance completes at least five but less than 25 years of *Allowable Service as a Dispatcher Member*, and has paid (prior to discontinuance) all *Additional Member Contributions* required of the *Program*, and does not withdraw in whole or in part his or her *Accumulated Member Contributions* will be entitled to a Vested Retirement Benefit which shall vest automatically.

The Vested Retirement Benefit becomes payable on the earliest date the *Participant* could have retired for service (the date on which the member would have completed 25 years of *Allowable Service as a Dispatcher Member*).

The Vested Retirement Benefit is:

A *Pension* of 2% of *FAS* for each year (or fraction) of *Allowable Service as a Dispatcher Member* credited to the *Participant* at the time of discontinuance.

25-YEAR RETIREMENT PROGRAM FOR EMT MEMBERS (EMT25)

Chapter 577 of the Laws of 2000 established a 25-Year Retirement Program (*Program*) for Tier 4 members of NYCERS who were EMT Members on December 8, 2000. Any person who was a Tier 4 *EMT Member* on December 8, 2000 could elect to become a *Participant* in the *Program* by filing a duly executed application with NYCERS no later than June 6, 2001, provided he or she was an *EMT Member* on the date such application was filed. Any NYCERS' Tier 4 member who becomes an *EMT Member* after December 8, 2000 and has pre-existing Tier 4 rights, may elect to become a *Participant* in the *Program* by filing within 180 days after becoming such *EMT Member*, a duly executed application with NYCERS, provided he or she is an *EMT Member* on the date such application is filed.

Any person who becomes a Tier 4 *EMT Member* after December 8, 2000 is automatically enrolled in the 25-Year Retirement Program.

SERVICE RETIREMENT BENEFIT (EMT25)

Participants may retire if they have credit for 25 or more years of *Allowable Service as an EMT Member*, and have paid all their *Additional Member Contributions*.

The Service Retirement Benefit is:

- **For the first 25 years of *Allowable Service as an EMT Member*,**
50% of *Final Average Salary (FAS)*
plus
- **For each additional year (or fraction) beyond the first 25 years of *Allowable Service as an EMT Member*, but not to exceed more than five years of additional service as an *EMT Member***
2% of *FAS*

VESTED RETIREMENT BENEFIT (EMT25)

A *Participant* who discontinues service as an *EMT Member*, and prior to such discontinuance completes at least five but less than 25 years of *Allowable Service as an EMT Member*, and has paid (prior to discontinuance) all *Additional Member Contributions* required of the *Program*, and does not withdraw in whole or in part his or her *Accumulated Member Contributions* will be entitled to a Vested Retirement Benefit which shall vest automatically.

The Vested Retirement Benefit becomes payable on the earliest date the *Participant* could have retired for service (the date on which the member would have completed 25 years of *Allowable Service as an EMT Member*).

The Vested Retirement Benefit is:

A *Pension* of 2% of *FAS* for each year (or fraction) of *Allowable Service as an EMT Member* credited to the *Participant* at the time of discontinuance.

25-YEAR RETIRMENT PROGRAM FOR DEPUTY SHERIFF MEMBERS (DSH-25)

Chapter 559 of the Laws of 2001 establishes a 25-Year Retirement Program for Tier 4 members of NYCERS who were Deputy Sheriff Members on December 12, 2001. Any person who was a *Deputy Sheriff Member* on December 12, 2001 could elect to become a *Participant* in the *Program* by filing a duly executed application with NYCERS no later than June 10, 2002, provided he or she was a *Deputy Sheriff Member* on the date the application was filed.

Any NYCERS' Tier 4 member who becomes a *Deputy Sheriff Member* after December 12, 2001 and has pre-existing Tier 4 rights, may elect to become a *Participant* in the *Program* by filing within 180 days after becoming a *Deputy Sheriff Member*, a duly executed application with NYCERS provided he or she is a *Deputy Sheriff Member* at the time of filing such application.

Any person who becomes a Tier 4 *Deputy Sheriff Member* after December 12, 2001 is automatically enrolled in the 25-Year Retirement Program.

SERVICE RETIREMENT BENEFIT (DSH25)

Participants may retire if they have credit for 25 or more years of *Credited Service*, and have paid all their *Additional Member Contributions*.

The Service Retirement Benefit is:

For the first 25 years of credited service:

A *Pension* which equals:

55% of *Final Average Salary (FAS)*

plus

1.7% of *FAS* for each additional year (or fraction) beyond the first 25 years of *Credited Service*, but not to exceed more than five years of additional service as a *Deputy Sheriff Member*

NO PARTICIPANT WAS ELIGIBLE TO RETIRE UNDER THIS PROGRAM PRIOR TO DECEMBER 12, 2001**VESTED RETIREMENT BENEFIT (DSH25)**

A *Participant* who discontinues service as a *Deputy Sheriff Member*, and prior to such discontinuance completes at least five but less than 25 years of *Credited Service* as a *Deputy Sheriff Member*, and has paid (prior to discontinuance) all *Additional Member Contributions* required of *Program*, and does not withdraw in whole or in part his or her *Accumulated Member Contributions* will be entitled to a Vested Retirement Benefit which shall vest automatically.

The Vested Retirement Benefit becomes payable on the earliest date the *Participant* could have retired for service on the date which the member would have completed 25 years of *Credited Service*.

The Vested Retirement Benefit is:

A *Pension* of 2.2% of *FAS* for each year of *Credited Service* credited to the *Participant* at the time of discontinuance.

AUTOMOTIVE SERVICE WORKERS 25-YEAR AND AGE 50 RETIREMENT PROGRAM (AUT25)

Chapter 414 of the Laws of 2002 (previously Chapter 560 of Laws of 2001) established a 25-Year/Age 50 Retirement Program for Tier 4 members of NYCERS who were Automotive Service Worker Members on December 12, 2001. Any person who was a Tier 4 *Automotive Service Worker Member* on December 12, 2001 could elect to become a *Participant* in the *Program* by filing a duly executed application with NYCERS no later than June 10, 2002, provided he or she was an *Automotive Service Worker Member* on the date the application was filed. Any NYCERS' Tier 4 member who becomes an *Automotive Service Worker* after December 12, 2001 and has pre-existing Tier 4 rights, may elect to become a *Participant* in the *Program* by filing within 180 days after becoming an *Automotive Service Worker Member*, a duly executed application with NYCERS provided he or she is an *Automotive Service Worker Member* at the time of filing such application. Any person who becomes a Tier 4 Automotive Service Worker Member after December 12, 2001 is automatically enrolled in the 25-Year and Age 50 Retirement Program.

SERVICE RETIREMENT BENEFIT (AUT25)

Participants may retire if they are at least age 50 with credit for 25 or more years of *Credited Service* as an *Automotive Service Worker Member*, and have paid all their *Additional Member Contributions*.

The Service Retirement Benefit is:

For the first 25 years of credited service:

A *Pension* which equals:

50% of *Final Average Salary (FAS)*

plus

an additional 2% of *FAS* for each additional year (or fraction) of *Credited Service*, but not to exceed more than five years

VESTED RETIREMENT BENEFIT (AUT25)

A *Participant* who discontinues service as a *Automotive Service Worker Member*, and prior to such discontinuance completes at least five but less than 25 years of *Credited Service*, and has paid (prior to discontinuance) all *Additional Member Contributions* required of *Program*, and does not withdraw in whole or in part his or her *Accumulated Member Contributions* will be entitled to a Vested Retirement Benefit which shall vest automatically.

The Vested Retirement Benefit becomes payable on the earliest date the *Participant* could have retired for service on the date which the member would have completed 25 years of *Credited Service*, and has reached age 50, as a *Automotive Service Worker Member*.

The Vested Retirement Benefit is:

A *Pension* of 2 % of *FAS* for each year (or fraction) of *Credited Service* at the time of discontinuance.

25-YEAR RETIREMENT PROGRAM FOR SPECIAL OFFICERS (SPO25)

Chapter 582 of the Laws of 2001 and Chapter 617 of the Laws of 2002 established a 25-Year Retirement Program for *Special Officer Members*. Chapter 617 of the Laws of 2002 added covered titles effective October 2, 2002 with the 180 day open period beginning on that date. Any person who was a *Special Officer Member* on December 19, 2001 (or October 2, 2002 for added titles) could elect to become a *Participant* in the *Program* by filing a duly executed application with NYCERS no later than June 17, 2002 (or March 31, 2003 for added titles), provided he or she was a *Special Officer Member* on the date such application was filed. Any member who becomes a *Special Officer Member* after December 19, 2001, (or October 2, 2002 for added titles) may elect to become a *Participant* in the *Program* by filing within 180 days after becoming a *Special Officer Member*, a duly executed application with NYCERS provided he or she is a *Special Officer Member* at the time of filing such application.

Any person who becomes a Tier 4 Special Officer Member after December 19, 2001 (or October 2, 2002) is automatically enrolled in the 25-Year Retirement Program.

SERVICE RETIREMENT BENEFIT (SPO25)

Participants may eligible to retire after having credit for 25 or more years of Allowable Service as a Special Officer Member, regardless of age, and have paid all Additional Member Contributions.

The Service Retirement Benefit is:

For the first 25 years of service as a Special Officer Member:

A Pension which equals:

50% of Final Average Salary (FAS)

plus

an additional 2% of FAS for each year (or fraction) beyond the first 25 years of Allowable Service as a Special Officer Member, but not to exceed more than five years of additional Allowable Service as a Special Officer Member

VESTED RETIREMENT BENEFIT (SPO25)

A Participant who discontinues service as a Special Officer Member, and prior to such discontinuance completes at least five but less than 25 years of Allowable Service as a Special Officer Member, and has paid (prior to discontinuance) all Additional Member Contributions required of Program, and does not withdraw in whole or in part his or her Accumulated Member Contributions will be entitled to a Vested Retirement Benefit which shall vest automatically.

The Vested Retirement Benefit becomes payable on the earliest date the Participant could have retired for service on the date which the member would have completed 25 years of Allowable Service as a Special Officer Member.

The Vested Retirement Benefit is:

A Pension of 2 % of FAS for each year (or fraction) of Allowable Service as a Special Officer Member credited to the Participant at the time of discontinuance.

TIER 4 OPTIONS**SELECTION OF BENEFITS WITHOUT OPTIONAL MODIFICATION
(MAXIMUM RETIREMENT BENEFIT)**

If a member, upon retirement, does not elect one of the options listed below, his or her benefit will be paid as a Maximum Retirement Benefit payable in monthly installments throughout his or her life, with all payments ceasing at death.

**OPTION 1:
100% JOINT-AND-SURVIVOR**

The pensioner receives a reduced monthly lifetime allowance. When the pensioner dies, the surviving beneficiary receives the same reduced monthly allowance for life. Only one beneficiary may be named, and the beneficiary may not be changed once named and the option is in effect.

**OPTION 2:
OTHER JOINT-AND-SURVIVOR**

The pensioner receives a reduced monthly lifetime allowance. When the pensioner dies, the surviving beneficiary receives a lifetime benefit of 25%, 50% or 75% of the pensioner's reduced monthly benefit, depending on the pensioner's choice. Only one beneficiary may be named, and the beneficiary may not be changed once named and the option is in effect.

**OPTION 3:
FIVE-YEAR CERTAIN**

The pensioner receives a reduced monthly lifetime benefit. If the pensioner dies within five years of retirement, the reduced monthly retirement benefit will be paid to the surviving designated beneficiary(ies) for the unexpired balance of the five-year period. If the pensioner's designated beneficiary predeceases the pensioner, the balance of the payments due for the unexpired balance of the five-year period is paid in a lump-sum to the pensioner's contingent beneficiary(ies) or, if none exists, to the estate of the pensioner. Should a designated primary beneficiary also die, after having started to receive payments, the balance will be paid in a lump-sum to the designated contingent beneficiary(ies). If none exists, the lump-sum balance is paid to the estate of the primary beneficiary.

**OPTION 4:
TEN-YEAR CERTAIN**

The pensioner receives a reduced monthly lifetime benefit. If the pensioner dies within 10 years of retirement, the reduced monthly retirement benefit will be paid to the surviving designated beneficiary(ies) for the unexpired balance of the ten-year period. If the pensioner's designated beneficiary predeceases the pensioner, the balance of the payments due for the unexpired balance of the ten-year period is paid in a lump-sum to the pensioner's contingent beneficiary(ies) or, if none exists, to the estate of the pensioner. Should a designated beneficiary who has started to receive payments after the death of the pensioner thereafter die before the unexpired balance of the ten-year period, the balance of the payments for the unexpired balance of the ten-year period is paid in a lump-sum to the designated contingent beneficiary(ies) or, if none exists, to the estate of the primary beneficiary.

Members who retire on or after November 21, 1992 are eligible to elect Option 5, the *Pop-Up Option*.

**OPTION 5:
POP-UP OPTION**

The Pop-Up Option is a variation of Options 1 and 2. The pensioner receives a reduced monthly lifetime benefit under a 100%, 75%, 50% or 25% of the pensioner's reduced benefit, depending on the pensioner's choice, under a joint-and-survivor selection. If the beneficiary dies before the pensioner, the pensioner's benefit "pops-up," that is, it automatically becomes the Maximum Retirement Benefit.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

AND

**NEW YORK CITY
PUBLIC EMPLOYEES' GROUP LIFE INSURANCE PLAN**

BROOKLYN, NEW YORK

A PENSION TRUST FUND OF THE CITY OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2003

PART 2

FINANCIAL SECTION

New York City Employees' Retirement System
Brooklyn, New York
Financial Statement and Schedules
For Years Ended June 30, 2003 and June 30, 2002
With Independent Auditors' Report Thereon



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
New York City Employees' Retirement System

We have audited the accompanying statements of Plan net assets of New York City Employees' Retirement System (the "Plan") as of June 30, 2003 and 2002, and the related statements of changes in Plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets of the Plan as of June 30, 2003 and 2002, and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6, during 2002, the Plan changed its method of accounting for member loans.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the table of contents are required by GASB. The required supplemental information is the responsibility of the management of the Plan. Such 2003 and 2002 information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole. The required supplemental information for the years ended June 30, 2001, 2000, 1999, and 1998 was not subjected to auditing procedures applied in the audit of the basic 2001 financial statements by other auditors whose report dated October 30, 2001, referred to above, stated that they expressed no opinion on it.

The supplemental information included in the Introductory, Investment, Actuarial, and Statistical sections is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Plan. Such additional information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

Deloitte + Touche LLP

October 27, 2003

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2003 AND 2002

This narrative discussion and analysis of New York City Employees' Retirement System's ("NYCERS" or the "Plan") financial performance provides an overview of the Plan's financial activities for the fiscal years ended June 30, 2003 and 2002. It is meant to assist the reader in understanding NYCERS' financial statements by providing an overall review of the financial activities during the two years and the effects of significant changes, as well as a comparison with the prior year's activity and results. This discussion and analysis is intended to be read in conjunction with the Plan's financial statements, which begin on page 89.

Overview of Basic Financial Statements

The following discussion and analysis are intended to serve as an introduction to the plan's basic financial statements. The basic financial statements are:

- **The Statement of Plan Net Assets** presents the financial position of the Plan at fiscal year end. It indicates the assets available for payment of future benefits and any current liabilities that are owed as of the statement date. Investments are shown at fair value. All other assets and liabilities are determined on an accrual basis.
- **The Statement of Changes in Plan Net Assets** presents the results of activities during the year. All changes affecting the assets and liabilities of the Plan are reflected on an accrual basis when the activity occurred, regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.
- **The Notes to Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

Other information, as required by the Governmental Accounting Standards Board (GASB), is presented after the Notes to the Financial Statements.

The financial statements are prepared in accordance with GASB Pronouncements.

Financial Highlights

NYCERS' net assets held in trust decreased by \$1.3 billion (4%) from \$32.8 billion as of June 30, 2002 to \$31.5 billion as of June 30, 2003. This was due to the benefit payments being \$1.3 billion greater than the total income of the Plan. Of great significance is the fact that the fair value of the Plan's investment assets did not continue to diminish as they had during Fiscal Years 2002 and 2001.

Plan Net assets

Plan Net Assets
June 30, 2003 and 2002
(In thousands)

	<u>2003</u>	<u>2002</u>
Cash	\$ 43,944	\$ 163,358
Receivables for investments sold and accrued earnings	1,448,874	797,387
Investments, at fair value	36,542,302	37,481,080
Other assets and receivables	11,577	24,501
Member loans receivable	<u>825,468</u>	<u>858,416</u>
Total assets	<u>38,872,165</u>	<u>39,324,742</u>
Accounts payable	128,150	323,166
Payables for investments purchased	2,361,359	1,887,367
Accrued benefits payable	193,577	128,889
Net payments due to other pension systems and funds	30,924	36,369
Payables for securities lending transactions	<u>4,633,501</u>	<u>4,106,996</u>
Total liabilities	<u>7,347,511</u>	<u>6,482,787</u>
Net assets held trust for pension benefits	<u>\$ 31,524,654</u>	<u>\$ 32,841,955</u>

The cash balances on June 30, 2003 of \$43.9 million are much less than the \$163.4 million reported for June 30, 2002. The Plan's practice is to fully invest the cash balances in most of its bank accounts on a daily basis. Therefore, the typical benefit payment account shows an overdrawn balance since funds are only deposited each day as outstanding benefit checks are presented to the banks for payment. These overdrawn balances comprise the main component of accounts payable.

Receivables for investment and accrued earnings amounted to \$1.4 billion at June 30, 2003, an increase of \$651 million (82%) from \$797 million at June 30, 2002. The accrued earnings did not vary much. The difference is principally comprised of receivables for securities that have been sold but have not yet settled (i.e. the cash has not been collected). The decline resulted primarily from timing differences in settlement dates. Securities sold typically do not settle until a few days after the trade date.

Investments at June 30, 2003 were \$36.5 billion, a decrease of \$939 million (3%) from \$37.5 billion at June 30, 2002. While the net fair value did increase a bit, as will be discussed below in the Changes in Plan Net Assets section, some investments were sold in order to meet the Plan's benefit payment obligations.

Payables for investments purchased at June 30, 2003 amounted to \$2.4 billion, an increase of \$474 million (25%) from the prior year. Investments purchased are accounted for on a trade-date basis. This decline resulted primarily from timing differences in settlement dates. Securities sold typically do not settle until a few days after the trade date.

Accrued benefits payable at June 30, 2003 amounted to \$194 million, an increase of \$65 million, (50%) from the prior year. This increase was primarily due to accruing the additional benefits that are owed to retirees and beneficiaries under the Older Workers' Act.

Net payments due to other pension systems and funds at June 30, 2003 amounted to \$31 million, a decrease of \$5 million (15%) from the prior year. This change is the result of a decrease in the average transfer of reserves amount.

Changes in Plan Net Assets

Changes in Plan Net Assets for the years ended June 30, 2003 and 2002 (In thousands)

	<u>2003</u>	<u>2002</u>
Additions:		
Member contributions	\$ 309,757	\$ 326,443
Employer contributions	107,993	105,660
Investment earnings:		
Interest and dividend income	955,098	1,111,076
Net appreciation (depreciation) in fair value of investments	193,771	(4,243,664)
Net securities lending income (loss)	(18,648)	24,682
Investment expenses	(29,271)	(37,633)
Net investment income (loss)	1,100,950	(3,145,539)
Other	3,549	2,758
Total additions	<u>\$1,522,249</u>	<u>\$(2,710,678)</u>
Deductions:		
Benefit payments and withdrawals	2,806,975	2,513,374
Net payments to other pension systems and funds	(1,526)	15,995
Administrative expenses	34,101	31,548
Total deductions	<u>2,839,550</u>	<u>2,560,917</u>
Net decrease	<u>\$ (1,317,301)</u>	<u>\$ (5,271,595)</u>

The contributions of both members and employers did not appreciably change since the prior year.

Net investment income for the year ended June 30, 2003 totaled \$1.1 billion, compared to a loss of \$3.1 billion for Fiscal Year ended June 30, 2002. While interest income decreased \$165 million due to lower interest rates, the investment portfolio experienced a net appreciation of \$193.8 million. Of the main components, the fixed income debt securities appreciated \$614 million since the Plan's holdings generally have higher interest coupons than most newer securities on the market. The international investment fund depreciated \$320 million.

Significantly, the domestic equities only depreciated \$102 million instead of the approximately \$4 billion or more depreciation that had occurred in the prior two years.

Benefit payments and withdrawals for the year ended June 30, 2003 totaled \$2.8 billion, a \$294 million (12%) increase over the prior year. There are two main factors behind this increase. One is the retirement incentive during the Fall of 2002 which helped contribute to a net increase of 3,184 additional retirees. The other is the additional benefit expenses that was incurred due to NYCERS implementation of the Older Workers' Act.

Net payments to other pension systems and funds for the year ended June 30, 2003 totaled \$(1.5) million, a decrease of \$17.5 million (110%) from the prior year. This decrease was caused by a combination of a decline in pending transfers of employer reserves to other pension systems and an increase of incoming transfers.

Investments

The table below summarizes the NYCERS investment allocation. NYCERS uses the Russell 3000 index to provide a benchmark for the domestic equity investment returns, and the MSCI EAFE indices for international equity returns. The NYC Core Plus Five Index and the Citigroup BB & B Index are used to provide benchmarks for debt securities. NYCERS does not use benchmarks for private equity, securities lending collateral, or short-term investments.

NYCERS earns additional investment income by lending its investment securities. The borrowers provide collateral to NYCERS that are valued in excess of the securities loaned. For the year ended June 30, 2003, net securities lending income amounted to a loss of \$19 million, compared to a gain of \$25 million for Fiscal Year 2002. The net loss was a result of taking a single \$30 million loss on a company that defaulted on its securities.

Investment Summary June 30, 2003 (In thousands)

Type of Investment	Fair Value
Short-term investments	\$ 1,164,737
U.S. debt securities	8,331,402
Yankee (Int'l) bonds	547,078
U.S. equity securities	17,235,698
International investment fund	4,452,506
Private equity	154,798
Mortgage loans	150
Mortgage mutual fund	52,432
Securities lending collateral	<u>4,603,501</u>
Total	\$ <u>36,542,302</u>

Contact information

This financial report is designed to provide a general overview of the New York City Employees' Retirement System's finances. Questions concerning any data provided in this report or requests for additional information should be directed to John D. Hartman, Director of Finance, New York City Employees' Retirement System, 335 Adams Street, Suite 2300, Brooklyn, NY 11201-3751.

NEW YORK CITY EMPLOYEE'S RETIREMENT SYSTEM

STATEMENTS OF PLAN NET ASSETS JUNE 30, 2003 AND 2002 (In Thousands)

	2003	2002
ASSETS		
CASH	\$ 43,944	\$ 163,358
RECEIVABLES:		
Investment securities sold	1,249,334	586,811
Member loans	825,468	858,416
Accrued interest and dividends	199,540	210,576
Total receivables	<u>2,274,342</u>	<u>1,655,803</u>
INVESTMENTS, at fair value (Notes 2 and 3):		
Short-term investments:		
U.S. treasury bills	44,611	-
Commercial paper	151,435	88,140
Short-term investment fund	606,936	724,612
U.S. government agency discount notes	361,755	169,278
Debt securities:		
U.S. government	4,542,624	5,504,431
Corporate	3,788,778	4,310,162
Yankee bonds	547,078	609,946
Mortgages	150	2,593
Private equity	154,798	98,026
Equities - domestic	17,235,698	17,134,644
Mutual funds:		
International equity	4,452,506	4,732,252
Mortgages	52,432	-
Collateral from securities lending	4,603,501	4,106,996
Total investments	<u>36,542,302</u>	<u>37,481,080</u>
OTHER ASSETS	<u>11,577</u>	<u>24,501</u>
Total assets	<u>38,872,165</u>	<u>39,324,742</u>
LIABILITIES		
Accounts payable	128,150	323,166
Payables for investment securities purchased	2,361,359	1,887,367
Accrued benefits payable (Note 2)	193,577	128,889
Amount due to Housing Police Superior Officers' VSF	1,163	1,143
Due to other retirement systems	29,761	35,226
Securities lending (Note 2)	4,633,501	4,106,996
Total liabilities	<u>7,347,511</u>	<u>6,482,787</u>
PLAN NET ASSETS HELD IN TRUST FOR BENEFITS (A schedule of funding progress for the Plan is presented on Schedule 1)	<u>\$ 31,524,654</u>	<u>\$ 32,841,955</u>

See notes to financial statements.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF CHANGES IN PLAN NET ASSETS YEARS ENDED JUNE 30, 2003 AND 2002 (In Thousands)

	2003	2002
ADDITIONS		
Contributions:		
Member contributions	\$ 309,757	\$ 326,443
Employer contributions	<u>107,993</u>	<u>105,660</u>
Total contributions	<u>417,750</u>	<u>432,103</u>
Investment income (Note2):		
Interest income	637,390	782,731
Dividend income	317,708	328,345
Net appreciation/(depreciation) in fair value of investments	<u>193,771</u>	<u>(4,243,664)</u>
	1,148,869	(3,132,588)
Less:		
Investment expenses	<u>29,271</u>	<u>37,633</u>
Net income (loss)	1,119,598	(3,170,221)
Securities lending transactions:		
Securities lending income	45,614	125,307
Securities lending fees	<u>64,262</u>	<u>100,625</u>
Net securities lending income (loss)	<u>(18,648)</u>	<u>24,682</u>
Net investment income (loss)	<u>1,100,950</u>	<u>(3,145,539)</u>
Other:		
Net receipts from other retirement systems	<u>3,549</u>	<u>2,758</u>
Total	<u>1,522,249</u>	<u>(2,710,678)</u>
DEDUCTIONS		
Benefit payments and withdrawals (Note1)	2,806,975	2,513,374
Net payments to (receipts from) other retirement systems	(3,758)	13,896
Transfer due to Housing Police Superior Officers' VSF deficit	2,232	2,099
Administrative expenses	<u>34,101</u>	<u>31,548</u>
Total deductions	<u>2,839,550</u>	<u>2,560,917</u>
DECREASE IN PLAN NET ASSETS	<u>(1,317,301)</u>	<u>(5,271,595)</u>
PLAN NET ASSETS HELD IN TRUST FOR BENEFITS		
Beginning of year	32,841,955	37,251,816
Cumulative effect of change in accounting (Note 6)	<u>-</u>	<u>861,734</u>
Restated beginning of year plan net assets	<u>32,841,955</u>	<u>38,113,550</u>
End of year	<u>\$ 31,524,654</u>	<u>\$ 32,841,955</u>

See notes to financial statements.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2003 AND 2002

1. PLAN DESCRIPTION

The City of New York (the "City") maintains a number of pension systems providing benefits for employees of its various agencies (as defined within New York State ("State") statutes and City laws). The City's five main pension systems are the New York City Employees' Retirement System (the "Plan"), the Teachers' Retirement System of the City of New York - Qualified Pension Plan ("TRS"), the New York City Board of Education Retirement System - Qualified Pension Plan ("BERS"), the New York City Police Pension Fund ("POLICE"), and the New York City Fire Pension Fund ("FIRE"). Each pension system is a separate Public Employee Retirement System ("PERS") with a separate oversight body and is financially independent of the others.

The Plan is a cost-sharing, multiple-employer PERS. The Plan provides pension benefits for employees of the City and various related employers not covered by the City's four other main pension systems. The employers (collectively, the "Employer"), in addition to the City, principally include five authorities, three public benefit corporations, the City University of New York, and the State of New York (the "State"). Substantially, all employees of the City not covered by one of the other four pension systems are covered by the Plan. Permanent employees become plan members within six months of their employment and may elect to become members earlier. All other employees may become members at their option.

The Plan functions in accordance with existing State statutes and City laws. It combines features of a defined benefit pension plan with those of a defined contribution pension plan. Contributions are made by the Employer and the members. Employer contributions and investment income provide all benefits not provided by member contributions.

In June 1991, the Governmental Accounting Standards Board ("GASB") issued Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the Plan considered whether its officials appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Plan. The Plan also considered whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the Plan.

The Plan is included in the City's Comprehensive Annual Financial Report ("CAFR") as a pension and other employee benefit trust fund.

At June 30, 2002 and 2001, the dates of the Plan's most recent actuarial valuations, the Plan's membership consisted of:

	2002	2001
Retirees and beneficiaries receiving benefits	123,477	123,958
Terminated vested members not yet receiving benefits	3,815	2,980
Active members receiving salary	<u>177,511</u>	<u>174,199</u>
 Total	 <u>304,803</u>	 <u>301,137</u>

The Plan provides three main types of retirement benefits: service retirements, ordinary disability retirements (non-job-related disabilities), and accident disability retirements (job-related disabilities) to members who are part of the different benefit programs, called "Tiers" (as defined) of the Plan.

The benefits provided by the Plan for employees who joined before July 1, 1973 ("Tier 1") fall into four categories according to the level of benefits provided and the years of service required. Three of the four categories provide annual benefits of 50% to 55% of "final pay" (as defined within State statutes and City laws) after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of service (currently 1.2% to 1.7%) of "final pay" payable for years in excess of the 20- or 25-year minimum. These benefits are reduced on an actuarial basis for any loans with unpaid balances outstanding at the date of retirement. These benefits are increased, where applicable, by any annuity attributable to member contributions in excess of the required amount and by any benefits attributable to the Employer's contributions with respect to such service under the Increased-Take-Home-Pay ("ITHP") program. The City has agreed to make contributions to certain members which may, at the member's election, be used in lieu of a portion of those contributions the member would otherwise have to make. At the member's election, these contributions may result in an increase in the member's take home pay and are referred to as ITHP.

The fourth category has no minimum service requirement and instead provides an annual benefit for each year of service equal to a specified percentage (currently 0.7% to 1.53%) of "final pay."

The State Constitution provides that the pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, 1976, and 1983, amendments made to the State Retirement and Social Security Law ("RSSL") modified certain benefits for employees joining the Plan (on or after the effective date of such amendments).

Members who joined after July 1, 1973 and before July 27, 1976 ("Tier 2") have provisions similar to Tier 1, except that the eligibility for retirement and the salary base for benefits are different and there is a limitation on the maximum benefit. This maximum benefit limitation was subsequently eliminated under Chapter 574 of the Laws of 2000 for all Tier 2 members who retired after December 8, 2000.

Members who joined the Plan on or after September 1, 1983 ("Tier 4") must make basic contributions of 3.0% of salary until termination of service. Effective October 1, 2000, these members, except for certain Transit Authority employees, are not required to make contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. Effective December 2000, certain Transit Authority members make basic contributions of 2.0% of salary in accordance with Chapter 10 of the Laws of 2000. Certain members also make additional member

contributions. The annual benefit for each year of service is 1.67% of “final average salary” for members with less than 20 years of service, 2% of “final average salary” for members with 20 to 30 years, plus 1.5% of “final average salary” for service in excess of 30 years.

Members who joined the Plan on or after July 27, 1976 and prior to September 1, 1983 (“Tier 3”) were mandated into Tier 4, but could elect to remain in Tier 3. Tier 3 requires member contributions of 3.0% of salary for a period not to exceed 30 years, has benefits reduced by one half of the primary Social Security attributable to service to the Employer, and provides for an automatic annual cost of living escalator in pension benefits of not more than 3.0%. Beginning October 1, 2000, these members are not required to make contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier.

The Plan also provides death benefits and certain retirees also receive supplemental benefits.

Subject to certain conditions, members generally become fully vested as to benefits upon the completion of 5 years of service.

During the Spring 2000 session, the State Legislature approved and the State governor (“Governor”) signed laws that provide automatic Cost-of-Living Adjustment (“COLA”) benefits for certain retirees and beneficiaries (Chapter 125 of the Laws of 2000 (“Chapter 125/00”)), additional service credits for certain Tier 1 and Tier 2 members and reduced member contributions for certain Tier 3 and Tier 4 members (Chapter 126 of the Laws of 2000 (“Chapter 126/00”)).

Subsequent legislation, affecting members of Tiers 2, 3, and 4, has created various improved early retirement benefit programs under which eligible employees may elect to pay additional contributions. Members first employed after the effective date of such legislation are mandated into these programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Basis of Accounting - The Plan uses the accrual basis of accounting where the measurement focus is on the flow of economic resources. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Contributions from members are recognized when the Employer makes payroll deductions from Plan members. Employer contributions are recognized when due and the Employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investment Valuation - Investments are reported at fair value. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold. Fair value is defined as the quoted market value on the last trading day of the period, except for the Short-Term Investment Fund (“STIF”) (a money market fund), International Investment fund (“IIF”), and Private Equity (“PE”). The IIF and PE are privately traded funds which are managed by various investment managers on behalf of the Plan. Fair value is determined by Plan management based on information provided by the various investment managers.

Purchases and sales of securities are reflected on the trade date.

Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

No investment in any one organization represents 5% or more of the Plan net assets held in trust for pension benefits.

Income Taxes – Income earned by the Plan is not subject to Federal income tax.

Accounts Payable – Accounts payable is principally comprised of amounts owed to the Plan's banks for overdrawn bank balances. The Plan's practice is to fully invest cash balances in most bank accounts on a daily basis. Overdrawn balances result primarily from outstanding benefit checks that are presented to the banks for payment on a daily basis, and these balances are routinely settled each day.

Securities Lending Transactions - State statutes and Board policies permit the Plan to lend its investments to broker-dealers and other entities for collateral, with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodian lends the following types of securities: short-term securities, common stock, long-term corporate bonds, U.S. Government and U.S. Government agencies' bonds, asset-backed securities, and international equities and bonds held in collective investment funds. In return, it receives collateral in the form of cash, and U.S. Treasury and U.S. Government agency securities at 100 percent to 105 percent of the principal plus accrued interest for reinvestment. At June 30, 2003, management believes the Plan had no credit risk exposure to borrowers because the amounts the Plan owed the borrowers equaled or exceeded the amounts the borrowers owed the Plan. The contracts with the Plan custodian require borrowers to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities loaned or fail to pay the Plan for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand within a period specified in each agreement by either the Plan or the borrowers. Cash collateral is invested in the lending agents' short-term investment pools, which have a weighted average maturity of 90 days. The underlying fixed income securities have an average maturity of ten years.

During fiscal year 2003, the value of certain underlying securities became impaired because of the credit failure of the issuer. Accordingly, the carrying amount of the collateral reported in the Plan's statements of plan net assets has been reduced by \$30 million to reflect this impairment and reflect the net realizable value of the securities purchased with collateral from securities lending transactions.

The securities lending program in which the Plan participates only allows pledging or selling securities in the case of borrower default.

GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, requires that securities loaned as assets and related liabilities be reported in the statements of plan net assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are also reported as assets if the government entity has the ability to pledge or sell them without a borrower default. Accordingly, the Plan recorded the investments purchased with the cash collateral as collateral from securities lending with a corresponding liability for securities lending.

Pronouncement Issued But Not Yet Effective – In March 2003, GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3*. Statement No. 40 establishes and modifies footnote disclosure requirements related to investment risks, which includes credit risk, interest rate risk, and foreign currency risk. The implementation of Statement No. 40 will expand footnote disclosure regarding the Plan's investments and their related investment and deposit

risks. Statement No. 40 will not impact the Plan's financial statements. Statement No. 40 is effective for financial statement periods beginning after June 15, 2004, which requires the Plan to implement its requirements for the Plan's fiscal year ending June 30, 2005.

3. INVESTMENTS AND DEPOSITS

The Comptroller of the City of New York (the "Comptroller") acts as an investment advisor to the Plan. In addition, the Plan employs an independent investment consultant as an investment advisor. The Plan utilizes several investment managers to manage the long-term debt and equity portfolios. Managers are reviewed for ongoing performance and adherence to investment guidelines.

The Administrative Code of the City of New York ("ACNY") authorizes the investment of Plan assets (other than equities) subject to the terms, conditions, limitations, and restrictions imposed by law for investment by savings banks.

The criteria for Plan investments are as follows:

- (a) Fixed income investments may be made only in U.S. Government securities, securities of Government agencies backed by the U.S. Government, securities of companies rated "BBB" or better by both Standard & Poor's Corporation and Moody's Investors Service, and any bond on the Legal Investments for New York Savings Banks list published annually by the New York State Banking Department.
- (b) Equity investments may be made only in those stocks that meet the qualifications of the State RSSL.
- (c) Short-term investments may be made in the following instruments:
 - (i) U.S. Government securities or U.S. Government agency securities fully guaranteed by the U.S. Government.
 - (ii) Commercial paper rated A1 or P1 by Standard & Poor's Corporation or Moody's Investors Service, respectively.
 - (iii) Repurchase agreements collateralized in a range of 100% to 103% of matured value purchased through the primary dealers of U.S. Government securities.
- (d) Investments in banker's acceptances and certificates of deposit may be made with any of the ten largest banks with either the highest or next to highest rating categories of the leading independent bank rating firms.
- (e) Investments up to 15% of total pension fund assets may be made in instruments not specifically covered by the State RSSL.

For the years ended June 30, 2003 and 2002, Citibank N.A. was the primary custodian for significantly all of the securities of the Plan.

Cash deposits are insured by the Federal Deposit Insurance Corporation for up to \$100,000 per Plan member and are, therefore, fully insured.

At June 30, 2003, investments of the Plan are categorized by level of custodial credit risk (the risk that a counterparty to an investment transaction will not fulfill its obligations) as defined by GASB Statement No. 3. Category 1, the lowest risk, includes investments that are insured or registered or for which the securities are held by the entity or its agent in the entity's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the entity's name. Category 3, the highest risk, includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the entity's name. Investments in mutual funds, short term investment funds, international equity funds, mortgages, guaranteed investment contracts, and private equity holdings are not categorized.

Investments held by the Plan, including collateral from securities lending transactions of approximately \$4,604 million and \$4,107 million at June 30, 2003 and 2002, respectively, are listed according to their investment classification in the following table:

	2003	2002
	(In Thousands)	
Categorized (A):		
Repurchase agreements	\$ 285,671	\$ 118,844
Commercial paper	462,428	581,655
U.S. Government securities	4,542,624	5,519,780
Corporate bonds	5,402,533	5,982,303
Equity securities	17,235,698	17,134,644
Yankee bonds	547,078	609,946
U.S. Government Agency	<u>678,207</u>	<u>169,278</u>
Total Categorized	<u>29,154,239</u>	<u>30,116,450</u>
Noncategorized (B):		
Short-term investment fund	606,936	724,612
Mortgages	150	2,593
Guaranteed investment contracts	-	7,557
International investment fund	4,452,506	4,732,252
Mutual funds	52,432	220,159
Private Equity	154,798	98,026
Other short-term investments	<u>2,121,241</u>	<u>1,579,431</u>
Total Noncategorized	<u>7,388,063</u>	<u>7,364,630</u>
Total	<u><u>\$ 36,542,302</u></u>	<u><u>\$ 37,481,080</u></u>

(A) All categorized investments are of Category 1 risk.

(B) These securities are not categorized because they are not evidenced by securities that exist in physical or book-entry form.

4. DUE TO VARIABLE SUPPLEMENTS FUNDS (VSFS)

The ACNY provides that the Plan maintains the Housing Police Superior Officers' Variable Supplements Fund ("HPSOVSF"), the Housing Police Officers' Variable Supplements Fund ("HPOVSF"), the Transit Police Superior Officers' Variable Supplements Fund ("TPOVSF") and the Transit Police Officers' Variable Supplements Fund ("TPOVSF"). In addition, Chapter 657 of the Laws of 1999 established the Correction Officers' Variable Supplements Fund ("COVSF") and the Correction Captains' and Above Variable Supplements Fund ("CAVSF"). Chapter 255 of the Laws of 2000 ("Chapter 255/00") combined the COVSF and the CCAVSF into an amended Correction Officers' Variable Supplements Fund (referred to herein as "COVSF"). The ACNY further provides that the Plan pay to the VSFs certain excess earnings on equity investments of the Plan.

Due to the merging of Housing and Transit Police into the City's Police Department, there are no active members of the Housing and Transit Police; therefore, excess earnings on equity investments from the Plan are not expected to be transferred to the Housing and Transit Police VSFs.

However, with the passage of Chapter 255/00, the Plan is required to transfer assets to the Housing and Transit VSFs whenever the assets of these VSFs are not sufficient to pay benefits. With the exception of the HPSOVSF, no such transfers of assets were required for fiscal years 2003 or 2002. With respect to the HPSOVSF, for fiscal years 2003 and 2002, the Plan was required to transfer \$2,228,184 and \$1,703,000, respectively during the year in order to enable HPSOVSF to pay its benefits.

With respect to the COVSF, for fiscal year 2003, there were no estimated excess earnings of the Plan and, therefore, no transfers will be due from the Plan to the COVSF. For fiscal year 2002, there were no excess earnings of the Plan and, therefore, no transfers were due from the Plan to COVSF.

5. CONTRIBUTIONS AND ACTUARIAL ASSUMPTIONS

The financial objective of the Plan is to fund members' retirement benefits during their active service and to establish Employer contribution rates which, expressed as a percentage of annualized covered payroll, will remain approximately level from year to year and, together with member contributions, will be sufficient to accumulate assets to pay benefits when due.

Member Contributions - Members who joined prior to July 27, 1976 contribute by salary deductions on the basis of a normal rate of contribution which is assigned by the Plan at membership. The member normal rate, which is dependent upon age and actuarial tables in effect at the time of membership, is determined so as to provide approximately one-third of the service retirement allowance at the earliest age for service retirement. For age at membership equal to 20 the member normal rate ranges between 5.80% and 9.10%. For age at membership equal to 40 the member normal rate ranges between 4.30% and 4.80%.

Members who joined on or after July 27, 1976 are mandated to contribute 3.0% of annual wages during all years of coverage except for Department of Correction members who contribute 3.0% for not more than 30 years. Effective October 1, 2000, certain members are not required to make contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. In addition, certain members who are Tier 2 or 3 corrections officers and certain other Tier 2 and 4 members contribute additional amounts ranging from 2.30% to 7.46% for improved early retirement benefits.

Employer Contributions - The Employer is required to contribute the remaining amounts sufficient to accumulate assets to pay benefits when due through periodic contributions.

The June 30, 2002 and 2001 actuarial valuations used to determine fiscal years 2003 and 2002 Employer contributions, were, in general, based on actuarial assumptions and methods recommended by the Plan's Chief Actuary of the Office of the Actuary (the "Actuary"). Where required, the Board of Trustees of the Plan adopted those changes to the actuarial assumptions and methods that required Board approval and the State Legislature and Governor enacted Chapter 85 of the Laws of 2000 ("Chapter 85/00") to provide for those changes to the actuarial assumptions and methods that required legislation, including the investment rate of return assumption of 8.0% per annum.

The Frozen Initial Liability Actuarial Cost Method is utilized by the Plan's Actuary to calculate the contributions from the City. Under this actuarial cost method, the initial liability was reestablished by the Entry Age Actuarial Cost Method as of June 30, 1999 but with the unfunded actuarial accrued liability ("UAAL") not less than zero. The excess of the actuarial present value of projected benefits of members as of the valuation date, over the sum of the actuarial value of assets plus UAAL, if any, and the present value of future employee contributions is allocated on a level basis over the future earnings of members who are on payroll as of the valuation date. Actuarial gains and losses are reflected in the Employer's normal contributions.

Chapter 85/00 reestablished the UAAL and eliminated the balance sheet liability ("BSL") for actuarial purposes as of June 30, 1999. The schedule of payments toward the reestablished UAAL provides that the UAAL be amortized over a period of 11 years beginning in fiscal year 2000, where each annual payment after the first equals 103% of its preceding annual payment.

Additionally, the actuarial asset valuation method ("AAVM") was changed as of June 30, 1999 to reflect a market basis for investments held by the Plan. This AAVM recognizes expected investment returns immediately and phases in investment returns greater or less than expected (i.e., unexpected investment returns ("UIR")).

Under this AAVM, any UIR for fiscal years 2000 and later are phased into the Actuarial Asset Value ("AAV") beginning the following June 30 at a rate of 10%, 15%, 20%, 25%, and 30% per year (or at a cumulative rate of 10%, 25%, 45%, 70%, and 100% over five years).

Chapter 70 of the Laws of 1999 established the UAAL as of June 30, 2000 for an early retirement incentive. This UAAL is being amortized on a level basis over a period of 5 years beginning in fiscal year 2001.

Chapter 86 of the Laws of 2000 established the UAAL as of June 30, 2001 for an early retirement incentive. This UAAL is being amortized on a level basis over a period of 5 years beginning in fiscal year 2002.

Chapter 69 of the Laws of 2002 established the UAAL as of June 30, 2003 for an early retirement incentive. This UAAL is being amortized on a level basis over a period of 5 years beginning in fiscal year 2004.

Chapter 125/00 provides eligible retirees and eligible beneficiaries with increased Supplementation as of September 2000 and with automatic Cost-of-Living Adjustments ("COLA") beginning September 2001.

Chapter 125/00 provides for a five-year phase-in schedule for funding the additional liabilities created by the benefits provided by Chapter 125/00. Chapter 278 of the Laws of 2002 (Chapter 278/02) requires the Actuary to revise the methodology and timing for determining the statutorily-required contributions on account of the liabilities created by the benefits provided under Chapter 125/00 by extending the phase-in period for funding these liabilities from five years to ten years.

Specifically, in accordance with Chapter 125/00 the Actuary in calculating the statutorily-required contributions in each of the following fiscal years, included the following percentage of the increase in actuarial liabilities attributable to Chapter 125/00 COLA benefits:

Fiscal Year	Phase-In Percent
2001	20%
2002	40%

Chapter 278/02 revised the phase-in schedule for fiscal years 2003 and later.

Statutorily-required contributions for fiscal years 2003 and 2002 were equal to the amounts calculated by the Actuary in accordance with Chapter 125/00 and Chapter 278/02. These contributions were less than the annual pension costs computed in accordance with GASB Statement No. 25 due to the phase-in schedule for funding provided by Chapter 125/00 and Chapter 278/02.

6. MEMBER LOANS AND CHANGE IN ACCOUNTING

In general, members are permitted to borrow up to 75% of their own contributions, including accumulated interest. Prior to fiscal year 2002, the Plan accounted for loan repayments as additions to member’s contribution accounts and loan disbursements as reductions from these accounts. During Fiscal Year 2002, the Plan changed its accounting treatment for loans and recorded the amounts as loans receivable in the statement of plan net assets. The balance of member loans receivable at June 30, 2003 is \$825.5 million and \$858.4 million at June 30, 2002. The balance of member loans receivable at June 30, 2001 of approximately \$862 million was recorded in the prior year as an adjustment to the July 1, 2001 beginning balance of the Plan net assets held for pension benefits. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions including accumulated interest, less any loans outstanding.

7. RELATED PARTIES

The Comptroller has been appointed by law as custodian for the assets of the Plan. Securities are held by certain banks under custodial agreements with the Comptroller. The Comptroller also provides cash receipt and cash disbursement services to the Plan. Actuarial services are provided to the Plan by the Office of the Actuary employed by the Boards of Trustees of the City’s main pension systems. The City’s Corporation Counsel provides legal services to the Plan. Other administrative services are also provided by the City. The aforementioned services are provided by employees or officers of the City who may also be participants in the Plan.

8. ADMINISTRATIVE AND INVESTMENT EXPENSES

Chapter 593 of the Laws of 1997, effective July 1, 1997, authorized the Board of Trustees to draw upon its assets to pay the administrative expenses incurred by the Plan. Prior to that year, the City had paid all administrative expenses. In fiscal year 2003, the total noninvestment expenses attributable to the Plan were approximately \$38.2 million, of which \$34.1 million were paid from the assets of the Plan and \$4.1 million were incurred on behalf of the Plan by other City agencies, primarily the Comptroller's Office. In fiscal year 2002, total noninvestment expenses attributable to the Plan were approximately \$35.6 million, of which \$31.6 million was paid from the assets of the Plan and \$4.0 million was incurred on behalf of the Plan by other City agencies, primarily the Comptroller's Office. Investment expenses charged to the investment earnings of the Plan, exclusive of fees related to securities lending transactions, amounted to approximately \$29.3 million and \$37.6 million for the years ended June 30, 2003 and 2002, respectively.

During fiscal year 2000, the Plan entered into a new lease agreement to rent office space. The agreement expires in 2020, with options to renew the agreement through 2030. The future minimum rental payments required under this operating lease are as follows:

Lease Year	Amount
2004	\$ 3,086,480
2005	3,211,379
2006	3,586,075
2007	3,586,075
2008	3,586,075
2009 - 2013	19,554,056
2014 - 2018	21,889,763
2019 - 2020	7,936,838

Rent expense for the fiscal year ended June 30, 2003 was approximately \$3.4 million.

9. CONTINGENT LIABILITIES

Contingent Liabilities - The Plan has a number of claims pending against it and has been named as a defendant in a number of lawsuits. The Plan also has certain other contingent liabilities. Management of the Plan, on the advice of legal counsel, believes that such proceedings and contingencies will not have a material effect on the Plan's net assets or changes in the Plan's net assets. Under the existing State statutes and City laws that govern the functioning of the Plan, increases in the obligations of the Plan to members and beneficiaries ordinarily result in increases in the obligations of the Employers to the Plan.

Other Matters - During fiscal years 2003 and 2002, certain events described herein took place, which, in the opinion of Plan management, could have the effect of increasing benefits to members beneficiaries and therefore increase obligations of the Plan. The effect of such events has not been fully quantified; however, it is the opinion of Plan management that such developments would not have a material effect on the Plan's net assets or changes in the Plan's net assets.

Actuarial Audit - Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems (“NYCRS”) are conducted every two years. The most recent study was completed in October 1999. Currently, Gabriel Roeder Smith & Co. (“GRS”) is preparing a study for fiscal years 1998 through 2001. It is anticipated that the GRS study will be released by Fall 2003.

Revised Actuarial Assumptions and Methods - In accordance with the ACNY and with appropriate practice, the Boards of Trustees of the five actuarially funded NYCRS are to periodically review and adopt actuarial assumptions as recommended by the Actuary for use in the determination of Employer contribution.

Based upon a review of the October 1999 independent actuarial study, the Actuary proposed changes to certain actuarial assumptions and methods to be used by the NYCRS for fiscal years beginning on and after July 1, 1999 (i.e., fiscal years beginning 2000). Where required, the Board of Trustees of the Plan adopted those changes to actuarial assumptions and methods that required Board approval and the New York State Legislature and Governor enacted Chapter 85/00 to provide for those changes to the actuarial assumptions and methods that required legislation, including the investment rate of return assumption of 8.0% per annum.

New York State Legislation- Chapter 69 of the Laws of 2002 provides a retirement incentive for certain members.

Chapter 245 of the Laws of 2002 changes the definition of active service for Tier 1 and Tier 2 to include leaves without pay of any length for the calculation of additional service credits under Chapter 126 of the Laws of 2000.

Chapter 277 of the Laws of 2002 provides that Part B incentive retirees in the 25/55 Plan of Chapter 96 of the Laws of 1995 will receive an additional 2 months for each year of additional member contributions up to 12 additional months.

Chapter 278 of the Laws of 2002 (“Chapter 278/02”) revises the phase-in schedule of Chapter 125 of the Laws of 2000 (“Chapter 125/00”) for fiscal years 2003 and later.

Chapter 278/02 requires the Actuary to revise the methodology and timing for determining the statutorily-required contributions on account of the liabilities created by the benefits provided under Chapter 125/00 by extending the phase-in period for funding these liabilities from five years to ten years.

Chapter 278/02 provides that, for the June 30, 2000 actuarial valuation, the Actuary is required to recognize, on a theoretical basis, only 10% of the additional liabilities created by the benefits provided by Chapter 125/00 for determining fiscal year 2001 Employer contributions.

For each of the next eight June 30 actuarial valuations (i.e., June 30, 2001 to June 30, 2008), the Actuary is required to recognize progressively increasing percentages (i.e., 20% to 90%) of the additional Actuarial Present Value of Benefits (“APVB”) attributable to Chapter 125/00 for determining the fiscal year 2002 to fiscal year 2009 Employer contributions.

For the June 30, 2009 and later actuarial valuations, the Actuary is required to recognize the full amount of the additional APVB attributable to Chapter 125/00 for determining fiscal year 2010 and later Employer contributions.

The impact of the ten-year phase-in of Chapter 278/02 is to postpone funding of the additional liabilities attributable to Chapter 125/00 resulting in increased Employer contributions in later years.

Because the fiscal years 2002 and 2001 accounting periods are closed and Chapter 278/02 has a retroactive effect, the interest-adjusted difference between Employer contributions actually paid for fiscal years 2002 and 2001 under Chapter 125/00 and the amounts that would be payable under the ten-year phase-in schedule for such fiscal years is to be deducted from the otherwise required Employer contributions for fiscal year 2003.

Chapter 414 of the Laws of 2002 establishes a twenty-five year retirement program for members employed in automotive positions.

Chapter 504 of the Laws of 2002 provides an increase in accidental disability benefits for Tier 3 and Tier 4 members to a minimum of 75% of final average salary.

Chapter 547 of the Laws of 2002 allows a refund of payments made by members who purchased military service, if at retirement, the military service purchased does not provide a greater benefit.

Chapter 602 of the Laws of 2002 reduces the period to 20 years from 30 years for additional member contributions for Tier 3 members in the Correction Offices' and Correction Captains' and Above 20 Year Optional Retirement Program.

Chapter 617 of the Laws of 2002 adds New York City Housing Authority as an employer in the definition of "Special Officer."

* * * * *

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE OF FUNDING PROGRESS (UNAUDITED) (IN CONFORMITY WITH THE PLAN'S FUNDING METHOD) (In Thousands)

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date June 30	Actuarial Asset Value (A)	Actuarial Accrued Liability (AAL)* (A)+(B)	Unfunded (Overfunded) AAL (UAAL) (C)(2)-(1)	Funded Ratio (1)÷(2)	Covered Payroll	UAAL as a Percentage of Covered Payroll (3)÷(5)
2002	\$43,561,103	\$43,619,936	\$ 58,833	99.9%	\$ 8,901,110	0.7%
2001	43,015,355	43,087,570	72,215	99.8	8,515,270	0.8
2000	42,393,627	42,418,749	25,122	99.9	7,871,003	0.3
1999	40,936,024	40,936,024	-	100.0	7,593,156	-
1998	29,334,703	28,805,290	(529,413)	101.8	6,935,216	(7.6)
1997	27,222,934	26,296,288	(926,646)	103.5	6,752,927	(13.7)

Notes:

* Frozen Entry Age (1997-1998), Frozen Initial Liability (1999-2002).

(A) As of June 30, 1995 and June 30, 1999, the economic and noneconomic assumptions were revised due to experience reviews.

The Actuarial Asset Valuation Method (AAVM) was changed as of June 30, 1995 and June 30, 1999 to reflect a market basis for investments held by the Plan and was made as one component of an overall revision of actuarial assumptions and methods as of June 30, 1995 and June 30, 1999.

Under the AAVM as of June 30, 1995, the AAV was reset to Market Value (i.e., "Market Value Restart") as of June 30, 1995. Prior to June 30, 1995, this AAVM recognized expected investment returns immediately and phased in investment returns greater or less than expected (i.e., UIR) over five years at a rate of 20% per year (or at a cumulative rate of 20%, 40%, 60%, 80%, and 100% over five years).

The AAVM used as of June 30, 1996 was a modified version of that used prior to June 30, 1995.

(Schedule of Funding Progress is continued to the next page)

Schedule 1

(Schedule of Funding Progress continued from the previous page)

Under this modified AAVM, any UIR for fiscal years 1997 or later were being phased into the AAV beginning the following June 30 at a rate of 10%, 15%, 20%, 25%, and 30% per year (or at a cumulative rate of 10%, 25%, 45%, 70%, and 100% over five years). The UIR for fiscal year 1996 was being phased in beginning June 30, 1996 at a cumulative rate of 20%, 35%, 45%, 70%, and 100% over five years.

Under the AAVM as of June 30, 1999, any UIR for fiscal years 2000 or later will be phased into the AAV beginning the following June 30 at a rate of 10%, 15%, 20%, 25%, and 30% per year (or at a cumulative rate of 10%, 25%, 45%, 70%, and 100% over five years).

- (B) To effectively assess the funding progress of the Plan, it is necessary to compare the AAV and the AAL calculated in a manner consistent with the Plan's funding method over a period of time. The AAL is the portion of the actuarial present value of pension Plan benefits and expenses which is not provided for by future normal costs and future member contributions.
- (C) The unfunded AAL is the excess of the AAV over the actuarial value of assets. This is the same as the unfunded frozen actuarial accrued liability, which is not adjusted from one actuarial valuation to the next to reflect actuarial gains and losses.

(Schedule of Funding Progress Concluded)

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM**SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)**
(In Thousands)

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2003	\$ 197,824	54.6%
2002	105,660	100.0
2001	100,025	100.0
2000	68,620	100.0
1999	179,117	100.0
1998	238,558	100.0

The statutorily-required contribution of \$108.0 million for fiscal year 2003 was computed in accordance with Chapter 125/00 which provides for a five-year phase-in of the liabilities attributable to Chapter 125/00 and Chapter 278/02 which extended the phase-in period for funding these liabilities from five years to ten years.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS (UNAUDITED)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the last two actuarial valuations follows:

	<u>June 30, 2002</u>	<u>June 30, 2001</u>
Actuarial cost method	Frozen Initial Liability. ¹	Frozen Initial Liability. ¹
Amortization method for Unfunded Actuarial Accrued Liabilities ²	Level dollar for UAAL attributable to 1999 and 2000 Early Retirement Incentive ("ERI"). All outstanding components of UAAL are being amortized over closed periods.	Level dollar for UAAL attributable to 1999 and 2000 Early Retirement Incentive ("ERI"). All outstanding components of UAAL are being amortized over closed periods.
Remaining amortization period	3 years for 1999 ERI and 4 years for 2000 ERI.	4 years for 1999 ERI and 5 years for 2000 ERI.
Actuarial asset valuation method	Modified 5-year moving average of market values with market value restart as of June 30, 1999.	Modified 5-year moving average of market values with market value restart as of June 30, 1999.
Actuarial assumptions:		
Investment rate of return	8.0% per annum. ³	8.0% per annum. ³
Post-retirement mortality	Tables based on recent experience.	Tables based on recent experience.
Active service: withdrawal, death, disability, service retirement	Tables based on recent experience.	Tables based on recent experience.
Salary increases	In general, merit and promotion increase plus assumed general wage increases of 3.0% per year. ³	In general, merit and promotion increase plus assumed general wage increases of 3.0% per year. ³
Cost-of-living adjustments	1.3% per annum. ³	1.3% per annum. ³

¹ Under this Actuarial Cost Method, the Initial Liability was reestablished as of June 30, 1999 by the Entry Age Actuarial Cost Method but with the UAAL not less than \$0.

² In conjunction with Chapter 85 of the Laws of 2000, there is an amortization method. However, the UAAL for the Plan equals \$0 and no amortization period is required.

³ Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year.

Schedule 4

SUMMARY OF ADMINISTRATIVE EXPENSES (unaudited)
Fiscal Year Ended June 30, 2003

Expenses Incurred Directly By NYCERS

Personal Services

Employee Compensation	\$21,196,273	
Temporary Personnel Services	22,929	\$21,219,202

Professional Services

Medical Board & Medical Consultants	576,395	
Steno for Medical & Trustees' Board	78,333	
Data Processing Consultants	2,673,330	
Other Consultants	4,259	3,332,317

Communication

Printing	168,370	
Postage	312,389	
Telephone	404,921	885,680

Rentals

Office & Storage Space	3,448,982	
Data Processing	467,629	3,916,611

Other

Office & Data Processing Equipment	1,249,676	
Equipment Maintenance	532,364	
Facilities Services	493,495	
Office Supplies & Services	1,069,441	
Depreciation	1,430,000	
Other	10,002	4,784,978

Reimbursement of expenses paid or services rendered		(37,501)

Total Direct NYCERS' Expenses **34,101,287**

Expenses Incurred By Other City Agencies

Office of the Comptroller	3,236,013	
Law Department	685,607	
Office of Management and Budget	168,137	

Total NYCERS' Expenses Incurred By The City Of New York **4,089,757**

Total Administrative Expenses **\$38,191,044**

New York City Employees' Retirement System

**SCHEDULE OF PAYMENTS TO CONSULTANTS (unaudited)
For Fiscal Year Ended June 30, 2003**

Firm	Nature of Services	Fee
AECC	Accounting software support	\$4,259
Computer Generated Solutions	Computer services	715,935
First Technology	Computer services	2,827
Gartner Consulting	IT Strategy Development	131,223
IBM	Computer services	522,185
Tower Technology	Imaging system design	533,364
Vanguard (Garvan)	Internet Design and Development	748,452
Masha Zager	Computer services	5,344
Total		<u>\$2,677,589</u>

Those readers desiring information on fees paid to investment professionals should refer to the Schedule of Fees Paid to Investment Advisors and Consultants.

New York City Employees' Retirement System

SCHEDULE OF INVESTMENT EXPENSES (unaudited)
Fiscal Year Ended June 30, 2003

Investment Expenses Paid from the Investment Earnings of the Plan:

Fees Paid to Investment Advisors for FY2003 Services	\$27,597,603
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See Table of Fees Paid to Investment Advisors on Page 122

Fees Paid to Investment Consultants

Callan Associates	\$306,000
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Pacific Corporate Advisors	477,788
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Total Investment Consultant Fees	783,788
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Other miscellaneous investment expenses	889,155
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Total Investment Expenses Paid Directly by the Plan	29,270,546
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Fee Expenses Related to Securities Lending Transactions	64,262,002
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Total Investment Expenses and Fees Paid Directly by the Plan	93,532,548
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Investment Expenses Paid by the NYC Comptroller as Custodian of the Funds of the Plan:

Custodial Fees	983,528
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Other Financial Services	68,482
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	1,052,010
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Total Investment Expenses and Fees	\$94,584,558
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NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

AND

**NEW YORK CITY
PUBLIC EMPLOYEES' GROUP LIFE INSURANCE PLAN**

BROOKLYN, NEW YORK

A PENSION TRUST FUND OF THE CITY OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2003

PART 3

INVESTMENT SECTION

REPORT ON INVESTMENT ACTIVITY AND POLICIES

Investment Policies and Objectives

The purpose of the New York City Employees' Retirement System is to provide to its members the benefits to which they are legally entitled. The funds necessary to finance these benefits are accumulated through the contributions of the members and participating employers, and the investment earnings of the *Plan*.

The Plan's Board of Trustees adopts investment policies. The Board is composed of eleven members: the Mayor's representative who is the chairperson; the City Comptroller; the Public Advocate; the heads of the three unions with the largest number of participating employees, which are District Council 37-AFSCME, Transit Workers Union Local 100, and the International Brotherhood of Teamsters; and the five Borough Presidents. The Board creates the overall investment philosophy under which the *Plan's* funds are invested and, in defining the investment objectives, develops a framework under which specific objectives are established with regard to allocating the assets of the *Plan* among the various investment types. The following is a brief outline of the *Plan's* philosophy and objectives.

- In order for the *Plan* to meet its responsibility of providing its members with their legal entitlements to retirement and other benefits, the level of investment risk should be prudent and not jeopardize the *Plan's* financial stability. The *Plan's* assets must be protected from severe adverse market conditions and wide fluctuations in investment results.
- Since higher investment returns are generally associated with a certain amount of risk, it is reasonable and justified to assume a moderate level of risk in order to strengthen long term results.
- Diversification reduces the overall portfolio risk. This is achieved by allocating funds among different asset categories and then, within each category, having a broad representation of industries and companies. The bulk of the portfolio is in a very wide variety of domestic stocks and bonds. In recent years, through a fund involving only New York City pension plans, the *Plan* has continued to increase its holdings of international equities in both traditional and emerging markets. The Trustees have also authorized allocations to the private equity sector.
- Since retirement benefits are paid on a monthly basis, and other benefits such as loans, refunds and death benefits are paid weekly or bi-weekly, the liquidity of the portfolio must be considered. The cash flow from employer contributions, dividends and interest must be structured so that benefits can be paid in a timely manner. A portion of the portfolio is kept in short term investments to assure that this is so.
- Striving for long term results is the most reasonable objective for an institution such as a retirement system that is accumulating resources for liabilities that are primarily due in the distant future.

REPORT ON INVESTMENT ACTIVITY AND POLICIES

- Where the return is comparable to the risk, economically targeted investments in New York City are increasing. With the *Plan* financing the underlying mortgages of both low income and middle income housing in the City, many city residents have benefited from the increased access to affordable housing, as well as from the economic effect of the construction industry jobs that have been created. These targeted investments have resulted in the creation or rehabilitation of over 10,000 housing units and other properties, primarily in lower and moderate-income neighborhoods. These investments are all guaranteed by government agencies such as GNMA or FNMA.
- Investments are only made in accordance with the governing statutes of the New York City Administrative Code and the New York State Retirement and Social Security Law.

The Board also determines the criteria used in evaluating the investment advisors. While the Board does utilize an investment consultant to provide technical support in the evaluation of asset mix and of its investment advisors, the Board members themselves take a very active role in determining the direction that the *Plan* is taking towards achieving its objectives. In addition, as well as being a Board member, the City Comptroller is the custodian of the funds of the Plan and the provides oversees all of the City's pension trust funds. The Comptroller's Office is the avenue by which the Board's directives are implemented. It manages the actual flow of funds to the investment advisors, and it assures that the investments recommended by the advisors meet the legal restrictions for plan investments. It also does its own performance analysis of individual advisors and of the different investment categories. The Comptroller is responsible for cash management related to the *Plan*, and provides various cash receipts and cash disbursement services to the *Plan*.

Investment Accounting

Investments are valued at fair value. Traded securities are stated at the last reported sales price on a national securities exchange, on the last business day of the fiscal year. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold.

Purchases and sales of securities are recorded on the trade date.

Dividend income is recorded on the ex-dividend date. Interest income is accrued as earned.

New York City Employees' Retirement System

REPORT ON INVESTMENT ACTIVITY AND POLICIES

Investment Criteria

The criteria for non-equity investments are as follows.

Fixed income investments may be made only in U.S. Government securities, securities of government agencies backed by the U.S. Government, securities of companies rated BBB or better by both Standard & Poor's Corporation and Moody's Investors Service, or any bond on the list of Legal Investments for New York Savings Banks, published annually by the New York State Banking Department.

Short-term investments may be made only in the following instruments:

U.S. Government securities or government agencies' securities fully guaranteed by the U.S. Government.

Commercial paper rated A1 or P1 by Standard & Poor's Corporation or Moody's Investors Service, or Fitch, respectively.

Repurchase agreements collateralized in a range of 100% to 102% of matured value, purchased through primary dealers of U.S. Government securities.

Investments in bankers' acceptances certificates of deposit, and time deposits are limited to banks with world-wide assets in excess of \$50 billion that are rated within the highest categories of the leading bank rating services and selected regional banks also rated within the highest categories.

The criterion for equity investments is that they may consist only of those stocks that meet the qualifications of the NY State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.

In addition, investments of up to 15.0% of total pension fund assets may be made in instruments not specifically covered by the NY State Retirement and Social Security Law.

No investment in any one corporation may represent more than 2% of the Plan net assets or more than 5% of the total outstanding issues of the corporation.

Cash deposits are insured by the Federal Deposit Insurance Corporation for a maximum of \$100,000 per plan member and are, therefore, fully insured.

Listings of the Plan's investments are available for inspection at the offices of the Plan.

REPORT ON INVESTMENT ACTIVITY AND POLICIES**Investment Returns**

The Plan's returns on investments have generally been consistent with the broad market trends. Throughout most of the last ten years, investment earnings have constituted, by far, the largest component of total Plan revenue. The following table illustrates this fact. During 2002 and 2001, the fair value of the investment portfolio depreciated \$4.2 billion and \$4.7 billion respectively, resulting in negative investment income for those years. However, during 2003, the portfolio appreciated \$193 million, resulting in a modest turnaround.

Percentage of Total Revenue

Fiscal Year	Investment Income	Employer Contributions	Employee Contributions
2003	73	7	20
2002	(116)	12	4
2001	(113)	3	10
2000	90	2	8
1999	91	3	6
1998	93	3	4
1997	94	3	3
1996	91	4	5
1995	88	9	3
1994	60	29	11

It is important that, in the long run, the value of the *Plan's* investment portfolios continue to grow, and continue to generate increased income, in order that the funding of the *Plan* not become a burden to its participating employers. It oftentimes allows the employer to decrease its gross contribution, as well as its relative share. This is of vital importance, as municipal employers are striving to contain costs in the face of decreased Federal and State aid. Having a retirement system that is largely self-sufficient, in terms of the revenue stream being generated by its investments, allows the employer to use those savings to meet other needs of its constituents. We believe that we have a strong diversified investment portfolio that, in the long run, will continue to grow along with the rest of the national and international economies.

REPORT ON INVESTMENT ACTIVITY AND POLICIES

The total return on *Plan* assets was (3.9) %. This compares with the benchmark Callan Public Fund Median of (3.6) %.

Domestic Equities, which comprise 47% of the total portfolio, returned .72 %, compared to the Russell 3000 benchmark of .76 %. Merrill Lynch, BGI, and Amalgamated passively manage 87% of the domestic equity portfolio. Fifteen other managers, who vary in their investment approach, such as specializing in value or growth or small capitalization stocks, actively manage the remaining 13%.

The International Equity portfolio is externally managed as part of a fund that only includes NYC retirement systems as shareholders. It makes up 12% of the total portfolio, and it contributed a return of (5.9) %. This was higher than the EAFE index of (6.5) %.

The U.S. Fixed Income segment, externally managed and constituting 28% of the portfolio, returned 12.1 %. This was higher than the NYC Core Plus Five Index of 11.5 %.

The Short-Term Investment return of 1.8 % is significantly lower than all past years. The *Plan's* Targeted Investment segment returned 7.3%.

All investment results are time-weighted rates of return that are reported gross of fees, and in accordance with the standards of the Association for Investment Management and Research (AIMR).

The Finance Division of the *Plan* has prepared this Report on Investment Activity and Policies. It is based on the investment policies of the *Plan's* Board of Trustees, New York State regulations governing the *Plan*, documents provided by the NYC Comptroller as the custodian of the Plan, and the *Plan's* internal documents.

New York City Employees' Retirement System

**INVESTMENT SUMMARY AS OF JUNE 30, 2003
(in thousands of dollars)**

Type of Investment	Market Value as of June 30, 2003	Percent of Total Market Value
Short Term Investments	\$1,164,737	3.2%
Fixed Income Debt Securities - Long Term		
U.S. Government Bonds	4,542,624	12.4%
Corporate Bonds	3,788,778	10.4%
International Bonds	547,078	1.5%
Mortgages	150	0.0%
Total Fixed Income Debt Securities- Long Term	8,878,630	24.3%
Total Fixed Income	10,043,367	27.5%
Private Equity Holdings	154,798	0.4%
Mutual Funds:		
International - equities	4,452,506	12.2%
Mortgages	52,432	0.1%
Total Mutual Funds	4,504,938	12.3%
Equities - domestic	17,235,698	47.2%
Collateral From Securities Lending	4,603,501	12.6%
Total Investments	\$36,542,302	100.0%

New York City Employees' Retirement System

**ANALYSIS OF CASH AND SECURITY HOLDINGS
(in millions of dollars)**

Security Holdings	June 30, 2003		June 30, 2002	
	Market Value	Per Cent	Market Value	Per Cent
1. U.S. Government Bonds	\$4,543	12.4	\$5,504	14.6
2. Foreign Bonds, Corporate Bonds	4,336	11.9	4,920	13.1
3. Mortgages		0.0	3	0.0
4. Mutual Funds	4,505	12.3	4,732	12.6
5. Equity Securities	17,390	47.5	17,233	45.8
6. Cash and Equivalents	1,209	3.3	1,145	3.0
7. Collateral from Securities Lending	4,603	12.6	4,107	10.9
TOTAL	\$36,586	100.0	\$37,644	100.0

Debt Securities and Mortgages are stated at market value. Equity Securities are stated at the last reported sales price on a national securities exchange, on the last business day of the fiscal year. Securities purchased pursuant to agreements to resell, included in the Cash and Equivalents category, are carried at the contract price, exclusive of interest, at which the securities will be resold. Collateral from Securities Lending is carried at the amount of cash collateral received for such transactions.

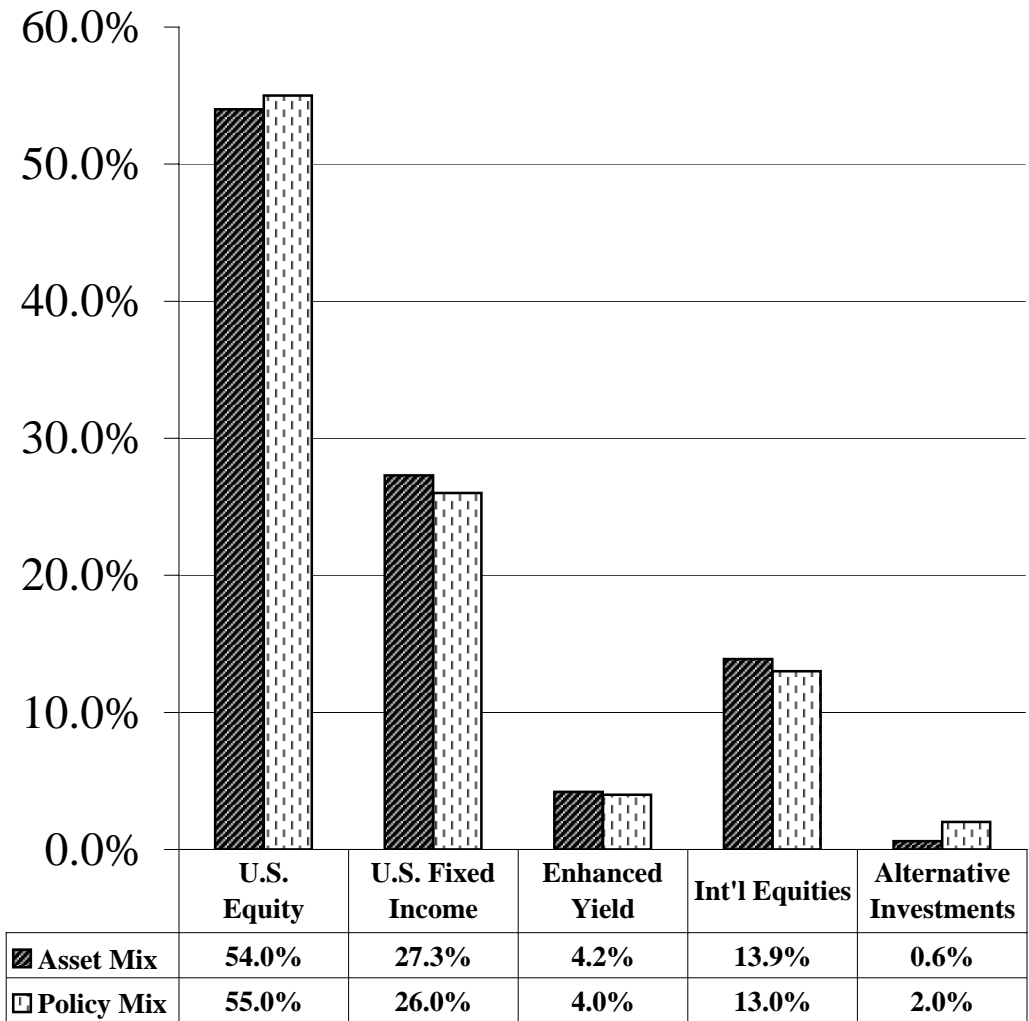
The equity holdings of June 2002 have been restated to reflect the categorization of the International Equity Fund as a Mutual Fund.

I hereby certify that the above Analysis of Cash and Security Holdings was prepared under my direction. I also certify that, to the best of my knowledge and belief, said Analysis represents the true financial conditions of June 30, 2003 and June 30, 2002, as to the accumulated cash and securities of the New York City Employees' Retirement System and the New York City Public Employees' Group Life Insurance Plan.

William C. Thompson Jr.
Comptroller
City of New York

New York City Employees' Retirement System

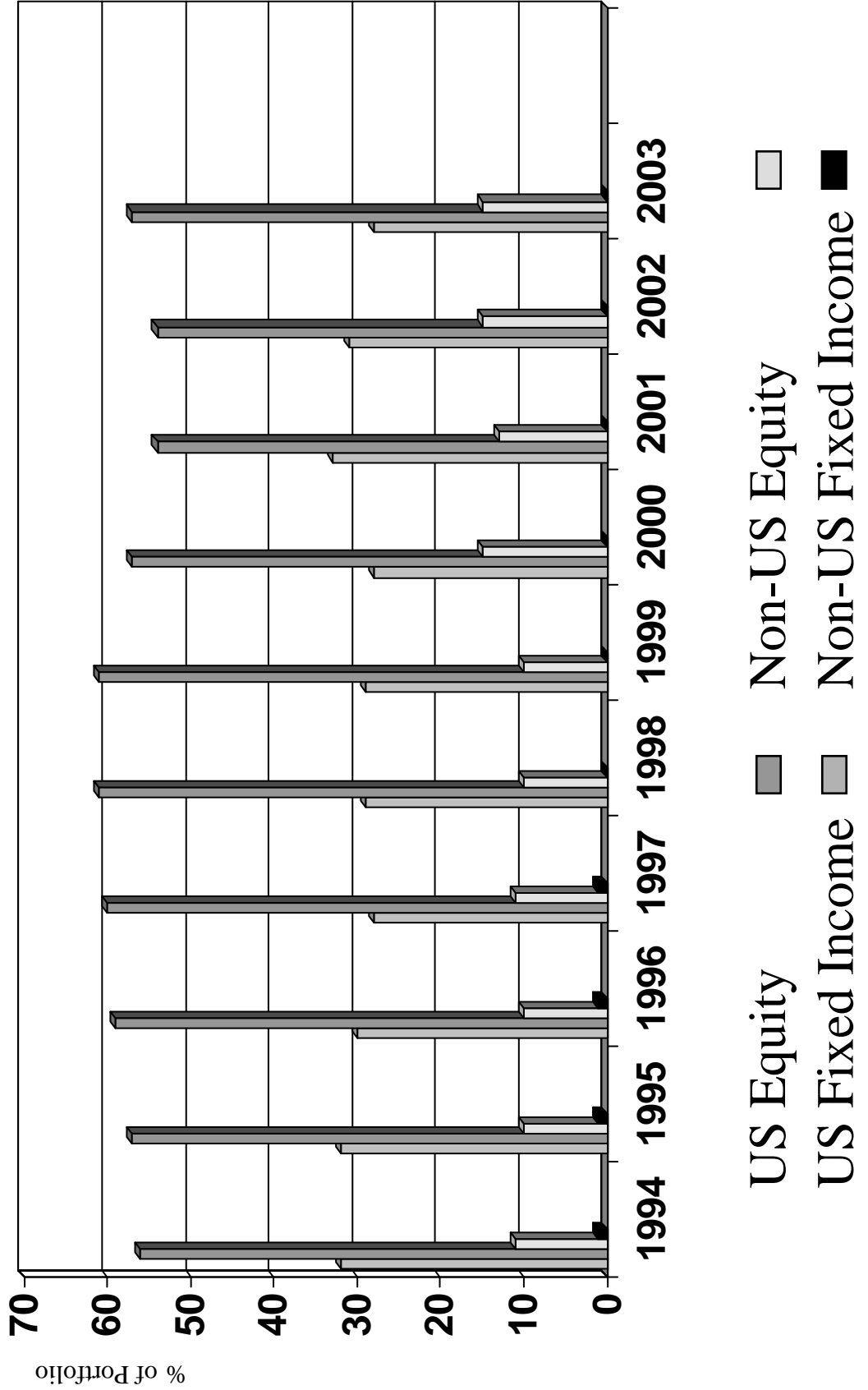
ASSET ALLOCATION AND POLICY MIX



(as of June 30, 2003)

NYC EMPLOYEES' RETIREMENT SYSTEM ASSET ALLOCATION

June 30, 1994 - June 30, 2003



New York City Employees' Retirement System

LIST OF LARGEST EQUITY HOLDINGS

(By Market Value)

June 30, 2003

	Shares	Stock	Market Value	Percent of Equities
1	16,407,850	General Electric Company	\$470,577,138	2.73%
2	12,992,166	Pfizer Inc.	443,682,469	2.57%
3	15,206,967	Microsoft Corp.	389,906,634	2.26%
4	10,836,092	Exxon Mobil Corp.	389,124,064	2.26%
5	8,483,547	Citigroup Inc.	363,095,812	2.11%
6	4,814,371	Wal-Mart Stores Inc.	258,387,292	1.50%
7	4,855,579	Johnson & Johnson	251,033,434	1.46%
8	10,876,647	Intel Corp.	226,343,024	1.31%
9	3,712,204	Merck & Company	224,773,952	1.30%
10	2,692,423	Int'l Business Machines Corp.	222,124,898	1.29%
11	3,827,038	American Int'l Group Inc.	211,175,957	1.23%
12	11,852,164	Cisco Systems Inc.	198,997,834	1.15%
13	2,512,369	Bank America Corp.	198,552,522	1.15%
14	2,166,557	Procter & Gamble Company	193,213,553	1.12%
15	4,594,566	Verizon Communications	181,255,629	1.05%
16	3,468,605	Coca Cola Company	160,977,958	0.93%
17	3,244,769	Altria Group Inc.	147,442,303	0.86%
18	2,767,733	Wells Fargo & Company	139,493,743	0.81%
19	5,456,583	SBC Communications Inc.	139,415,696	0.81%
20	2,033,618	Amgen Inc.	134,096,771	0.78%
21	1,775,569	Chevron Texaco Corp.	128,196,082	0.74%
22	3,823,852	Home Depot Inc.	126,645,978	0.73%
23	2,829,674	Pepsico Inc.	125,920,493	0.73%
24	3,904,499	Dell Computer Corp.	124,319,248	0.72%
25	2,617,875	Viacom Inc.	114,296,423	0.66%
26	1,681,137	Fannie Mae	113,375,879	0.66%
27	7,021,996	AOL Time Warner Inc.	112,983,916	0.66%
28	2,555,447	Abbott Laboratories	111,826,361	0.65%
29	1,604,471	Lilly Eli & Company	110,660,365	0.64%
30	3,233,586	J. P. Morgan Chase & Company	110,523,969	0.64%
31	4,780,302	Hewlett Packard Company	101,820,433	0.59%
32	2,147,062	Wyeth Inc.	97,798,674	0.57%
33	1,966,757	Medtronic Inc.	94,345,333	0.55%
34	2,969,810	Comcast Corp.	89,628,866	0.52%
35	2,228,755	Wachovia Corp.	89,061,050	0.52%
36	7,051,768	Oracle Corporation	84,691,734	0.49%
37	3,101,518	Bristol Myers Squibb Company	84,206,214	0.49%
38	638,179	3M Company	82,312,327	0.48%
39	1,956,680	American Express Company	81,808,791	0.47%
40	3,061,391	BellSouth Corp.	81,524,842	0.47%
			<u>\$7,009,617,659</u>	<u>40.66%</u>

New York City Employees' Retirement System

LIST OF LARGEST BOND HOLDINGS

(by Market Value)

June 30, 2003

Security Description	Market Value	Percent of Long Term Fixed Income
1 FNMA Securities	\$2,385,933,484	26.87%
2 U.S. Treasury Securities	988,949,033	11.14%
3 Federal Home Loan Corp.	986,510,585	11.11%
4 GNMA Securities	508,674,790	5.73%
5 Community / Economic Development Bonds	88,122,753	0.99%
6 Citigroup & subsidiaries	69,881,786	0.79%
7 General Motors & subsidiaries	66,181,912	0.75%
8 Ford Motor Company	65,853,387	0.74%
9 AFL-CIO Housing Investment Trust	52,432,365	0.59%
10 J.P. Morgan Chase & subsidiaries	52,417,959	0.59%
11 AT&T & subsidiaries	52,140,697	0.59%
12 General Electric Company	49,484,072	0.56%
13 Resolution Funding Corp.	48,757,145	0.55%
14 Structured Asset Securities Corp.	47,790,006	0.54%
15 Household Finance Corp.	47,066,073	0.53%
16 Inter American Development Bank	46,338,418	0.52%
17 NEXTEL Partners Inc.	42,837,408	0.48%
18 Comcast UK Cable	39,068,523	0.44%
19 Lehman Brothers	35,997,881	0.41%
20 United Mexican States	35,721,099	0.40%
21 Community / Economic Development Bonds	35,658,057	0.40%
22 Int'l Bank for Reconstruction & Development	34,692,721	0.39%
23 AOL Time Warner Inc.	34,125,061	0.38%
24 British Telecommunications PLC	34,074,813	0.38%
25 Credit Suisse First Boston USA	33,466,444	0.38%
26 Bear Stearns Inc.	32,984,022	0.37%
27 Tennessee Valley Authority	32,251,537	0.36%
28 Bank One Corp.	31,404,644	0.35%
29 FHA Securities	31,032,078	0.35%
30 CSC Holdings Inc.	30,708,523	0.35%
31 EOP Operating LP	30,350,921	0.34%
32 American Express	29,511,298	0.33%
33 Liberty Media Group Corp.	27,516,451	0.31%
34 Goldman Sachs Group	27,433,644	0.31%
35 Sprint Capital Corp.	26,389,135	0.30%
36 UBS Financial LLC	25,977,005	0.29%
37 Republic of Brazil	25,256,941	0.28%
38 PEMEX Finance Ltd.	25,115,845	0.28%
39 Morgan Stanley & subsidiaries	24,675,596	0.28%
40 Simon Property Group	24,662,710	0.28%
	\$6,282,784,112	70.75%

This table lists the issuers of NYCERS' 40 largest long term fixed – income securities. For most issuers, the amount shown is comprised of multiple securities with various maturities and interest rates.

SCHEDULE OF FEES PAID TO INVESTMENT ADVISORS AND CONSULTANTS

	Assets under Management (in millions) as of June 30, 2003		Fees
Fees Paid Out of Investment Income			
Investment Managers' Fees:			
Fixed Income Managers:			
Alliance Capital Management, LP	\$ 147.81	\$	307,494
Blackrock (Corporate)	529.69		231,332
Blackrock (Mortgages)	752.94		404,239
Credit Suisse Asset Mgt. (Corporate)	0.00		66,937
Credit Suisse Asset Mgt.(Enhanced)	301.28		544,531
Fischer, Francis, Trees, & Watts	303.16		247,109
Lincoln Capital Mgt. Co. (Mortgages)	815.67		408,697
Lincoln Capital Mgt. Co. (Gov't)	829.33		147,901
Loomis, Sayles & Company, LP	389.55		1,713,591
MDL Capital Management, Inc.	152.38		117,254
Pacific Investment Mgt. Co. (Gov't)	249.37		233,155
Pacific Investment Mgt. Co. (Mortgages)	811.98		831,335
Progress Investment Management	67.31		349,402
Prudential (Int'l)	303.40		178,394
Prudential (Corporate)	375.37		205,704
State Street Bank & Trust Co.	249.09		54,067
T. Rowe Price Associates, (Enhanced)	218.63		483,540
T. Rowe Price Associates, (Corporate)	490.65		260,802
Taplin, Canida & Habacht	573.36		462,592
TCW	750.11		928,122
W. R. Huff Asset Management, LP	283.82		1,220,180
Total Fixed Income	8,594.90		9,396,378
 Domestic Equity Managers			
Aeltus	378.24		340,166
Amalgamated	175.15		5,157
Ariel Capital (small cap)	104.93		332,940
Ariel Capital (mid-cap)	149.21		464,919
BGI	6,895.92		203,486
Chicago Equity Partners	50.31		109,776
Emerald Advisors	24.17		90,310
FIS Funds Management	104.18		331,497
Forstmann-Leff Associates	84.08		320,640
Franklin Portfolio Associates	49.85		165,879
Gabelli Asset	51.61		420,482
JP Morgan	379.55		33,895
Merrill Lynch Asset Management	6,846.14		85,449
Merrill Lynch - S&P 500	1,129.31		13,964
Montgomery	76.37		234,665
Navellier	50.05		176,825
New Amsterdam	52.49		153,614
Progress Investment Management Co.	203.79		919,514
Rothschild Asset Management	99.36		528,573
Seneca Capital Management	121.36		372,981
Westpeak	197.13		169,408
Zevenbergen Capital, Inc.	71.60		198,285
	17,294.80		5,672,425

SCHEDULE OF FEES PAID TO INVESTMENT ADVISORS AND CONSULTANTS

International Equity Active Advisors

Bank of Ireland Asset Management	\$ 311.23	\$ 770,276
Barclays' Global Investor, NA	1,286.15	138,730
Capital Guardian Trust Company	902.57	3,075,905
Delaware Management Company	372.98	1,056,277
GE Asset Management	407.92	1,029,760
Invista Capital Management	29.93	108,808
Oechsle International Advisors	111.83	469,939
Putnam Advisory Company	147.51	407,061
Rowe Price Fleming	504.32	1,768,275
SpruceGrove Investment Management Ltd.	378.12	975,164

Total International Equity	4,452.56	9,800,195
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Alternative Investment Managers

Allegra Capital	10.56	211,173
Apollo Investment Fund	12.75	191,294
Blackstone IV	2.87	37,044
Canyon Johnson	4.14	62,060
Caryle Partners	28.27	424,027
Cypress Merchant Banking Partners	19.94	299,114
FdG Capital	11.39	170,896
Freeman Spogli V LP	0.39	5,893
Lincolnshire Equity Fund	11.05	220,908
Lumina Ventures	1.31	32,692
New Mountain Partners	5.57	111,410
Ripplewood Partners	2.50	50,079
RRE Ventures	4.67	116,645
SCP Private Equity Partners	10.40	207,909
Solera Partners	4.44	88,717
VS & A Fund Management Corp.	24.94	498,744

Total Alternative Investment Fees	155.19	2,728,605
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Total Advisor Fees Paid from NYCERS Investment Income	30,497.45	27,597,603
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Fees Paid to Investment Consultants

Callan Associates, Inc.	N/A	306,000
Pacific Corporate Advisors, Inc.	N/A	477,788
Total Consultant Fees	N/A	783,788

Total Fees Paid to Investment Advisors & Consultants	\$	\$ 28,381,391
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SCHEDULE OF BROKERS' COMMISSIONS
For Fiscal Year Ended June 30, 2003

Brokerage Firm	Number of Shares Traded	\$	Total Commissions
Abel Noser Corp.	1,462,074	\$	60,091
Access Securities Inc.	256,000		8,576
Adams Harkness & Hill	268,427		11,891
Addison Securities Inc.	351,957		9,714
Advest Inc.	32,161		1,116
Allen & Company	12,500		625
Archipelago BCC Capital	103,376		2,037
Arnhold & S. Bleichroeder	23,000		690
Autranet Inc.	163,468		7,307
Robert W. Baird & Company	716,875		33,335
M.R.Beal & Company	100		3
Bear Stearns & Company	2,969,793		100,954
Berean Capital Inc.	208,428		9,942
Sanford C. Bernstein & Company	718,108		33,320
William Blair & Company	637,073		31,663
Blaylock Partners L.P.	78,365		3,738
BNY Clearing - Int'l Services	8,770		439
BNY Clearing Services	1,527,273		31,920
BOE Securities Inc.	34,338		1,504
Boston Institutional	351,482		21,019
Brean Murray Foster	1,900		95
Bridge Trading	2,696,726		117,308
Broad Court Corp.	103,903		4,270
Brock House & Cooper Inc.	20,200		1,010
Brown Brothers Harriman & Co.	16,905		810
B-Trade Services LLC	2,886,943		98,733
Buckingham Research Group	16,419		729
Cantor Fitzgerald & Company	1,816,662		46,688
Capital Institutional Securities	4,819,982		166,289
Cathay Financial Corp.	42,200		2,110
Chapman Company	20,500		615
CIBC Oppenheimer Corp.	957,737		45,109
Citation Group	858,910		31,780
Correspondent Services Corp.	207,869		10,290
Cowen & Company	958,172		43,501
Credit Lyonnais Securities	59,050		2,362
Credit Suisse First Boston	5,329,838		190,275
Croix Securities, BBC Clearing	18,400		552
Dain Rauscher Inc.	503,427		24,618
Davenport & Co. of Virginia	4,182		209
Davidson & Company - NSCC	4,200		126
Dean Witter Reynolds Inc.	10,781		566
Deutsche Banc Alex Brown	7,291,877		107,920
Donaldson Lufkin & Jenrette	210,956		9,303
Dresdner Securities (USA) Inc.	197,205		10,196
East/West Securities Company	37,159		1,962
A.G. Edwards & Sons Inc.	317,942		15,134
Equity Securities Trading	5,200		208

SCHEDULE OF BROKERS' COMMISSIONS
For Fiscal Year Ended June 30, 2003

Brokerage Firm	Number of Shares Traded	Total Commissions
Ernst & Company	224,771	2,450
Execution Services Inc.	1,497,736	71,592
F P Maglio & Company	2,300	58
Factset Data Systems Inc.	200,447	10,013
Fahnestock & Company	50,060	2,513
Ferris, Baker Watts	42,727	1,128
Fidelity Capital Markets - NFSC	202,720	7,014
Firserv Securities Inc.	672,500	7,532
First Albany Corp.	391,066	16,659
First Clearing Corporation	517,647	880
First Marathon Securities	56,744	1,952
First Tennessee Securities	412,716	11,969
First Union Capital Market	491,348	24,518
Fleet Securities Inc.	62,069	900
Fox Pitt Kelton Inc.	77,052	3,113
Frank Russell Securities	5,100	153
Friedman Billngs & Ramsey	138,013	7,246
Fulcrum Global Partners LLC	58,532	2,786
Gardner Rech & Company	487,172	23,774
Gerard Klauer Mattison	137,159	6,776
Goldman, Sachs & Company	31,761,013	505,000
Griswold Company	207,579	5,895
Guzman & Company	82,698	2,820
Haynes (A.H.)-Muni Trade	3,700	222
Heflin & Company LLC	19,079	290
Henderson Brothers, Inc.	411,778	14,824
Hoening & Company	54,885	2,618
Howard, Weil, Labouisse	48,740	2,437
Instinet Corp.	5,107,655	107,276
Institutional Services Unlimited	71,170	3,772
Intersecurities Inc.	3,400	170
Investment Tech GRD	8,866,175	176,437
ISI Group Inc.	410,703	18,441
Jackson Partners & Associates	580,056	23,898
Jackson Securities Inc.	84,641	4,122
Janney Montgomery Scott LLC	191,714	10,180
Jeffries & Company	2,406,375	77,485
Johnson Rice & Company	193,768	9,340
Jones & Associates	397,681	17,061
Kalb, Voorhis & Company	128,494	5,333
Keefe Bru & Woods Inc.	154,431	8,185
C.L. King & Associates	709,229	31,277
Knight Securities	391,337	3,718
Ladenburg Thalman	56,712	2,280
Lazard Freres & Company	65,412	2,538
Legg, Mason, Wood, & Walker	393,532	17,630

SCHEDULE OF BROKERS' COMMISSIONS
For Fiscal Year Ended June 30, 2003

Brokerage Firm	Number of Shares Traded	Total Commissions
Lehman Brothers Inc.	19,378,456	215,101
Liquidnet Inc.	504,438	13,469
Lynch, Jones & Ryan	1,232,966	52,894
Magna Securities Corp.	1,632,279	42,439
Maple Partners-UK	430,019	22,060
McDonald & Company	243,420	9,566
Merrill Lynch Professional Clearing	201,865	4,199
Merrill Lynch, Pierce, Fenner, & Smith	18,935,071	270,772
Mesirow Capital Inc.	26,914	1,308
Midwood Securities	54,500	2,725
Monness, Crespi, Hardt	2,093	105
J.P. Morgan Securities Inc.	2,229,676	101,450
Morgan Keegan & Company	147,385	7,089
Morgan Stanley & Company	6,867,660	190,234
Multitrade Securities, LLC	1,317,900	39,537
National Finance Services Corp.	129,380	6,055
NationsBank Montgomery Securities	1,341,802	65,212
Needham & Company	344,827	14,414
Nutmeg Securities	1,726,800	14,114
O'Neil, William & Company	24,450	1,223
Ormes Capital Markets - BCC	50,200	2,510
Oscar Gruss & Son Inc.	41,920	1,673
Pacific Growth	61,132	3,051
Paine Webber Inc.	129,074	5,847
Parker Hunter Inc.	2,704	149
Paulsen Dowling Securities	8,706	269
PCS Securities Inc.	53,292	2,388
Penson Financial Services,	266,774	2,481
Pershing Division, Donaldson, Lufkin	68,486	3,212
Precursor Group	600	18
Prudential Securities Inc.	2,509,297	96,608
Pulse Trading LLC	37,900	1,137
Putnam Lovell De Guardiola	63,800	3,190
Quaker Securities Inc.	46,402	2,747
R. Seelaus & Company	451,476	18,059
Ragen Mackenzie	10,614	484
Ramirez & Company	1,000	30
Raymond James & Associates	351,847	15,165
Robb Peck McCooey & Company	50,072	1,938
Robert Van Securities, Inc.	41,100	2,055
Robinson Humphrey	14,222	704
Rochdale Securities Corp.	59,342	2,344
Russell Frank Securities Inc.	3,300	132
Sutter Securities, Inc.	33,010	1,360
Salomon Smith Barney Inc.	9,092,241	184,573
Sanders Morris Mundy	997,528	50,076
Sandler, O'Neill & Partners	107,091	1,767
SBC Warburg, Inc	4,981,168	155,911

SCHEDULE OF BROKERS' COMMISSIONS
For Fiscal Year Ended June 30, 2003

Brokerage Firm	Number of Shares Traded	Total Commissions
Charles Schwab & Company	1,856,157	28,770
Scott And Stringfellow Inc.	277,407	11,180
Seslia Securities	120,709	5,082
Sidoti & Company LLC	86,745	4,424
Simmons & Company International	15,514	619
SK International Securities	331,333	13,419
Soundview Financial Group	81,967	3,992
Southtrust Bank IPA	103,960	5,198
Southwest Securities Inc.	397,901	5,213
Spear, Leeds & Kellogg	571,217	12,738
State Street Brokerage Services	8,610	223
Status Securities, Inc.	95,794	2,874
Stephens Inc.	453,100	22,655
Stifel Nicolaus and Company	91,495	4,575
Sutter Securities, Inc.	193,720	8,020
Thomas Weisel Partners	1,132,774	51,768
Thomson Institutional Services	300,308	15,106
Troster Singer Corp.	45,771	1,337
U.S. Bancorp Piper Jaffray	684,143	31,881
Unterberg Harris	85,043	3,912
Utendahl Capital Partners	73,828	3,182
Van Kasper & Company	50,300	2,515
Vandham Securities Corp.	175,749	6,450
Wedbush Morgan Securities	296,678	8,485
Weedon & Company	790,722	37,243
H.G. Wellington & Company	2,900	145
Wexford Clearing Services Corp.	7,810	346
William Smith Securities Inc.	123,000	6,150
Williams Capital Group	666,493	32,991
Wilshire Assn NSCC	131,110	6,556
Totals	183,427,106	\$4,529,820

**SCHEDULES OF INVESTMENT RESULTS
TIME-WEIGHTED RATES OF RETURN**

	Year Ended June 30			June 30, 2003		
	2003	2002	2001	3 Years	5 Years	10 Years
Total Portfolio	3.94	(8.64)	(8.30)	(4.51)	1.57	8.69
Callan Public Fund Median	3.63	(5.15)	(4.06)	(4.80)	1.30	8.30
<u>Managed by Outside Advisors</u>						
U. S. Equities Segment	.72	(17.05)	(14.05)	(10.46)	(1.27)	9.60
Russell 3000 Index	.76	(17.25)	(13.94)	(10.47)	(1.14)	9.71
International Equities Segment	(5.89)	(8.12)	(23.47)	(12.86)	(2.10)	4.96
MSCI EAFE	(6.46)	(9.48)	(23.61)	(13.52)	(4.00)	2.78
U. S. Fixed Income Segment	12.05	6.32	10.46	10.73	7.72	7.71
Structured Managed Program	12.02	8.42	11.89	10.73	7.72	7.70
NYC Core Plus Five Index	11.47	8.65	11.65	10.58	7.70	7.55
Enhanced Yield	22.51	(4.97)	1.68	5.79	3.33	N/A
Citigroup BB & B Index	22.03	(3.71)	.09	5.50	3.29	6.96
<u>In - House Portfolio</u>						
Short Term Investments	1.86	3.62	9.10	4.82	5.11	5.22
Targeted Investments	7.33	10.32	13.12	10.23	7.08	8.39

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

AND

**NEW YORK CITY
PUBLIC EMPLOYEES' GROUP LIFE INSURANCE PLAN**

BROOKLYN, NEW YORK

A PENSION TRUST FUND OF THE CITY OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2003

PART 4

ACTUARIAL SECTION



OFFICE OF THE ACTUARY

75 PARK PLACE • 9TH FLOOR
NEW YORK, NY 10007
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ROBERT C. NORTH, JR.
CHIEF ACTUARY

November 20, 2003

Board of Trustees
New York City Employees'
Retirement System
335 Adams Street, Suite 2300
Brooklyn, NY 11201-3751

Re: Actuarial Information for the Comprehensive Annual Financial
Report ("CAFR") for the Fiscal Year ended June 30, 2003

Dear Members:

The financial objective of the New York City Employees' Retirement System (the "Plan") is to fund members' retirement benefits during their active service and to establish employer normal contribution rates which, expressed as a percentage of active member annualized covered payroll, will remain approximately level over the future working lifetimes of those active members and, together with member contributions, will be sufficient to accumulate assets to pay benefits when due.

Employer contributions to the Plan are made on a statutorily-required basis based on actuarial valuations performed annually as of June 30.

Board of Trustees
New York City Employees'
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November 20, 2003
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Statutorily-required contributions for Fiscal Year 2003 were less than the annual required contributions as defined under Governmental Accounting Standards Board Statement Number 25 ("GASB 25"). This relationship occurs because Chapter 125 of the Laws of 2000 ("Chapter 125/00"), which provides eligible retirees and eligible beneficiaries with Supplementation benefits effective September 2000 and with automatic Cost-of-Living Adjustments ("COLA") increases beginning September 2001, also provides for a phase-in schedule, later modified by Chapter 278 of the Laws of 2002 ("Chapter 278/02"), for funding the additional liabilities created by the benefits provided by Chapter 125/00.

The annual required contributions were computed in accordance with GASB 25 and are consistent with generally accepted actuarial principles.

Actuarial Assumptions and Methods in Effect as of June 30, 2002

Provided in this Actuarial Section of the CAFR is a "Summary of Actuarial Assumptions and Methods in Effect as of June 30, 2002." These actuarial assumptions and methods were employed in the June 30, 2002 actuarial valuation that was used to determine Fiscal Year 2003 employer contributions to the Plan.

These actuarial assumptions and methods are generally the same as those employed in the June 30, 2001 actuarial valuation that was used to determine Fiscal Year 2002 employer contributions to the Plan.

Benefits and Census Data

A summary of the benefits available under the Plan is shown earlier in the Introductory Section of the CAFR.

Board of Trustees
New York City Employees'
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November 20, 2003
Page 3

Census data are submitted by the Plan's administrative staff, by the employers' payroll facilities and by the Comptroller of the City of New York, and are reviewed by the Office of the Actuary for consistency and reasonability.

A summary of the census data as of June 30, 2002 is included in this CAFR. A summary of the census data used in the June 30, 2001 actuarial valuation of the Plan is available in the June 30, 2002 CAFR.

Funded Status

The Funded Status of the Plan is usually expressed in various relationships of Assets to Liabilities.

With respect to the funded status of the Plan, included in the Financial Section of the CAFR is a Schedule of Funding Progress (Schedule 1).

Included in the Actuarial Section of the CAFR is a Solvency Test (i.e., Comparative Summary Of Actuarial Values and Percentages Covered by Actuarial Value of Assets) as prescribed by the Government Finance Officers Association ("GFOA"). This Solvency Test represents an alternative approach to describing progress toward funding objectives.

In addition to the Schedule of Funding Progress and the Solvency Test, included in the Actuarial Section of the CAFR (following the Solvency Test) are two Other Measures of Funded Status which provide different representations of the Assets and Liabilities of the Plan.

Presentation Style and Sources of Information

The actuarial information herein is being presented in a manner believed to be consistent with the requirements of the GFOA and, where applicable, with GASB 25 which was adopted for financial reporting purposes beginning Fiscal Year 1995.

As prescribed by GASB 25, included in the Financial Section of the CAFR are the following schedules:

- Schedule of Funding Progress - prepared by the Office of the Actuary.
- Schedule of Employer Contributions - prepared by the Office of the Actuary.
- Actuarial Assumptions and Methods - prepared by the Office of the Actuary.

The following supporting schedules in the Actuarial Section of the CAFR were prepared by the Office of the Actuary:

- Summary of Actuarial Assumptions and Methods in Effect as of June 30, 2002.
- Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets - Solvency Test.
- Other Measures of Funded Status.
- Actual vs. Required Contributions.
- Active Member Valuation Data.
- Participating Employers.
- Number and Salary of Active Members by Occupational Position.

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- Number of Active Members by Occupational Position and Age.
- Number of Active Members by Occupational Position and Years of Service.
- Retirants and Beneficiaries Added to and Removed from Rolls.

If you have any questions about any of the actuarial information in this Actuarial Section or elsewhere in this CAFR, please do not hesitate to contact Mr. Martin A. Einhorn or me.

Respectfully Submitted,



Robert C. North, Jr., F.S.A.
Chief Actuary

RCN/aw

cc: Mr. J.J. Murphy

2713R-2003:PCA/aw

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002

- (1) The investment rate of return assumption is 8.0% per annum.
- (2) The mortality tables for service and disability pensioners were developed from an experience study of the Plan's pensioners. Sample probabilities are shown in Tables 1A and 1B.
- (3) Active Service tables are used to predict various withdrawals from active service. Sample probabilities are shown in Tables 2A and 3A for members withdrawing from active service other than for Service Retirement and in Tables 2B and 3B for members withdrawing from active service for Service Retirement.
- (4) Salary Scales are used to estimate salaries at retirement or death. Sample percentage increases are shown in Table 4. The Salary Scale includes an assumed General Wage Increase rate of 3.0% per annum.
- (5) The economic assumptions (i.e., the assumed investment return rate, the General Wage Increase rate and Cost-of-Living Adjustments ("COLA")) were developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year. The COLA assumption is 1.3% per annum.
- (6) The valuation method assumes a closed group. Salaries of members on the valuation date are assumed to increase in accordance with the Salary Scale.
- (7) The Frozen Initial Liability Actuarial Cost Method is utilized by the Plan's Actuary to calculate the contributions from the employers. Under this Actuarial Cost Method, the Initial Liability was reestablished by the Entry Age Actuarial Cost Method as of June 30, 1999 but with the Unfunded Actuarial Accrued Liability ("UAAL") not less than \$0.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

Under this method, the excess of the Actuarial Present Value of projected benefits of members as of the valuation date, over the sum of the Actuarial Value of Assets plus UAAL, if any, and Actuarial Present Value of future employee contributions is allocated on a level basis over the Actuarial Present Value of future earnings of members who are on payroll as of the valuation date. Actuarial gains and losses are reflected in the employer normal contribution rate.

All outstanding components of the UAAL are being amortized over closed periods.

Chapter 85 of the Laws of 2000 ("Chapter 85/00") reestablished the UAAL and eliminated the Balance Sheet Liability ("BSL") for actuarial purposes as of June 30, 1999. The schedule of payments toward the reestablished UAAL provides that the UAAL, if any, be amortized over a period of 11 years beginning Fiscal Year 2000, where each annual payment after the first annual payment equals 103% of its preceding annual payment.

Chapter 70 of the Laws of 1999 established the UAAL as of June 30, 2000 for an early retirement incentive. This UAAL is being amortized on a level basis over a period of five years beginning Fiscal Year 2001.

Chapter 86 of the Laws of 2000 established the UAAL as of June 30, 2001 for an early retirement incentive. This UAAL is being amortized on a level basis over a period of five years beginning Fiscal Year 2002.

The Actuarial Asset Valuation Method ("AAVM") was changed as of June 30, 1999 to reflect a market basis for investments held by the Plan and was made as one component of an overall revision of actuarial assumptions and methods as of June 30, 1999.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

This AAVM recognizes expected investment returns immediately and phases in investment returns greater or less than expected (i.e., Unexpected Investment Returns ("UIR")).

Under this AAVM, any UIR for Fiscal Years 2000 and later is phased into the AAV beginning the following June 30 at a rate of 10%, 15%, 20%, 25% and 30% per year (or at a cumulative rate of 10%, 25%, 45%, 70% and 100% over five years).

- (8) The obligations of the Plan to the Correction Officers' Variable Supplements Fund ("COVSF") is recognized through the use of the Liability Valuation Method.

Under this methodology the Actuarial Present Value of the potential excess earnings transfers from the Plan to the COVSF is included directly as an actuarial liability of the Plan. This amount is computed as the excess, if any, of the Actuarial Present Value of benefits of the COVSF offset by the Actuarial Value of Assets of the COVSF.

In a report dated October 1999 entitled Report on the Experience Study of the New York City Retirement Systems for the Four Years ended June 30, 1997, Watson Wyatt and Company, an independent actuarial auditor, presented an actuarial experience study and made recommendation for changes in certain actuarial assumptions and methods. Based upon a review of that study, the Actuary in a Report dated February 29, 2000, proposed changes to certain actuarial assumptions and methods to be used by the Plan for Fiscal Years beginning on and after July 1, 1999 (i.e., Fiscal Years beginning 2000).

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

Where required, the Board of Trustees of the Plan adopted those changes to actuarial assumptions and methods that required Board approval and the New York State Legislature and Governor enacted Chapter 85/00 to provide for those changes to the actuarial assumptions and methods that required legislation, including the investment rate of return assumption of 8.0% per annum.

- (9) The salary data was adjusted to reflect overtime earnings by assumed overtime baseline rates. See Table following Item 12.
- (10) A dual overtime assumption (i.e., a baseline overtime assumption for most years and a separate overtime assumption for the years included in the calculation of Final Average Salary) had been introduced as of June 30, 1995. The following table summarizes the overtime assumptions currently in use:

Group	Baseline ⁽¹⁾ Assumption	Dual Assumptions ⁽²⁾				
		Tier I Service ⁽³⁾	Other Service ⁽³⁾	Tier I Disability	Other Disability	Other Benefits
Others	2%	2%	2%	2%	2%	2%
Transit	8%	16%	12%	6%	6%	8%
TBTA	12%	24%	18%	4%	8%	12%
Sanitation	12%	20%	16%	4%	8%	12%
Corrections	12%	16%	14%	4%	8%	12%
HP TP	6%	12%	9%	2%	4%	6%

(1) Overtime earned on an ongoing basis during a member's career. Baseline overtime is included in "Salary Base for Pensions."

(2) Overtime earned on an ongoing basis during a member's career plus an adjustment on account of overtime earned in the year before retirement.

(3) Applies to both unreduced and reduced Service Retirements.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

TABLE 1A

Deaths among Service Pensioners

(Percentage of Pensioners Dying within Next Year)

<u>Age</u>	<u>All Except Housing Police and Transit Police</u>		<u>Housing Police And Transit Police ("HP and TP")</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
40	.1209%	.0677%	.1151%	.0677%
50	.6640	.2205	.2781	.2205
60	1.3866	.7143	1.0416	.7143
70	3.1053	1.7416	2.2892	1.7416
80	7.2749	4.6138	5.1995	4.6138
90	16.5712	12.2729	13.7899	12.2729
100	32.8097	28.6331	30.1977	28.6331
110	100.0000	100.0000	100.0000	100.0000

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

TABLE 1B

Deaths among Disability Pensioners

(Percentage of Pensioners Dying within Next Year)

<u>Age</u>	<u>All Except HP and TP And Correction Officers</u>		<u>Housing Police And Transit Police</u>		<u>Correction Officers</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
40	2.3055%	3.1297%	.1477%	.0817%	1.1527%	1.5649%
50	2.7639	3.2720	.4574	.2788	1.3820	1.6360
60	3.7649	3.4142	1.2209	.8895	2.2590	2.0485
70	5.3787	4.0596	2.7024	2.1653	3.7651	2.8417
80	9.0925	7.0032	6.0431	5.6527	7.2749	5.6025
90	16.8444	13.0674	16.4676	15.1220	16.5712	12.2729
100	32.8097	28.6331	36.7152	34.8130	32.8097	28.6331
110	100.0000	100.0000	100.0000	100.0000	100.0000	100.0000

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

TABLE 2A

Withdrawals from Active Service (Other than for Service Retirement)

(Percentage of Eligible Active Members Separating within Next Year)

<u>Age</u>	<u>Withdrawal</u>		<u>Accident Disability Retirement</u>		<u>Ordinary Disability Retirement</u>		<u>Accidental Death</u>	<u>Ordinary Death</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	<u>All</u>	<u>Males</u>	<u>Females</u>
Others*									
20	15.44%	15.53%	.02%	.01%	.03%	.04%	--	.0351%	.0183%
25	12.51	11.81	.02	.01	.04	.04	--	.0432	.0245
30	7.32	7.44	.03	.01	.05	.05	--	.0565	.0332
35	4.77	4.76	.05	.01	.08	.06	--	.0800	.0462
40	3.39	3.92	.07	.02	.21	.14	--	.1151	.0645
45	2.68	2.51	.08	.02	.36	.30	--	.2030	.0980
50	2.20	2.02	.09	.02	.49	.45	--	.3635	.1598
55	2.10	2.00	.10	.02	.50	.50	--	.5702	.2465
60	2.00	2.00	.10	.02	.50	.50	--	.8517	.4114
65	2.00	2.00	.10	.02	.50	.50	--	1.4501	.6852
70	--	--	--	--	--	--	--	--	--
Transit Operating*									
20	4.00%	5.00%	.06%	.06%	.20%	.20%	--	.0351%	.0183%
25	4.00	5.00	.06	.06	.25	.25	--	.0432	.0245
30	4.00	5.00	.06	.06	.30	.30	--	.0565	.0332
35	3.50	4.50	.06	.06	.35	.35	--	.0800	.0462
40	3.00	4.00	.08	.08	.40	.40	--	.1151	.0645
45	2.00	3.00	.10	.10	.50	.50	--	.2030	.0980
50	1.50	2.00	.12	.12	.60	.60	--	.3635	.1598
55	1.00	1.75	.14	.14	.70	.70	--	.5702	.2465
60	0.75	1.50	.16	.16	.80	.80	--	.8517	.4114
65	0.50	1.50	.18	.18	.90	.90	--	1.4501	.6852
70	--	--	--	--	--	--	--	--	--
Triborough Bridge and Tunnel*									
20	7.72%	7.77%	.02%	.01%	.03%	.04%	--	.0351%	.0183%
25	6.26	5.91	.02	.01	.04	.04	--	.0432	.0245
30	3.66	3.72	.03	.01	.05	.05	--	.0565	.0332
35	2.39	2.38	.05	.01	.08	.06	--	.0800	.0462
40	1.70	1.96	.07	.02	.21	.14	--	.1151	.0645
45	1.34	1.26	.08	.02	.36	.30	--	.2030	.0980
50	1.10	1.01	.09	.02	.49	.45	--	.3635	.1598
55	1.05	1.00	.10	.02	.50	.50	--	.5702	.2465
60	1.00	1.00	.10	.02	.50	.50	--	.8517	.4114
65	1.00	1.00	.10	.02	.50	.50	--	1.4501	.6852
70	--	--	--	--	--	--	--	--	--

* Assumed to retire immediately at age 70. See Tabulations of Membership and Beneficiaries for definition of "Others."

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

TABLE 2B

Withdrawals from Active Service (For Service Retirement)

(Percentage of Eligible Active Members Retiring)

With Unreduced Service Retirement Benefits

Members Not Electing ORP⁽²⁾

Members Electing ORP⁽²⁾

Years of Service since Elig.

Years of Service since Elig.

<u>Age</u>	<u>With Reduced Benefits⁽¹⁾</u>	<u>Members Not Electing ORP⁽²⁾</u>			<u>Members Electing ORP⁽²⁾</u>		
		<u>0-1</u>	<u>1-2</u>	<u>2+</u>	<u>0-1</u>	<u>1-2</u>	<u>2+</u>
		<u>Others⁽³⁾</u>					
50	0.00%	12.00%	0.00%	0.00%	60.00%	0.00%	0.00%
55	2.00	12.00	10.00	8.00	60.00	40.00	20.00
60	5.00	12.00	10.00	8.00	60.00	40.00	20.00
65	0.00	30.00	30.00	30.00	60.00	60.00	60.00
70	0.00	100.00	100.00	100.00	100.00	100.00	100.00
Transit Operating⁽³⁾							
50	5.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%
55	2.00	20.00	20.00	20.00	60.00	0.00	0.00
60	5.00	20.00	20.00	20.00	60.00	40.00	20.00
65	0.00	60.00	60.00	60.00	60.00	60.00	60.00
70	0.00	100.00	100.00	100.00	100.00	100.00	100.00
Triborough Bridge and Tunnel⁽³⁾							
50	0.00%	12.00%	0.00%	0.00%	60.00%	0.00%	0.00%
55	2.00	12.00	10.00	8.00	60.00	40.00	20.00
60	5.00	12.00	10.00	8.00	60.00	40.00	20.00
65	0.00	30.00	30.00	30.00	60.00	60.00	60.00
70	0.00	100.00	100.00	100.00	100.00	100.00	100.00

(1) Applicable only for certain Tier II and Tier IV members prior to eligibility for unreduced Service Retirement benefits.

(2) Optional Retirement Programs ("ORP") under Chapter 96 of the Laws of 1995, Chapter 529 of the Laws of 1994 and Chapter 472 of the Laws of 1995 for Others, Transit Operating and TBTA, respectively.

(3) Assumed to retire immediately at age 70.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

TABLE 3A

Withdrawals from Active Service (Other Than for Service Retirement)

(Percentage of Eligible Active Members Separating Within Next Year)

<u>Age</u>	<u>Withdrawal</u>		<u>Accident Disability Retirement</u>		<u>Ordinary Disability Retirement</u>		<u>Accidental Death</u>	<u>Ordinary Death</u>		
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	<u>All</u>	<u>Males</u>	<u>Females</u>	
Sanitation*										
20	4.50%	4.50%	0.10%	0.10%	0.30%	0.30%	--	0.0351%	0.0183%	
25	4.00	4.00	0.15	0.15	0.45	0.45	--	0.0432	0.0245	
30	3.50	3.50	0.20	0.20	0.60	0.60	--	0.0565	0.0332	
35	3.00	3.00	0.25	0.25	0.75	0.75	--	0.0800	0.0462	
40	2.00	2.00	0.30	0.30	0.90	0.90	--	0.1151	0.0645	
45	1.50	1.50	0.35	0.35	0.95	0.95	--	0.2030	0.0980	
50	1.00	1.00	0.30	0.30	1.00	1.00	--	0.3635	0.1598	
55	1.00	1.00	0.25	0.25	1.10	1.10	--	0.5702	0.2465	
60	1.00	1.00	0.20	0.20	1.25	1.25	--	0.8517	0.4114	
65	1.00	1.00	0.20	0.20	1.50	1.50	--	1.4501	0.6852	
70	--	--	--	--	--	--	--	--	--	
Correction Officers*										
20	4.50%	4.50%	0.05%	0.05%	0.02%	0.02%	0.02%	.0351%	0.0183%	
25	4.00	4.00	0.10	0.10	0.10	0.10	0.02	.0432	0.0245	
30	3.50	3.50	0.15	0.15	0.30	0.30	0.02	.0565	0.0332	
35	2.50	2.50	0.20	0.20	0.50	0.50	0.02	.0800	0.0462	
40	1.50	1.50	0.30	0.30	0.70	0.70	0.02	.1151	0.0645	
45	1.25	1.25	0.40	0.40	1.00	1.00	0.02	.2030	0.0980	
50	1.00	1.00	0.50	0.50	1.40	1.40	0.01	.3635	0.1598	
55	1.00	1.00	0.60	0.60	1.80	1.80	0.00	.5702	0.2465	
60	1.00	1.00	0.70	0.70	4.00	4.00	0.00	.8517	0.4114	
63	--	--	--	--	--	--	--	--	--	
Housing and Transit Police*										
20	3.00%	3.00%	0.20%	0.20%	0.01%	0.01%	0.02%	.0351%	.0183%	
25	2.50	2.50	0.35	0.35	0.05	0.05	0.02	.0432	.0245	
30	1.50	1.50	0.70	0.70	0.10	0.10	0.02	.0565	.0332	
35	0.75	0.75	1.40	1.40	0.20	0.20	0.02	.0800	.0462	
40	0.50	0.50	1.60	1.60	0.30	0.30	0.02	.1151	.0645	
45	0.50	0.50	1.80	1.80	0.40	0.40	0.02	.2030	.0980	
50	0.50	0.50	2.00	2.00	0.50	0.50	0.02	.3635	.1598	
55	0.50	0.50	2.50	2.50	1.00	1.00	0.01	.5702	.2465	
60	0.50	0.50	4.00	4.00	6.00	6.00	0.00	.8517	.4114	
63	--	--	--	--	--	--	--	--	--	

* Sanitation assumed to retire immediately at age 70, Correction Officers and Police at age 63.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

TABLE 3B

Withdrawals from Active Service (For Service Retirement)

(Percentage of Eligible Active Members Retiring)

With Unreduced Service Retirement Benefits

Members Not Electing ORP⁽²⁾

Members Electing ORP⁽²⁾

Years of Service since Elig.

Years of Service since Elig.

<u>Age</u>	<u>With Reduced Benefits⁽¹⁾</u>						
		<u>0-1</u>	<u>1-2</u>	<u>2+</u>	<u>0-1</u>	<u>1-2</u>	<u>2+</u>
Sanitation⁽³⁾							
40	0.00%	40.00%	20.00%	15.00%	60.00%	40.00%	20.00%
45	0.00	40.00	20.00	15.00	60.00	40.00	20.00
50	0.00	40.00	20.00	15.00	60.00	40.00	20.00
55	2.00	40.00	20.00	15.00	60.00	40.00	20.00
60	5.00	40.00	20.00	15.00	60.00	40.00	20.00
65	0.00	60.00	60.00	60.00	60.00	60.00	60.00
70	0.00	100.00	100.00	100.00	100.00	100.00	100.00
Correction Officers⁽³⁾							
40	0.00%	32.00%	16.00%	12.00%	60.00%	40.00%	20.00%
45	0.00	40.00	20.00	12.00	60.00	40.00	20.00
50	0.00	40.00	20.00	12.00	60.00	40.00	20.00
55	2.00	40.00	20.00	12.00	60.00	40.00	20.00
60	5.00	40.00	20.00	20.00	60.00	40.00	20.00
63	0.00	100.00	100.00	100.00	100.00	100.00	100.00
Housing and Transit Police⁽³⁾							
40	NA	40.00%	20.00%	12.00%	NA	NA	NA
45	NA	40.00	20.00	12.00	NA	NA	NA
50	NA	40.00	20.00	12.00	NA	NA	NA
55	NA	40.00	20.00	12.00	NA	NA	NA
60	NA	40.00	20.00	12.00	NA	NA	NA
63	NA	100.00	100.00	100.00	NA	NA	NA

(1) Applicable only for certain Tier II and Tier IV members prior to eligibility for unreduced Service Retirement benefits.

(2) Optional Retirement Programs ("ORP") under Chapter 547 of the Laws of 1992, Chapter 936 of the Laws of 1990 and Chapter 631 of the Laws of 1993 for Sanitation and Correction (Officers and Captains), respectively.

(3) Sanitation assumed to retire immediately at age 70, Correction Officers and Police at age 63.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT AS OF JUNE 30, 2002 (Cont'd)

TABLE 4

Salary Scales*

Assumed Annual Percentage Increases in Coming Year

<u>Years of Service</u>	<u>Transit Operating</u>	<u>Sanitation</u>	<u>Correction Officers</u>	<u>HP and TP</u>	<u>Triborough Bridge And Tunnel</u>
0	18.00%	8.00%	10.00%	9.50%	10.00%
5	3.50	3.60	3.60	4.00	4.00
10	3.50	4.10	4.10	4.30	4.00
15	3.50	4.50	4.50	4.50	4.00
20	3.50	4.00	4.00	4.00	4.00
25	3.50	4.00	4.00	4.00	4.00
30	3.50	4.00	4.00	4.00	4.00
35	3.50	4.00	4.00	4.00	4.00
40	3.50	4.00	4.00	4.00	4.00

<u>Age</u>	<u>Others</u>
25	6.50%
30	5.20
35	4.80
40	4.40
45	4.30
50	4.20
55	4.00
60	3.80

* Salary Scales include an assumed General Wage Increase rate of 3.0% per annum.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

CONTRIBUTIONS

The benefits of the system are financed by member and employer contributions and from investment earnings of the system.

A. Member Contributions

A member of Article 15 (Coordinated Plan) is mandated to contribute 3% of annual wages during all years of coverage. Effective October 1, 2000, these members, except for certain Transit Authority employees, are not required to make contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. A member of Article 14 (currently only Correction Officers) is mandated to contribute 3% of annual wages for not more than thirty years. This is in addition to the Social Security contribution. Should a member die, resign or be otherwise terminated from city-service prior to completing five years of credited service, all of the members' contributions with 5% interest will be refunded for Article 14 members and Article 15 members upon request, or may be left on deposit for a maximum period of 5 years earning interest, so that the member retains membership.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

CONTRIBUTIONS (Cont'd)

All other members contribute by salary deductions on the basis of a rate of contribution which is assigned by the system at the time they select their plan. This rate, which is dependent upon the member's age and plan as well as the tables in effect for such purpose, is determined so as to provide an annuity of approximately one-quarter of the service retirement allowance at the earliest age for service retirement in those contributory plans for which a fixed number of years of service is required for service retirement, except that in the case of the career pension plan, the rates of members' contributions are determined so as to provide an annuity of approximately one-third of the benefit on account of the first 25 years of service. In plans which permit retirement for service at age 55 regardless of the number of years of service earned, the rate of contribution is calculated so as to provide an annuity equal to 1% of final compensation for each year of service at the earliest age for service retirement. For such plans, the contribution rate for members who enter at age 55 or over is the rate applicable to a member entering at age 54. Beginning July 1, 1970, no contributions are required from members who elect the Transit 20-Year Plan.

Member contributions are accumulated with interest in individually maintained accounts. Except under Articles 14 and 15, upon retirement the amount so credited (i.e., accumulated deductions) is used to purchase an annuity on the basis of the tables adopted by the Board of Trustees ("Board"). Upon death, the accumulated deductions are paid to the beneficiary and on termination of employment other than by death or retirement, the accumulated deductions are returned to the member.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

CONTRIBUTIONS (Cont'd)

Beginning July 1960, on a year-to-year basis, the members' contribution rates of certain categories of members were reduced by an Increased-Take-Home-Pay ("ITHP") rate equal to either two, two and one half, four or five percentage points. At present, the reduction is two and one-half percentage points for Sanitation, Police and Correction Forces members and two percentage points for all others except for (1) members in transit operating positions who, beginning July 1, 1970, were not required to contribute to the system, and (2) members in the Coordinated-Escalator and Coordinated Retirement plans. In general, the retirement and death benefits payable to, or on account of members, are supplemented by the reserve for ITHP, accumulated from City contributions equal to the ITHP rate times salary, so that the total benefit is equal to the benefit which would have been paid if the members' rate of contribution had not been reduced. However, the reserve for ITHP is not payable upon the death of a member who joins after June 30, 1973.

In addition to the member contributions described previously, certain members make additional contributions ranging from 1.85% to 7.46% for improved early retirement benefits.

Beginning October 1, 2000, Tier 3 and 4 members will not be required to make basic required contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. However, a collective bargaining agreement must take effect before these benefit improvements are implemented for those members covered by labor agreements.

B. Employer Contributions

The Frozen Initial Liability Actuarial Cost Method is utilized by the Plan's Actuary to calculate the contribution from the employers.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

CONTRIBUTIONS (Cont'd)

Employer contributions are accrued by the Plan and are funded by the employers on a current basis. The contributions amounted to \$107,992,496 for the Fiscal Year ended June 30, 2003.

TABULATIONS OF MEMBERSHIP AND BENEFICIARIES

The Board maintains in the office of the Executive Director of the retirement system complete records of every member of the retirement system. Some of the information is obtained from payrolls which show each member's salary and contributions, status, title, leave of absence and cessation of service. Records are maintained in numerical order according to the register number of each member. Valuation records were prepared from these records and each year they are updated to reflect terminations, additions and changes in status and salary.

For recent actuarial valuations, members are separated into six groups, namely: (1) Others (for calculation purposes, these are further subdivided into physically-taxing and non-physically-taxing groups), (2) Transit Operating positions, (3) Triborough Bridge and Tunnel members, (4) Sanitation members, (5) members of the Housing and Transit Police Forces, and (6) members of the Correction Force.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

COMPARATIVE SUMMARY OF ACTUARIAL VALUES AND PERCENTAGES COVERED BY ACTUARIAL VALUE OF ASSETS

SOLVENCY TEST (In Thousands)

<u>As of June 30</u>	<u>Aggregate Accrued Liabilities for</u>				<u>Percentage of Actuarial Values Covered by</u>	
	<u>Accumulated Employee Contributions</u> (A)	<u>Current Retirees and Beneficiaries</u> (B)	<u>Active Members' Employer Financed Portion</u> (C)	<u>Actuarial Value of Assets</u> (D)	<u>(A)</u>	<u>(B) (C)</u> <u>(A) (B) (C)</u>
1997	\$2,239,924	\$14,487,140	\$ 7,466,386	\$27,222,934	100%	100% 100%
1998	2,505,397	15,123,124	7,819,099	29,334,703	100	100 100
1999*	2,313,739	16,293,576	9,133,979	40,936,024	100	100 100
2000	2,526,740	19,113,627	10,270,090	42,393,627	100	100 100
2001	2,696,547	19,913,567	10,861,052	43,015,355	100	100 100
2002	3,582,800	20,347,229	11,544,915	43,561,103	100	100 100

* As of June 30, 1999 economic and non-economic assumptions were revised due to experience review and the Actuarial Value of Assets was reset to Market Value.

Also, see following "SOLVENCY TEST - NOTES".

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

COMPARATIVE SUMMARY OF ACTUARIAL VALUES AND PERCENTAGES COVERED BY ACTUARIAL VALUE OF ASSETS

SOLVENCY TEST-NOTES

The ultimate test of financial soundness in a retirement system is its ability to pay all of its promised benefits when due. The retirement system's progress in accumulating assets to pay all promised benefits can be measured by comparing the Valuation Assets of the retirement system with the Aggregate Accrued Liabilities for:

- (A) Accumulated Member Contributions;
- (B) Current Retirants and Beneficiaries; and
- (C) Active Members' Employer-Financed Portion.

The Aggregate Accrued Liabilities are the Actuarial Present Value of credited projected benefits produced by the credited projected benefit attribution approach prorated on service. The Aggregate Accrued Liabilities were calculated in accordance with previously issued Government Accounting Standards Board Statement No. 25.

This comparative summary allocates assets as if they were priority groups, somewhat similar to (but not identical with) the priority categories of Section 4044 of the Employee Retirement Income Security Act of 1974 ("ERISA").

Financial soundness is dependent upon census data, benefit levels (which have changed on occasion over the past years), and the actuarial assumptions and methods employed at each valuation date. These underlying bases can be found within the Comprehensive Annual Financial Report for each respective year.

To fully evaluate trends in financial soundness, changes in assumptions need to be evaluated. The economic assumptions used in the actuarial calculations are as follows:

Valuation Date	Assumed Annual Rate of Return	Merit and Promotion Increases Plus an Assumed General Wage <u>Increase Per Year of</u>
<i>June 30</i>	<i>On Investments</i>	
1997	8.75%	4.0%
1998	8.75	4.0
1999	8.00	3.0
2000	8.00	3.0
2001	8.00	3.0
2002	8.00	3.0

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

OTHER MEASURES OF FUNDED STATUS

The Funded Status of the Plan is usually expressed in various relationships of Assets to Liabilities.

Furthermore, there are multiple, possible definitions of the Plan's Assets and Liabilities. For example, with respect to the Liabilities, the Projected Benefit Obligation ("PBO") is defined as the actuarial present value of all benefits attributed by the Plan's benefit formula to employee service rendered prior to the valuation date, assuming future salary levels calculated using the actuarial assumptions. In contrast, the Accumulated Benefit Obligation ("ABO") is determined in the same manner as the PBO but without assuming future salary increases.

The following table presents two Other Measures of Funded Status comparing (1) the Actuarial Asset Value ("AAV") with the PBO calculated using the actuarial assumptions in effect as of June 30, 2002 and (2) the Market Value of Assets ("MVA") with the Market Value Accumulated Benefit Obligation ("MVABO") calculated using the same actuarial assumptions in effect as of June 30, 2002 except for an investment rate of return assumption equal to the yield on U.S. Treasury securities where durations are consistent with those of the expected payments from the funds.

Other Measures of Funded Status						
(Dollar Amounts in Millions)						
Valuation Date	Actuarial Asset Value (AAV)	Market Value of Assets (MVA)	Projected Benefit Obligation (PBO)*	Market Value Accumulated Benefit Obligation (MVABO)**	AAV/PBO	MVA/MVABO
6/30/99	\$40,936.0	\$40,936.0	\$27,741.3	\$29,638.6	148%	138%
6/30/00	42,393.6	42,824.0	31,910.5	35,221.6	133	122
6/30/01	43,015.4	37,251.8	33,471.2	38,840.5	129	96
6/30/02	43,561.1	32,842.0	35,474.9	43,186.3	123	76

* Calculated based on actuarial assumptions used for determining employer contributions.

** Calculated based on actuarial assumptions used for determining employer contributions except that projected benefit payments are discounted using the expected yields on U.S. Treasury securities of like duration (estimated average yields of approximately 6.0%, 6.1%, 5.6% and 5.2% for June 30, 1999, 2000, 2001 and 2002, respectively).

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

OTHER MEASURES OF FUNDED STATUS (Cont'd)

These Other Measures of Funded Status provide different representations of the Assets and Liabilities of the Plan and are designed solely to offer additional insight on the Funded Status of the Plan that the Actuary believes may prove interesting to some readers.

In addition, it should be noted that any measures of funded status should generally be examined with more consideration of their trends over time than their values at any given point in time.

Note, the ratios of AAV to PBO present a comparable but a somewhat different representation of the information shown in the Solvency Test.

The ratios of MVA to MVABO provide a different measure of funded status that is (1) independent of the asset allocation of the Plan, (2) exclusive of any advance recognition of expected asset risk premia (e.g., equity risk premium) and (3) absent any smoothing of asset values.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

ACTUAL VS. REQUIRED CONTRIBUTIONS FISCAL YEARS 1998 - 2003

<u>Fiscal Year Ended</u>	<u>Actual Employer Contribution⁽¹⁾</u>	<u>Annual Required Contribution</u>	<u>Employer Rate of Contribution⁽²⁾</u>
6/30/98	\$238,557,613	\$238,557,613	3.533%
6/30/99	179,116,818	179,116,818	2.583
6/30/00	68,619,745	68,619,745	0.915
6/30/01	100,024,692	100,024,692	1.271
6/30/02	105,660,069	105,660,069	1.241
6/30/03	107,992,496	197,823,998	2.222

- (1) Generally, represents employer contributions made for the current fiscal year. This figure includes overpayments in prior fiscal years and excludes overpayments made during the current fiscal year. Equals total employer contributions accrued for the current fiscal year.
- (2) The employer rates of contribution equal the actual employer contributions as percentages of the salaries of members who were on payroll as of the preceding June 30th adjusted, where applicable, to be consistent with collective bargaining agreements estimated to be achieved.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

ACTIVE MEMBER VALUATION DATA

JUNE 30, 1997 TO JUNE 30, 2002

<u>Valuation Date</u>	<u>Number</u>	<u>Annual Payroll</u>	<u>Average Annual Salary</u>	<u>Percentage Increase in Average Salary</u>
6/30/97	163,560	\$6,752,926,611	\$41,287	2.8%
6/30/98	165,461	6,935,216,253	41,915	1.5
6/30/99	169,458	7,501,387,761	44,267	5.6
6/30/00	171,013	7,871,003,496	46,026	4.0
6/30/01	174,199	8,515,269,538	48,882	6.2
6/30/02	177,511	8,901,110,489	50,144	2.6

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

PARTICIPATING EMPLOYERS AS OF JUNE 30, 2002⁽¹⁾

<i>Employer</i>	Number of	
	<i>Employees</i>	<i>Annual Payroll</i>
City of New York	94,870	\$4,629,890,952
NYC Transit Authority	39,805	2,246,277,894
NYC Housing Authority	13,253	574,424,623
NYC Health and Hospitals Corporation	26,846	1,309,868,149
NYC Triborough Bridge and Tunnel Authority	1,356	85,552,824
NYC Off-Track Betting Corporation	1,233	44,163,189
NYC School Construction Authority	79	6,041,703
NYC Housing Development Corporation	27	2,148,498
NYC Residential Mortgage Insurance Corporation ⁽²⁾	5	375,483
New York State	27	1,505,021
NYC Water Municipal Authority	10	862,153
<hr/>		
Total	177,511	\$8,901,110,489
<hr/>		

⁽¹⁾ The Number of Employees and their corresponding salaries (Annual Payroll) includes only those who were on the payroll as of June 30, 2002.

⁽²⁾ On July 31, 1992, Chapter 702 of the Laws of 1992 was enacted and created the New York City Residential Mortgage Insurance Corporation (the **new** "REMIC") as a subsidiary of the New York City Housing Development Corporation ("HDC"). It became effective January 27, 1993. The **new** REMIC assumes all of the obligations of the New York City **Rehabilitation** Mortgage Insurance Corporation (the old "REMIC") which dissolved on that date.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

NUMBER AND SALARY OF ACTIVE MEMBERS BY OCCUPATIONAL POSITION AS OF JUNE 30, 2002⁽¹⁾

<u>Occupation</u>	<u>Number</u>	<u>Annual Payroll</u>	<u>Average Annual Salary</u>
Career Pension Plan Positions	121,559	\$5,627,294,658	\$46,293
Transit Operating Positions	36,373	2,020,332,900	55,545
Triborough Bridge and Tunnel	1,356	85,552,824	63,092
Sanitation Workers	7,786	475,205,429	61,033
Transit and Housing Police Forces ⁽²⁾	0	0	0
Correction Force	10,437	692,724,678	66,372
Total	177,511	\$8,901,110,489	\$50,144

- (1) The number of members (Number) and their corresponding salaries (Annual Payroll) include only those who were on the payroll.
- (2) During April 1995 the Housing and Transit Police forces were merged into the New York City Police Department and most Housing and Transit Police members of NYCERS were transferred to the New York City Police Pension Fund.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

NUMBER OF ACTIVE MEMBERS BY OCCUPATIONAL POSITION AND AGE AS OF JUNE 30, 2002⁽¹⁾

<i>Age</i>	<i>Total</i>	<i>Career</i>	<i>Transit</i>		<i>Sanitation</i>	<i>Police</i> ⁽²⁾	<i>Correction</i>
		<i>Pension</i>	<i>Operating</i>	<i>TBTA</i>			
	<i>Plan</i>						
20 - 24	1,877	1,334	263	19	175	0	86
25 - 29	6,702	4,424	1,092	65	517	0	604
30 - 34	14,187	8,658	3,104	114	949	0	1,362
35 - 39	26,029	15,451	5,876	186	1,368	0	3,148
40 - 44	32,225	20,814	6,953	243	1,233	0	2,982
45 - 49	32,326	21,770	6,882	278	1,686	0	1,710
50 - 54	28,604	20,697	5,970	266	1,200	0	471
55 - 59	20,005	15,460	3,832	126	522	0	65
60 - 64	10,906	8,881	1,861	42	115	0	7
65 - 69	3,316	2,841	445	14	15	0	1
70 - 74	1,334	1,229	95	3	6	0	1
Total	177,511	121,559	36,373	1,356	7,786	0	10,437

(1) Member count for this schedule represents only members receiving salary as of June 30, 2002.

(2) During April 1995 the Housing and Transit Police forces were merged into the New York City Police Department and most Housing and Transit Police members of NYCERS were transferred to the New York City Police Pension Fund.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

NUMBER OF ACTIVE MEMBERS BY OCCUPATIONAL POSITION AND YEARS OF SERVICE AS OF JUNE 30, 2002⁽¹⁾

<u>Years of Service</u>	<u>Total</u>	<u>Career Pension Plan</u>	<u>Transit Operating</u>	<u>TBTA</u>	<u>Sanitation</u>	<u>Police⁽²⁾</u>	<u>Correction</u>
Under 5	46,587	33,213	9,452	424	1,890	0	1,608
5 - 9	34,162	25,952	5,451	155	1,217	0	1,387
10 - 14	37,813	24,641	7,997	274	1,481	0	3,420
15 - 19	29,465	17,089	6,481	236	2,243	0	3,416
20 - 24	16,677	10,325	4,949	182	707	0	514
25 - 29	7,267	5,831	1,150	70	143	0	73
30 - 34	4,359	3,489	757	13	83	0	17
35 - 39	900	770	110	2	18	0	0
40 - 44	281	249	26	0	4	0	2
Total	177,511	121,559	36,373	1,356	7,786	0	10,437

(1) Member count for this schedule represents only members receiving salary as of June 30, 2002.

(2) During April 1995 the Housing and Transit Police forces were merged into the New York City Police Department and most Housing and Transit Police members of NYCERS were transferred to the New York City Police Pension Fund.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS FISCAL YEARS 1997 - 2002

<u>Valuation Date</u>	<u>Number Added to Rolls</u>	<u>Number Removed From Rolls</u>	<u>Number at End of Year⁽¹⁾</u>	<u>Annual Allowances⁽¹⁾</u>	<u>% Increase In Annual Allowance</u>	<u>Average Annual Allowance</u>	<u>% Increase In Average Annual Allowance</u>
6/30/97	5,835	4,297	122,623	\$1,787,386,099	8.9%	\$14,576	7.5%
6/30/98	3,981	4,166	122,438	1,824,455,453	2.1	14,901	2.2
6/30/99	3,981	4,539	121,880	1,919,632,538	5.2	15,750	5.7
6/30/00	5,289	4,408	122,761	1,980,584,134	3.2	16,134	2.4
6/30/01	6,016	4,819	123,958	2,282,623,032	15.2	18,414	14.1
6/30/02	4,188	4,670	123,477	2,347,459,089	2.8	19,011	3.2

(1) Number at End of Year and Annual Allowances include all those and only those retirants on pension payroll for amounts actually being paid.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

AND

**NEW YORK CITY
PUBLIC EMPLOYEES' GROUP LIFE INSURANCE PLAN**

BROOKLYN, NEW YORK

A PENSION TRUST FUND OF THE CITY OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

APPENDIX A

CENSUS DATA FOR ACTIVE MEMBERS

AS OF JUNE 30, 2003

NEW YORK CITY EMPLOYEES ' RETIREMENT SYSTEM
ACTIVE VALUATION AS OF JUNE 30, 2002

TIER: ALL GENDER: M & F											
AGE	UNDER 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & UP	UNKNOWN	ALL YEARS
NUMBERS:											
UNDER 20	46	0	0	0	0	0	0	0	0	0	46
20 TO 24	1,822	9	0	0	0	0	0	0	0	0	1,831
25 TO 29	5,870	808	24	0	0	0	0	0	0	0	6,702
30 TO 34	8,006	4,515	1,617	49	0	0	0	0	0	0	14,187
35 TO 39	8,479	6,683	7,991	2,784	92	0	0	0	0	0	26,029
40 TO 44	7,679	6,900	8,761	7,020	1,845	20	0	0	0	0	32,225
45 TO 49	6,117	5,733	6,974	7,522	5,025	885	70	0	0	0	32,326
50 TO 54	4,391	4,285	5,380	5,536	4,565	2,995	1,412	40	0	0	28,604
55 TO 59	2,653	2,931	3,717	3,671	2,838	1,981	1,824	370	20	0	20,005
60 TO 64	1,162	1,625	2,267	2,009	1,638	993	761	361	90	0	10,906
65 TO 69	288	528	805	628	460	265	184	83	75	0	3,316
70 & UP	74	145	277	246	214	128	108	46	96	0	1,334
UNKNOWN	0	0	0	0	0	0	0	0	0	0	0
TOTAL	46,587	34,162	37,813	29,465	16,677	7,267	4,359	900	281	0	177,511
SALARIES (IN THOUSANDS):											
UNDER 20	1,466	0	0	0	0	0	0	0	0	0	1,466
20 TO 24	57,706	284	0	0	0	0	0	0	0	0	57,990
25 TO 29	217,705	34,135	932	0	0	0	0	0	0	0	252,772
30 TO 34	323,028	214,551	83,890	2,578	0	0	0	0	0	0	624,047
35 TO 39	359,418	325,134	432,548	166,031	5,432	0	0	0	0	0	1,288,563
40 TO 44	334,374	347,509	466,531	404,771	102,975	1,149	0	0	0	0	1,657,309
45 TO 49	277,246	294,664	367,177	427,662	293,739	48,614	3,654	0	0	0	1,712,756
50 TO 54	198,254	215,445	275,152	301,429	262,544	177,083	76,368	2,154	0	0	1,508,429
55 TO 59	117,318	143,032	182,791	187,715	152,816	113,597	107,633	21,741	1,154	0	1,027,797
60 TO 64	50,371	79,140	109,380	100,111	83,378	55,208	42,438	22,848	5,115	0	547,989
65 TO 69	13,000	24,472	36,527	30,027	23,172	14,176	10,182	4,787	4,396	0	160,739
70 & UP	2,826	6,622	11,885	10,776	9,580	5,937	5,380	2,677	5,537	0	61,220
UNKNOWN	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1,952,712	1,684,988	1,966,813	1,631,100	933,636	415,764	245,655	54,207	16,202	0	8,901,077
AVERAGE SALARIES:											
UNDER 20	31,888	0	0	0	0	0	0	0	0	0	31,888
20 TO 24	31,672	31,581	0	0	0	0	0	0	0	0	31,672
25 TO 29	37,088	42,247	38,862	0	0	0	0	0	0	0	37,716
30 TO 34	40,348	47,520	51,880	52,625	0	0	0	0	0	0	43,987
35 TO 39	42,389	48,651	54,129	59,638	59,052	0	0	0	0	0	49,505
40 TO 44	43,544	50,364	53,251	57,660	55,813	57,462	0	0	0	0	51,429
45 TO 49	45,324	51,398	52,650	56,855	58,456	54,932	52,212	0	0	0	52,984
50 TO 54	45,150	50,279	51,144	54,449	57,513	59,126	54,085	53,875	0	0	52,735
55 TO 59	44,221	48,800	49,177	51,135	53,846	57,344	59,009	58,760	57,731	0	51,377
60 TO 64	43,349	48,702	48,249	49,831	50,902	55,597	55,767	63,292	56,837	0	50,247
65 TO 69	45,140	46,350	45,376	47,815	50,374	53,497	55,338	57,675	58,616	0	48,475
70 & UP	38,193	45,670	42,908	43,806	44,769	46,388	49,815	58,204	57,687	0	45,895
UNKNOWN	0	0	0	0	0	0	0	0	0	0	0
TOTAL	41,916	49,324	52,014	55,357	55,984	57,213	56,356	60,233	57,666	0	50,144

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

AND

**NEW YORK CITY
PUBLIC EMPLOYEES' GROUP LIFE INSURANCE PLAN**

BROOKLYN, NEW YORK

A PENSION TRUST FUND OF THE CITY OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

APPENDIX B

CENSUS DATA FOR PENSIONERS

AS OF JUNE 30, 2003

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
PENSIONER VALUATION AS OF JUNE 30, 2003

SUMMARY BY CAUSE AND SEX

ALL FILES ALL FILES

MALE				FEMALE				BOTH MALE & FEMALE	
AGE	NUMBER	BENEFITS AVERAGE	NUMBER	BENEFITS AVERAGE	NUMBER	BENEFITS	AVERAGE		
ACCIDENTAL DISABILITY:									
UNDER 30	0	0	0	0	0	0	0	0	0
30 TO 34	24	761,819	31,742	1	22,334	22,334	25	784,153	31,366
35 TO 39	102	3,612,192	35,414	22	645,947	29,361	124	4,258,139	34,340
40 TO 44	151	5,562,279	36,836	31	1,018,409	32,852	182	6,580,688	36,158
45 TO 49	139	5,034,559	36,220	30	1,004,784	33,493	169	6,039,343	35,736
50 TO 54	375	11,365,896	30,309	19	584,848	30,781	394	11,950,744	30,332
55 TO 59	695	20,163,846	29,013	29	736,403	25,393	724	20,900,249	28,868
60 TO 64	545	15,176,121	27,846	26	671,130	25,813	571	15,847,251	27,754
65 TO 69	375	10,369,196	27,651	25	618,111	24,724	400	10,987,307	27,468
70 TO 74	328	8,485,796	25,871	24	473,067	19,711	352	8,958,863	25,451
75 TO 79	262	6,916,442	26,399	22	410,351	18,652	284	7,326,793	25,799
80 TO 84	132	3,144,375	23,821	10	199,759	19,976	142	3,344,134	23,550
85 TO 89	45	1,039,605	23,102	9	161,277	17,920	54	1,200,882	22,239
90 & UP	16	356,849	22,303	5	105,054	21,011	21	461,903	21,995
TOTAL	3,189	91,988,975	28,846	253	6,651,474	26,290	3,442	98,640,449	28,658
ORDINARY DISABILITY									
UNDER 30	0	0	0	0	0	0	0	0	0
30 TO 34	11	240,437	21,858	4	60,850	15,213	15	301,287	20,086
35 TO 39	143	2,120,408	14,828	34	388,892	11,438	177	2,509,300	14,177
40 TO 44	309	4,779,559	15,468	112	1,424,557	12,719	421	6,204,116	14,737
45 TO 49	571	8,136,348	14,249	184	2,222,370	12,078	755	10,358,718	13,720
50 TO 54	977	14,535,972	14,878	305	3,554,375	11,654	1,282	18,090,347	14,111
55 TO 59	1,252	19,277,981	15,398	412	4,865,661	11,810	1,664	24,143,642	14,509
60 TO 64	1,141	17,020,065	14,917	438	4,651,616	10,620	1,579	21,671,681	13,725
65 TO 69	664	9,184,348	13,832	266	2,496,747	9,386	930	11,681,095	12,560
70 TO 74	500	7,054,935	14,110	138	1,009,485	7,315	638	8,064,420	12,640
75 TO 79	369	5,208,268	14,115	85	723,283	8,509	454	5,931,551	13,065
80 TO 84	188	2,572,075	13,681	57	391,269	6,864	245	2,963,344	12,095
85 TO 89	39	478,502	12,269	36	289,165	8,032	75	767,667	10,236
90 & UP	7	66,268	9,467	26	229,104	8,812	33	295,372	8,951
TOTAL	6,171	90,675,166	14,694	2,097	22,307,374	10,638	8,268	112,982,540	13,665
SERVICE RETIREMENT									
UNDER 30	0	0	0	0	0	0	0	0	0
30 TO 34	0	0	0	0	0	0	0	0	0
35 TO 39	3	78446	26,149	0	0	0	3	78446	26,149
40 TO 44	124	3,525,513	28,432	56	1,478,600	26,404	180	5,004,113	27,801
45 TO 49	575	17,104,580	29,747	107	2,948,541	27,556	682	20,053,121	29,403
50 TO 54	2,322	76,234,949	32,832	252	6,120,764	24,289	2,574	82,355,713	31,995
55 TO 59	6,794	215,205,857	31,676	2,091	48,110,136	23,008	8,885	263,315,993	29,636
60 TO 64	9,713	276,698,554	28,487	4,040	80,659,846	19,965	13,753	357,358,400	25,984
65 TO 69	10,595	256,397,153	24,200	5,374	88,378,955	16,446	15,969	344,776,108	21,590
70 TO 74	10,531	232,465,382	22,074	5,706	81,331,486	14,254	16,237	313,796,868	19,326
75 TO 79	9,893	203,497,884	20,570	5,999	73,867,037	12,313	15,892	277,364,921	17,453
80 TO 84	6,969	127,268,100	18,262	5,133	52,664,198	10,260	12,102	179,932,298	14,868
85 TO 89	3,671	60,992,164	16,615	3,479	32,161,513	9,244	7,150	93,153,677	13,028
90 & UP	1,540	25,425,170	16,510	1,916	18,084,509	9,439	3,456	43,509,679	12,590
TOTAL	62,730	1,494,893,752	23,831	34,153	485,805,585	14,224	96,883	1,980,699,337	20,444

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
PENSIONER VALUATION AS OF JUNE 30, 2002

SUMMARY BY CAUSE AND SEX

ALL FILES ALL FILES

MALE				FEMALE				BOTH MALE & FEMALE	
AGE	NUMBER	BENEFITS AVERAGE	NUMBER	BENEFITS AVERAGE	NUMBER	BENEFITS	AVERAGE		
ACCIDENTAL DEATH:									
UNDER 30	0	0	0	9	224,555	24,951	9	224,555	24,951
30 TO 34	0	0	0	0	0	0	0	0	0
35 TO 39	0	0	0	4	68,549	17,137	4	68,549	17,137
40 TO 44	0	0	0	1	13,830	13,830	1	13,830	13,830
45 TO 49	0	0	0	4	72,809	18,202	4	72,809	18,202
50 TO 54	0	0	0	8	130,005	16,251	8	130,005	16,251
55 TO 59	0	0	0	10	101,151	10,115	10	101,151	10,115
60 TO 64	0	0	0	16	186,799	11,675	16	186,799	11,675
65 TO 69	0	0	0	9	92,439	10,271	9	92,439	10,271
70 TO 74	0	0	0	8	61,283	7,660	8	61,283	7,660
75 TO 79	0	0	0	11	55,936	5,085	11	55,936	5,085
80 TO 84	0	0	0	9	33,670	3,741	9	33,670	3,741
85 TO 89	0	0	0	14	60,728	4,338	14	60,728	4,338
90 & UP	0	0	0	8	20,305	2,538	8	20,305	2,538
TOTAL	0	0	0	111	1,122,059	10,109	111	1,122,059	10,109
OTHER BENEFICIARIES:									
UNDER 30	206	2,011,273	9,763	51	482,541	9,462	257	2,493,814	9,704
30 TO 34	20	139,021	6,951	31	328,213	10,588	51	467,234	9,161
35 TO 39	30	193,661	6,455	57	490,737	8,609	87	684,398	7,867
40 TO 44	37	274,223	7,411	92	730,841	7,944	129	1,005,064	7,791
45 TO 49	54	355,520	6,584	127	1,257,049	9,898	181	1,612,569	8,909
50 TO 54	67	400,657	5,980	242	2,740,398	11,324	309	3,141,055	10,165
55 TO 59	65	377,682	5,810	382	5,582,178	14,613	447	5,959,860	13,333
60 TO 64	56	416,695	7,441	629	8,122,304	12,913	685	8,538,999	12,466
65 TO 69	60	362,698	6,045	901	11,797,727	13,094	961	12,160,425	12,654
70 TO 74	71	528,791	7,448	1,590	19,777,513	12,439	1,661	20,306,304	12,225
75 TO 79	93	676,493	7,274	2,433	25,851,548	10,625	2,526	26,528,041	10,502
80 TO 84	92	547,691	5,953	3,081	30,235,921	9,814	3,173	30,783,612	9,702
85 TO 89	80	441,399	5,517	2,509	24,194,389	9,643	2,589	24,635,788	9,516
90 & UP	57	311,446	5,464	1,660	15,386,095	9,269	1,717	15,697,541	9,142
TOTAL	988	7,037,250	7,123	13,785	146,977,454	10,662	14,773	154,014,704	10,425
ALL PENSIONERS AND BENEFICIARIES:									
UNDER 30	206	2,011,273	9,763	60	707,096	11,785	266	2,718,369	10,219
30 TO 34	55	1,141,277	20,750	36	411,397	11,428	91	1,552,674	17,062
35 TO 39	278	6,004,707	21,600	117	1,594,125	13,625	395	7,598,832	19,238
40 TO 44	621	14,141,574	22,772	292	4,666,237	15,980	913	18,807,811	20,600
45 TO 49	1,339	30,631,007	22,876	452	7,505,553	16,605	1,791	38,136,560	21,293
50 TO 54	3,741	102,537,474	27,409	826	13,130,390	15,896	4,567	115,667,864	25,327
55 TO 59	8,806	255,025,366	28,960	2,924	59,395,529	20,313	11,730	314,420,895	26,805
60 TO 64	11,455	309,311,435	27,002	5,149	94,291,695	18,313	16,604	403,603,130	24,308
65 TO 69	11,694	276,313,395	23,629	6,575	103,383,979	15,724	18,269	379,697,374	20,784
70 TO 74	11,430	248,534,904	21,744	7,466	102,652,834	13,749	18,896	351,187,738	18,585
75 TO 79	10,617	216,299,087	20,373	8,550	100,908,155	11,802	19,167	317,207,242	16,550
80 TO 84	7,381	133,532,241	18,091	8,290	83,524,817	10,075	15,671	217,057,058	13,851
85 TO 89	3,835	62,951,670	16,415	6,047	56,867,072	9,404	9,882	119,818,742	12,125
90 & UP	1,620	26,159,733	16,148	3,615	33,825,067	9,357	5,235	59,984,800	11,458
TOTAL	73,078	1,684,595,143	23,052	50,399	662,863,946	13,152	123,477	2,347,459,089	19,011

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

AND

**NEW YORK CITY
PUBLIC EMPLOYEES' GROUP LIFE INSURANCE PLAN**

BROOKLYN, NEW YORK

A PENSION TRUST FUND OF THE CITY OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2003

PART 5

STATISTICAL SECTION

New York City Employees' Retirement System

CASH RECEIPTS AND DISBURSEMENTS

Fiscal Year Ended June 30, 2003

(in thousands)

Cash Balance July 1, 2002	\$163,358
Receipts:	
Members' Contributions	314,692
Employers' Contributions	115,782
Members' Loan Payments	233,710
Interest and Dividends	1,208,994
Investments Redeemed	72,813,390
Miscellaneous	20,984
Total Cash Receipts	74,707,552
Total Cash Available	74,870,910
Disbursements:	
Benefit Payments	2,677,470
Transfers to Other Systems	3,919
Loans to Members	278,295
Investments Purchased	71,796,416
Miscellaneous	70,866
Total Cash Disbursements	74,826,966
Cash Balance June 30, 2003	\$43,944

New York City Employees' Retirement System

TABLE OF REVENUE BY SOURCE
Fiscal Years Ended 1994 through 2003
(in thousands of dollars)

Fiscal Year Ended June 30	Gross Member Contributions	Member Loans *	Net Member Contributions	Employer Contributions	Net Investment Income	Other Income	Total	Employer Contributions As A Percentage Of Annual Covered Payroll **
2003	\$309,757		\$309,757	\$107,993	\$1,100,950	\$3,549	\$1,522,249	1.2
2002	326,443		326,443	105,660	(3,145,539)	2,758	(2,710,678)	1.2
2001	655,017	330,850	324,167	100,025	(3,530,307)	3,269	(3,102,846)	1.3
2000	632,015	315,615	316,400	68,620	3,743,905	0	4,128,925	.9
1999	583,937	277,931	306,006	145,663	4,950,209	0	5,401,878	1.9
1998	537,523	274,288	263,235	211,096	6,763,626	0	7,237,957	3.0
1997	495,872	280,842	215,030	206,899	6,212,351	99	6,634,379	3.1
1996	450,058	238,231	211,827	201,913	4,206,256	3	4,619,999	3.2
1995	410,976	252,631	158,345	439,767	4,173,186	0	4,771,298	6.8
1994	400,285	221,095	179,190	447,984	939,825	0	1,566,999	6.8

* During 2002, the Plan has changed its accounting treatment for loans. Previously, the members' contributions included loan repayments by the members, and the loans paid out were shown as a reduction of members' contribution accounts. As of 2002, the member accounts are not affected; and the outstanding loans are being shown as a member loan receivable in the Statement of Plan Net Assets.

** Up through fiscal year ending June 30, 2000, the annual covered payroll amount that was used as of the end of that fiscal year. Starting with fiscal year ended June 30, 2001, the annual covered payroll amount being used is that of the beginning of the fiscal year.

New York City Employees' Retirement System

TABLE OF BENEFIT EXPENSES BY TYPE
Fiscal Years 1994 through 2003

(in thousands of dollars)

FISCAL YEAR ENDED JUNE 30	TOTAL RETIREMENT BENEFITS	TOTAL DEATH BENEFITS	OTHER	CHANGE IN ACCRUED BENEFITS PAYABLE	TOTAL BENEFIT PAYMENTS
2003	\$2,499,828	\$84,932	\$66,810	\$64,688	\$2,716,258
2002	2,348,951	85,289	19,188	(61,454)	2,391,974
2001	2,223,630	85,683	0	63,334	2,372,647
2000	1,959,763	74,593	0	44,090	2,078,446
1999	1,909,765	95,117	(5)	(6,931)	1,997,946
1998	1,819,322	85,925	0	(4,949)	1,900,298
1997	1,758,885	87,150	0	(11,773)	1,834,262
1996	1,636,675	101,869	0	(35,240)	1,703,304
1995	1,529,934	106,460	(20)	10,952	1,647,326
1994	1,440,477	78,459	(48)	13,509	1,532,397

New York City Employees' Retirement System

**TABLE OF TOTAL EXPENSES BY TYPE
Fiscal Years 1994 through 2003**

(in thousands of dollars)

Fiscal Year Ended June 30	Benefit Payments	Refunds			Payments To Other Pension Systems And Funds	Administrative Expenses *	Total
		Death	Separation and Overpayments	Excess			
2003	\$2,716,258	\$8,895	\$53,303	\$28,519	\$(1,526)	\$34,101	\$2,839,550
2002	2,391,974	8,991	102,969	9,440	15,995	31,548	2,560,917
2001	2,372,647	8,118	18,182	16,970	21,800	31,584	2,469,301
2000	2,078,446	7,867	19,875	12,180	99,373	23,245	2,240,986
1999	1,997,946	6,368	17,267	6,257	3,868	19,688	2,051,394
1998	1,900,298	5,526	18,269	5,919	2,718	14,750	1,947,480
1997	1,834,262	5,471	16,925	7,086	44,103	11,939	1,919,786
1996	1,703,314	4,273	15,330	8,556	31,175	0	1,762,648
1995	1,647,326	5,124	16,191	8,557	649,952	0	2,327,150
1994	1,532,397	2,969	10,883	6,357	11,031	0	1,563,637

*Chapter 593 of the laws of 1996, effective FY97, authorized the Board of Trustees to draw upon its assets to pay its own administrative expenses. Prior to 1997, the City had paid the administrative expenses.

New York City Employees' Retirement System

**TABLE OF TOTAL RETIREMENT ALLOWANCES PAID
Fiscal Years 1994 through 2003**

(in thousands of dollars)

Fiscal Year Ended June 30	Annuity Portion	Pension Portion	Total Amount Paid	Percent Increase*
2003	\$106,305	\$2,393,523	\$2,499,828	6.4
2002	101,309	2,247,642	2,348,951	5.6
2001	99,754	2,123,876	2,223,630	13.5
2000	97,784	1,861,979	1,959,763	2.6
1999	98,925	1,810,840	1,909,765	5.0
1998	98,918	1,720,404	1,819,322	3.4
1997	101,492	1,657,393	1,758,885	7.5
1996	98,730	1,537,945	1,636,675	7.0
1995	95,120	1,434,814	1,529,934	6.2
1994	93,258	1,347,583	1,440,841	5.5

* Increases in retirement allowances paid by the retirement system from 1992 to 2000 were primarily due to an increase in the number of pensioners and an increase in the salary base used for retirement computations, because of wage increases. There had also been occasional cost of living increases. In 2001, a permanent COLA was enacted which both covered many additional retirees and had a "catch-up" provision to offset the sporadic nature of prior COLA increases. As a result, the FY2001 COLA payments were more than double those of FY2000. In FY2002, the increase in the retirement allowances reverted to being caused by the addition of new retirees.

New York City Employees' Retirement System

**TABLE OF DEATH BENEFITS PAID
Fiscal Years 1994 through 2003**

(in thousands of dollars)

Death In Active Service (Ordinary Death Benefits)				Death After Retirement And Presumed Retirement Benefits		
Total Payments	*Members' Portion	City Portion	Fiscal Year Ended June 30	Total Payments	Members' Portion	City Portion
\$57,912	\$8,895	\$49,017	2003	\$35,915	\$2,956	\$32,959
55,266	\$8,991	\$46,275	2002	39,014	3,456	35,558
51,530	8,118	43,412	2001	42,271	3,773	38,498
39,753	7,867	31,886	2000	42,707	3,558	39,149
48,538	6,368	42,170	1999	52,947	3,881	49,066
44,395	5,526	38,869	1998	47,056	3,517	43,539
41,139	5,471	35,668	1997	51,482	4,228	47,254
39,617	4,273	35,344	1996	66,525	5,187	61,338
56,995	5,124	51,871	1995	54,589	4,110	50,479
32,477	2,969	29,508	1994	53,468	6,582	46,886

* The return of the members' contributions & interest is reflected in the Table of Total Expenses by Type as a refund on account of death, and not as a Death Benefit in the Table of Benefit Expenses by Type.

New York City Employees' Retirement System

TABLE OF LOAN ACTIVITY
Fiscal Years 1994 through 2003
 (in thousands of dollars)

TIERS 1 AND 2			TIERS 3 AND 4	
NUMBER OF LOANS ISSUED	AMOUNTS	FISCAL YEAR ENDED JUNE 30	NUMBER OF LOANS ISSUED	AMOUNTS
3,736	\$13,868	2003	50,011	\$264,427
3,725	24,301	2002	45,795	251,852
4,866	44,509	2001	49,655	286,341
6,399	46,423	2000	50,865	269,192
7,197	40,565	1999	48,447	237,366
8,378	46,575	1998	48,968	227,713
10,654	72,786	1997	47,435	208,056
11,621	66,750	1996	43,812	171,481
17,359	95,540	1995	43,873	157,091
20,001	92,938	1994	40,006	128,157

New York City Employees' Retirement System

TABLE OF MEMBERS' EXCESS CONTRIBUTIONS WITHDRAWN*
Fiscal Years 1994 through 2003

(in thousands of dollars)

Fiscal Year Ended June 30	Number of Members	Amounts Withdrawn
2003	1,065	\$28,519
2002	266	9,440
2001	799	16,970
2000	699	12,180
1999	399	6,257
1998	407	5,919
1997	422	7,086
1996	588	8,566
1995	778	8,557
1994	548	6,357

* In accordance with § 13-140 of the Administrative Code of the City of New York, Tier 1 and Tier 2 members of the retirement system, who have attained the minimum age and / or service requirements for the retirement plan in which they are enrolled, may cancel their rate of contribution. They are also entitled to subsequently withdraw excess contributions from their annuity savings fund.

FOREWORD

In the following tables detailing the retirement experience for both service and disability retirees, a profile is provided of a substantial percentage of members who retired during the calendar year indicated. The benefits stated reflect the maximum benefit to which the retirees in question would have been entitled. This assures a common denominator for the statistics in the tables. However, in reality, most retirees selected options which *reduced* the maximum benefit.

New York City Employees' Retirement System

TABLE OF AVERAGE ANNUAL BENEFIT PAYMENTS SERVICE RETIREMENT EXPERIENCE Calendar Years 1993 – 2002

YEAR OF RETIREMENT	Years of Credited Service									SUMMARY
	0-4.9	5-9.9	10-14.9	15-19.9	20-24.9	25-29.9	30-34.9	35-39.9	40 and over	
2002										
AVG. RETIREMENT ALLOW.		\$4,884	\$8,624	\$14,148	\$25,332	\$33,134	\$43,573	\$52,926	\$66,157	\$30,937
% OF SALARY BASE		13	21	31	46	60	71	81	105	57
NO.OF RETIREES INCLUDED		209	711	813	1,673	1,612	2,008	544	100	7,670
2001										
AVG. RETIREMENT ALLOW.	\$345	4,510	7,871	13,310	27,657	35,190	43,799	50,192	60,376	28,994
% OF SALARY BASE	3	13	20	31	47	60	68	78	94	52
NO.OF RETIREES INCLUDED	1	157	338	315	907	648	625	138	31	3,160
2000										
AVG. RETIREMENT ALLOW.	0	4,686	7,490	12,316	23,352	29,813	37,194	44,857	56,854	26,144
% OF SALARY BASE	0	13	20	30	45	57	66	77	100	52
NO.OF RETIREES INCLUDED	0	160	586	504	808	1,633	1,074	238	43	5,046
1999										
AVG. RETIREMENT ALLOW.	0	4,750	7,392	11,528	23,302	29,272	36,204	40,795	49,435	23,705
% OF SALARY BASE	0	13	19	29	45	57	66	76	96	49
NO.OF RETIREES INCLUDED	0	174	561	443	624	1,436	539	147	33	3,957
1998										
AVG. RETIREMENT ALLOW.	0	4,307	7,214	10,966	25,429	30,042	36,556	41,904	47,289	\$23,141
% OF SALARY BASE	0	12	19	29	47	57	66	76	97	48
NO.OF RETIREES INCLUDED	0	76	465	369	368	978	299	69	18	2,642
1997										
AVG. RETIREMENT ALLOW.	6,051	3,293	6,705	10,469	22,625	29,456	35,812	39,610	51,249	\$23,347
% OF SALARY BASE	16	13	19	28	48	58	66	75	87	50
NO.OF RETIREES INCLUDED	1	24	430	327	421	1,116	253	94	24	2,690
1996										
AVG. RETIREMENT ALLOW.	4,324	4,240	6,749	10,558	21,776	26,316	33,212	38,998	51,186	\$23,535
% OF SALARY BASE	17	13	19	28	47	55	64	73	92	51
NO.OF RETIREES INCLUDED	4	32	564	442	588	1,916	601	266	64	4,477
1995										
AVG. RETIREMENT ALLOW.	1,649	4,243	6,367	10,558	21,915	27,354	32,673	38,174	46,317	\$24,055
% OF SALARY BASE	4	14	19	28	48	56	65	76	92	53
NO.OF RETIREES INCLUDED	1	56	640	422	1,263	1,818	845	344	122	5,511
1994										
AVG. RETIREMENT ALLOW.	1,224	3,809	6,075	10,409	22,167	25,571	31,709	36,592	38,327	\$22,077
% OF SALARY BASE	12	12	19	30	50	56	66	77	90	50
NO.OF RETIREES INCLUDED	1	39	604	324	1,560	1,660	549	153	45	4,935
1993										
AVG. RETIREMENT ALLOW.	0	3,157	5,951	11,113	24,152	27,872	31,803	36,105	46,513	\$21,849
% OF SALARY BASE	0	14	19	34	50	56	66	76	89	49
NO.OF RETIREES INCLUDED	0	57	463	351	1,536	648	288	65	39	3,447

New York City Employees' Retirement System

SERVICE RETIREMENT EXPERIENCE
TABLE OF AVERAGE RETIREMENT ALLOWANCE BY AGE AND YEARS OF SERVICE
 Calendar Year 2002

AGE AT RETIREMENT																		
Years of Service	UNDER 50			50-54			55-59			60-64			65-69			70 AND OVER		
	Average Allowance	No. of Retire-ments	% of Salary Base	Average Allowance	No. of Retire-ments	% of Salary Base	Average Allowance	No. of Retire-ments	% of Salary Base	Average Allowance	No. of Retire-ments	% of Salary Base	Average Allowance	No. of Retire-ments	% of Salary Base	Average Allowance	No. of Retire-ments	% of Salary Base
0-4.9																		
5-9.9							\$4,689.86	34	12.0	\$4,794.41	109	13.1	\$5,395.92	54	13.2	\$3,958.62	12	11.9
10-14.9	\$12,890.36	5	24.8	\$6,823.95	52	15.4	7,645.72	91	18.3	8,624.82	337	21.1	9,362.28	161	21.4	9,274.16	65	22.4
15-19.9	19,918.52	18	36.8	14,081.84	57	28.3	13,270.41	137	29.7	14,141.17	347	31.3	14,307.30	180	31.6	14,067.28	74	32.1
20-24.9	32,280.72	435	48.6	28,468.60	169	46.0	22,505.02	205	43.3	21,480.73	537	45.3	22,560.39	233	45.3	22,582.03	94	45.2
25-29.9	39,617.55	22	54.4	34,591.32	366	58.0	32,999.66	607	60.1	32,111.49	457	61.4	32,873.78	126	62.4	30,362.81	34	65.3
30-34.9	40,078.77	30	63.4	42,168.27	555	67.2	45,186.35	922	72.6	42,769.10	379	72.3	39,548.09	89	76.2	45,395.54	33	80.9
35-39.9	30,557.76	3	63.3	47,245.70	76	74.6	54,152.26	243	80.7	53,947.22	167	83.1	52,780.96	41	82.9	55,523.32	14	87.2
40 and Over				57,504.43	2	99.0	62,336.37	6	88.6	59,501.90	40	96.0	62,735.90	30	2.0	84,751.38	22	27.7
SUMMARY	32,418.56	513	49.2	35,816.91	1277	59.3	36,753.86	2245	63.8	26,188.37	2373	52.5	23,324.89	914	47.7	25,751.94	348	53.5

New York City Employees' Retirement System

**SERVICE RETIREMENT EXPERIENCE
TABLE OF DISTRIBUTION OF RETIREMENT ALLOWANCE BY AGE
Calendar Year 2002**

Allowance Range	AGE AT RETIREMENT						TOTAL
	Under 50	50-54	55-59	60-64	65-69	70 and Older	
\$1,999 or Less			2	4		3	9
2,000-3,999		4	28	62	21	4	119
4,000-5,999	1	25	39	120	49	14	248
6,000-7,999	3	26	52	162	68	31	342
8,000-9,999	2	22	40	110	69	29	272
10,000-11,999	1	23	57	142	59	31	313
12,000-13,999		28	46	141	69	25	309
14,000-15,999	2	25	50	111	56	31	265
16,000-17,999	5	25	63	106	47	15	261
18,000-19,999	1	28	68	140	50	11	298
20,000-21,999	7	38	82	97	52	14	290
22,000-23,999	5	50	97	99	43	12	306
24,000-25,999	19	64	83	93	33	19	311
26,000-27,999	63	56	103	96	37	7	362
28,000-29,999	98	80	88	76	30	19	391
30,000-31,999	80	71	76	90	21	6	344
32,000-33,999	67	62	94	56	17	9	305
34,000-35,999	51	67	97	51	17	4	287
36,000-37,999	21	71	90	63	18	8	271
38,000-39,999	77	483	954	524	154	64	2,256
\$40,000 or More	10	29	36	30	4	2	111
TOTAL	513	1,277	2,245	2,373	914	348	7,670

New York City Employees' Retirement System

SERVICE RETIREMENT EXPERIENCE
TABLE OF DISTRIBUTION OF RETIREMENT ALLOWANCE BY YEARS OF SERVICE
Calendar Year 2002

Allowance Range	0-4.9	5-9.9	10-14.9	15-19.9	20-24.9	25-29.9	30-34.9	35-39.9	40 & Over	TOTAL
\$1,999 or Less		9								9
2,000 - 3,999		84	33	2						119
4,000 - 5,999		63	174	11						248
6,000 - 7,999		28	189	119	6					342
8,000 - 9,999		16	113	127	16					272
10,000 - 11,999		5	79	134	88	7				313
12,000 - 13,999		2	46	104	131	21	5			309
14,000 - 15,999		2	31	68	120	36	7	1		265
16,000 - 17,999			19	61	99	65	17			261
18,000 - 19,999			15	48	110	100	23	1	1	298
20,000 - 21,999			3	34	102	110	38	3		290
22,000 - 23,999			4	29	76	119	76	2		306
24,000 - 25,999			4	22	95	100	83	7		311
26,000 - 27,999				15	127	111	101	8		362
28,000 - 29,999				6	177	95	99	14		391
30,000 - 31,999				13	144	89	82	14	2	344
32,000 - 33,999				5	108	78	99	13	2	305
34,000 - 35,999				7	77	97	95	11		287
36,000 - 37,999			1	1	50	93	103	20	3	271
38,000 - 39,999				5	131	459	1,133	437	91	2,256
\$40,000 or More				2	16	32	47	13	1	111
TOTAL		209	711	813	1,673	1,612	2,008	544	100	7,670

New York City Employees' Retirement System

TABLE OF BENEFIT EXPERIENCE: ORDINARY DISABILITY RETIREMENT
Calendar Years 1993 through 2002

YEAR	CASES ANALYZED	AVERAGE AGE	AVERAGE YEARS OF SERVICE	AVERAGE SALARY BASE	AVERAGE TOTAL RETIREMENT ALLOWANCE	AVERAGE TOTAL RETIREMENT ALLOWANCE AS A % OF AVERAGE SALARY BASE
2002	403	51	16	\$47,429	\$16,600	35
2001	453	50	16	43,933	15,816	36
2000	493	52	16	42,500	14,875	35
1999	415	51	16	43,676	16,597	38
1998	414	49	16	41,889	15,918	38
1997	77	51	23	41,632	21,482	52
1996	72	51	22	39,467	17,761	45
1995	116	48	22	38,488	18,357	48
1994	135	48	20	35,176	15,759	45
1993	191	50	19	35,124	14,401	41

TABLE OF BENEFIT EXPERIENCE: ACCIDENTAL DISABILITY RETIREMENT*
Calendar Years 1993 through 2002

YEAR	CASES ANALYZED	AVERAGE AGE	AVERAGE YEARS OF SERVICE	AVERAGE SALARY BASE	AVERAGE TOTAL RETIREMENT ALLOWANCE	AVERAGE TOTAL RETIREMENT ALLOWANCE AS A % OF AVERAGE SALARY BASE
2002	48	41	NOT APPLICABLE	\$55,697	\$40,102	72
2001	43	41		49,941	36,457	73
2000	14	51		58,339	49,005	84
1999	40	45		57,214	41,194	72
1998	11	51		54,186	44,974	83
1997	12	49		52,482	39,309	75
1996	9	47		42,830	26,126	61
1995	23	43		46,530	35,130	76
1994	40	44		48,601	37,374	77
1993	88	41		45,456	31,819	70

*It is to be noted that certain accidental disability benefits are reduced by amounts awarded by the Workers' Compensation Board of the State Department of Labor.

New York City Employees' Retirement System

**TABLE OF PENSIONERS AND BENEFICIARIES
Fiscal Years 1994 through 2003**

Fiscal Year Ended June 30	New Pensioners	Terminated Pensioners	Net Change	Total Number	Percentage Change
2003	8,856	5,672	3,184	135,609	2.40
2002	4,232	3,150	1,082	132,425	.82
2001	6,212	4,115	2,097	131,343	1.62
2000	4,944	4,039	905	129,246	.71
1999	4,310	9,118	(4,808)	128,341	(3.61)
1998	3,899	7,562	(3,663)	133,149	(2.68)
1997	5,815	6,047	(232)	136,812	(0.17)
1996	5,789	3,767	2,022	137,044	1.50
1995	6,341	2,192	4,149	135,022	3.17
1994	6,101	2,786	3,315	130,873	2.60

New York City Employees' Retirement System

TABLE OF ACTIVE MEMBERS Fiscal Years 1994 through 2003

Fiscal Year Ended June 30	Number of Entrants During Year	Number of Withdrawals During Year	Net Change	Total Membership	Percentage Change
2003	10,881	13,716	(2,835)	227,208	(1.23)
2002	12,843	7,425	5,418	230,043	2.41
2001	15,582	13,270	2,312	224,625	1.04
2000	12,617	7,320	5,297	222,313	2.44
1999	12,698	7,618	5,080	217,016	2.40
1998	11,001	7,066	3,935	211,936	1.90
1997	9,567	11,842	(2,275)	208,001	(1.08)
1996	11,562	21,524	(9,962)	210,276	(4.52)
1995	9,500	11,033	(1,533)	220,238	(0.69)
1994	14,948	8,864	6,084	221,771	2.82

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

RETIRED MEMBERS BY TYPE OF BENEFIT AS OF JUNE 30, 2003

<u>Benefit Types</u>	<u>Number Of Retirees*</u>	<u>Service</u>	<u>Ordinary Disability (Non-Duty)</u>	<u>Accidental Disability (Duty)</u>	<u>Surviving Annuitants</u>	<u>Miscellaneous</u>
Single Life	66,293	58,084	5,196	3,013		
Joint and Survivor Lump Sum or Term Certain	47,517	30,907	1,339	272	14,999	
	12,439	10,648	1,448	333	10	
Advanced payments – no option selected yet	3,217	2,959	252	6		
Miscellaneous	698	14	6	4	196	478
Total	130,164	102,612	8,241	3,628	15,205	478

* Includes retirees and beneficiaries who received a retirement payment on the pensioners' payroll as of June 30, 2003. These statistics do not include either suspended recipients or those who have died and the pension number has not yet been terminated from the roster.