THE 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, 2006

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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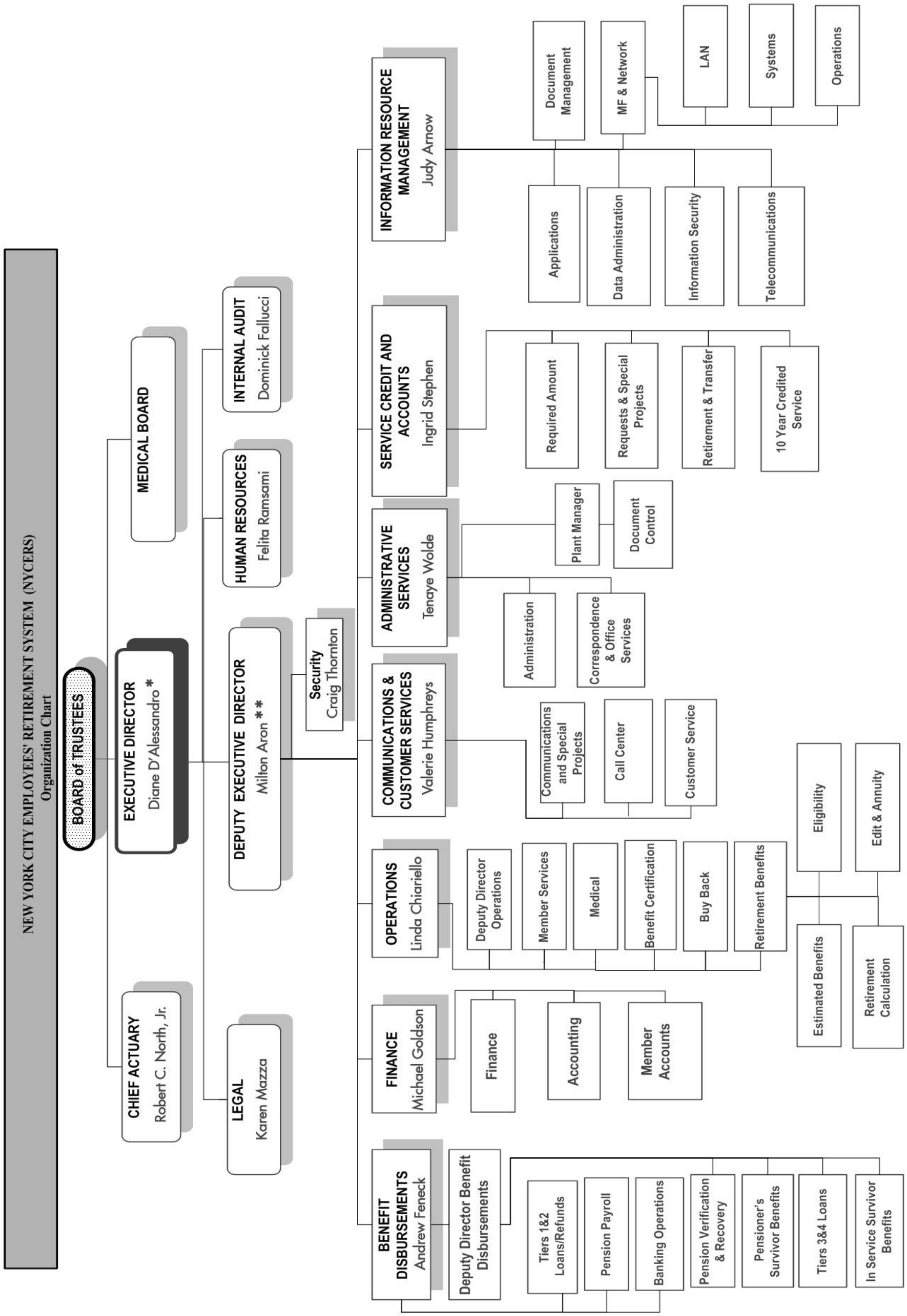
PART 1

INTRODUCTORY SECTION

BOARD OF TRUSTEES



* As of November 2005
** Retired as of April 2006

Certificate of Achievement for Excellence in Financial Reporting

Presented to

New York City Employees' Retirement System & Group Life Insurance Plan

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2005

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

NYCERS
RETIREMENT AND BENEFITS

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December 31, 2006

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, 2006. 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 judgments 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, 2005. 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 20 years.

A Certificate of Achievement is valid for a period of one year only. We believe our *CAFR* for the fiscal year ended June 30, 2006 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 governing statutes are contained in the New York State Retirement and Social Security Law (RSSL), and the New York City Administrative Code. The system became operational on October 1, 1920 with 13,331 original members. As of June 30, 2004, the date of the *Plan's* most recent actuarial valuation, the *Plan's* membership included 174,997 members in active pay status, 127,345 retirees and beneficiaries receiving benefits, and 5,888 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 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 MTA New York City Transit Authority, the MTA 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 Residential 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 **189**.

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 for the earlier of the first ten years of service, or the tenth anniversary of membership, 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 2006 totaled $4,774,637,000, an increase of $530,067,000 from that of fiscal year 2005. This was primarily the result of the appreciation in the fair value of the *Plan's* investment portfolio being $375,886,000 higher than that of the 2005 appreciation, as well as a $201,595,000 increase in employer contributions. The Table of Revenue by Source on page **201** 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 **202** and the Table of Total Expenses by Type on page **203** 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. The *Plan's* funded ratio, which is the ratio of Actuarial Asset Value to Actuarial Accrued Liability, has remained at 99.6%. 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. As mentioned in the Revenue section above, during 2006 the Plan continued to experienced appreciation in the value of its investment securities. 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. The current policy target mix consists of 55% in Domestic Equities, 13% in an International Equity fund, 30% in Domestic Fixed Income, and 2% in Alternative investments. Further 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 upon request. The tables on pages **136 and 137** list the *Plan's* major domestic equity and long-term bond holdings.

ECONOMIC CONDITIONS

Using the measure of the Gross Domestic Product (GDP), the U.S. economy was growing at a rate of 2.9 % at the end of fiscal year 2006, although the growth rates during the year were variable from one quarter to the next. The chief reasons for the volatility were the series of hurricanes that created much damage as well the increasing price of oil. Nationally, the strongest growth has been in the sectors of personal consumption and private domestic investment. Consumption was fueled by the rising value of residential real estate. Government expenditures and net exports have continued to lag behind. Payroll jobs grew by 1.99 million in fiscal 2006; and the unemployment rate fell from 5.2% at the end of fiscal 2005 to 4.8% at the end of fiscal 2006.

Using a comparable Comptroller's Gross City Product (GCP), the City's economy grew 3.3% during fiscal 2006, comparable to that of fiscal 2005. As was true with the U.S. economy, the growth pattern was uneven all year. At year-end, the growth was at an annual rate of 2.9% per year. Payroll jobs increased by 51,900 (1.5%), better than the 43,900 increase in 2005, and a big improvement after experiencing job declines in the prior three years, losing 27,100, 62,500, and 116,200 jobs in fiscal years 2004, 2003 and 2002 respectively. The private sector accounted for virtually all of the job growth. The New York City metropolitan area inflation rate during fiscal year 2006 was 4%, which was the highest it has been since fiscal year 1991. The unemployment rate in New York City also fell from 5.4% at June 2005 to 4.9% at June 2006.

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,

Diane D'Alessandro
Executive Director

Michael A. Goldson
Director, Finance

SUMMARY OF PLAN PROVISIONS

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 Member:

- 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, senior stationary engineer, stationary engineer, auto mechanic (diesel), auto electrician, auto machinist, machinist, or machinist helper.

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 as 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, Taxi & Limousine Inspector of any rank employed by the NYC Taxi & Limousine Commission, Urban Park Ranger, or Associate Urban Park Ranger.

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

Correction Officer

A member of the uniformed force of the NYC Department of Corrections in on of these covered titles: Officer below the rank of Captain; Correction Captain; Asst. Deputy Warden (Warden Correction Level I); Deputy Warden; Deputy Warden-in-Command (Warden Correction Level II); Warden; Deputy Chief (Warden Correction Level III); Chief of Department (Warden Correction).

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 Member

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.

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

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)
- 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 DISPATCHER 25-YEAR PROGRAM:

A position while employed by the City of New York as a Dispatcher Member 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 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.

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 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.

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, <u>or</u>
- 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.

Increased Take Home Pay (ITHP)

Contributions for Tier 1 and Tier 2 members that are contributed by their employer equal to 2% of the members' gross salaries; 2.5% for Correction Officers.

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*.

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 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

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 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

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).

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 Communications (911) Operator Members

Service rendered by Tier 2 and Tier 4 members while employed by the NYC Police Department as police communications technicians, supervising police communications technicians, or principal police communications technicians.

Police Service

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

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.

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 Member

The Special Officer 25-Year Program is available **ONLY** to peace officers employed as special officers by a mayoral agency of the City of New York, the NYC Health and Hospitals Corporation or the NYC Housing Authority (NYCHA); parking control specialists employed by the NYC Department of Transportation; school safety agents employed by the NYC Police Department or NYC Board of Education; campus peace officers employed by the City University of New York, taxi & limousine inspectors employed by the NYC Taxi & Limousine Commission, Urban Park Ranger or Associate Urban Park Ranger.

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)
- 25-Year Retirement Program for Police Communications (911) Operators

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, may retain their Tier 3 rights and are eligible to elect Tier 3 benefits.

Transit Authority Member

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

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.

L E G I S L A T I O N
(July 1, 2005 – June 30, 2006)

Laws of 2005

Chapter 383
Retroactive Sanitation Heart Presumption in Cases of Death Only

This law amends Chapter 697 of the laws of 2004, which established a heart presumption for uniformed members of the NYC Sanitation Department, by changing the effective date of Chapter 697 from July 1, 2005 to November 15, 2004 ONLY in cases where a heart ailment resulted in a member’s death.

Chapter 477
Allows Tier 3 Correction Members to Receive Service Credit for Child Care Leave

Chapter 581 of the laws of 2004 allowed Tier 1 & 2 NYCERS Correction members to purchase up to one year of service credit for each time such member is absent without pay while on authorized child care leave as long as such absence did not exceed one year. This law amends Chapter 581 to include Tier 3 NYCERS Correction members.

Chapter 498
Prior Service in Certain Titles Transferable to Police Pension Fund

This law adds service rendered (i) as a peace officer (as defined by §2.10 of the criminal procedure law), or (ii) as a sheriff, deputy sheriff, marshal or district attorney investigator, or (iii) in any position specified in Appendix A of operations order 2-25 of the NYC Police Department dated December 11, 2002, immediately preceding service in the police force as a type of service deemed to be service in the police force for benefit eligibility purposes.

Chapter 507
Adds Internal Revenue Code Provisions on Exclusive Benefit Rule to the NYC Administrative Code

This law adds provisions to the New York City Administrative Code to prohibit the transfer of any funds, corpus, assets, etc. from any retirement system in New York City to the City treasury.

Chapter 511
Retirees Can Repay Loans After Retirement

This law allows retirees to repay any outstanding loan balance, at anytime during retirement, provided the payment is in full. Upon repayment of the entire loan balance, the pensioner’s benefit will revert to what it would have been had it never been reduced. The new adjusted retirement allowance will be effective upon the date of receipt of payment of the outstanding loan balance.

Chapter 586
Special Accidental Death Benefits to the Beneficiaries of Retired Correction Officer, James P. Hopper

This law provides the special accidental death benefit in Section 208-f of the General Municipal Law to the widow and children of James P. Hopper, a retired NYC Correction Officer killed on September 11, 2001. Specifically, the law reinstates James P. Hopper to active duty status at his highest achieved work and status on and as of September 11, 2001 without any diminution or return of any of his previously received retirement benefits.

Chapter 686
Laid off Correction Officers to Purchase Service Credit

This law allows NYC Correction Officers who were laid off on or after May 1, 2003 and returned to service prior to July 1, 2004, to purchase service credit for the time period in which they were laid off. Correction Officers can purchase service credit for this time period by contributing, in addition to the contributions already being paid, basic and additional member contributions that they would have made if they had been employed during the layoff period.

Laws of 2006

Chapter 22
Increase in the Basket Clause Limitations

This law increases the prudent investor basket clause to 25% from 15%. Prior to the enactment of this law, the prudent investor basket clause allowed for the investment of up to 15% of the assets of a retirement system in investments not subject to the "legal list" of permissible investments specified in State law.

Chapter 74
Increase in the Maximum Earnings Limitations for Pensioners Returning to Public Service

This law increases to maximum amount of annual compensation that may be earned by a pensioner who re-enters public service without the loss, suspension or diminution of their pension benefit. The annual earnings limitation is now set at $30,000 commencing in 2007 and thereafter.

Chapter 88
Increase in Special Accidental Death Amounts

This law increases the special accidental death benefit, by 3% or more for deaths that occurred in 2006 or earlier for Correction Officers, Housing and Transit Police, certain EMTs and TBTA members. The benefit is payable to the widow or widower or the children of the deceased under 18 years of age or under 23 if in college.

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. Chapter 640 of the Laws of 2003 extended the provisions of this program to include Urban Park Rangers and Associate Urban Park Rangers.

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 <u>10 or more</u> 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 <u>less than 10</u> 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.

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:

Three-quarters 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.*

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

WORLD TRADE CENTER PRESUMPTION FOR ACCIDENTAL DISABILITY RETIREMENT

This law creates a presumptive eligibility for an accidental disability benefit in connection with the World Trade Center tragedy of September 11, 2001. To qualify for the presumption provided in this law eligible members must 1) have passed a physical exam for entry into public service; 2) have participated in the Rescue, Recovery or Clean-Up Operations between 9/11/01 and 9/12/02 at either the WTC site, the Fresh Kills Landfill, the New York City Morgue or temporary morgues on the piers on the West Side of Manhattan, or the barges between the West Side of Manhattan and the Fresh Kills Landfill for a minimum of forty hours; 3) file a Notice of Participation and 4) become disabled by a qualifying condition or impairment of health as defined in the law at some point in their lifetime.

A Notice of Participation which informs NYCERS that eligible members have participated in the WTC Rescue, Recovery or Clean-Up Operations between 9/11/01 and 9/12/02 must be filed by June 13, 2007. A Notice of Participation is not a disability application. Should eligible members become disabled in the future, the Notice of Participation protects their right to file a disability application.

DISABILITIES OF MEMBERS OF THE UNIFORMED FORCE OF THE NEW YORK CITY DEPARTMENT OF SANITATION

HEART BILL

Chapter 697 of the Laws of 2004 added Section 207-r to the General Municipal Law, which provides a presumption that a disease of the heart was incurred in the performance and discharge of duty for eligible members of the uniformed force of the NYC Department of Sanitation. Such members are entitled to a disability benefit equal to three-quarters of *Final Salary*. The presumption may be rebutted by competent medical evidence.

DISABILITIES OF FDNY EMERGENCY MEDICAL TECHNICIANS

HEART BILL

Chapter 697 of the Laws of 2002 added Section 207-q to the General Municipal Law, which provides 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 disability benefit equal to three-quarters of *Final Compensation.* The presumption may be rebutted by competent medical evidence.

HAT BILL

Chapter 587 of the laws of 1998 added Section 207-o to the General Municipal Law, which provides that 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 had contact with such person in the performance of duties), tuberculosis or hepatitis will be presumed to have contracted such disease in the performance and discharge of duty. Such member is entitled to a disability benefit equal to three-quarters of *Final Compensation*. The presumption may be rebutted by competent medical evidence.

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

HEART BILL

Chapter 546 of the laws of 1998 added Section 207-o of the General Municipal Law, which provides a presumption that a disease of the heart was incurred in the performance and discharge of duty for members of uniformed force of the NYC Department of Correction. Such members are entitled to a disability benefit equal to three-quarters of *Final Salary*. The presumption may be rebutted by competent medical evidence.

HAT BILL

Chapter 622 of the Laws of 1997 added Section 207-n of the General Municipal Law, which 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 contracted such disease in the performance and discharge of duty. Such members are entitled to a disability benefit equal to three-quarters of *Final Salary*. The presumption may be rebutted by competent medical evidence.

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.

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.

SPECIAL ACCIDENTAL DEATH BENEFIT (CORRECTIONS, EMT & TBTA ONLY)

The special accidental death benefit shall be paid to the widow or widower, or to the child under the age of 18 or under the age of 23 if a student, of NYCERS members in the following titles who have died of injuries sustained in the line of duty as the natural and proximate of an accident, not caused by the member's own willful negligence:

- A deceased member of the New York City Correction Department
- A deceased EMT or Advanced EMT
- A deceased member of the Triborough Bridge and Tunnel Authority

The special accidental death benefit is a supplemental monthly payment in addition to the accidental death benefit pension. This benefit is state funded while the Accidental Death Benefit is financed by NYCERS. The effect of the benefit is to continue paying the equivalent of the deceased's last year's earnings, including earned overtime, night differential and holiday pay, increased annually by a percentage determined on the basis of the Consumer Price Index (CPI). The maximum potential benefit will be reduced by the basic amount of Social Security survivor's benefit and the Workers' Compensation award payable due to the death of the deceased member**.** The benefit is not reduced by any amounts payable to any children

PRESUMPTIVE ACCIDENTAL DEATH BENEFITS UNDER HEART BILL (SANITATION, CORRECTION & EMT)

Members of the Uniformed Forces of the Departments of Sanitation and Correction and FDNY Emergency Medical Technicians who die from a heart ailment shall be entitled to a presumption that such heart ailment was incurred in the performance and discharge of duty. The *Eligible Beneficiary(ies)* of such members are entitled to an accidental death benefit which is paid in accordance with the relevant statute(s) governing accidental death benefits for their respective titles.

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.

Chapter 511 of the laws of 2005 permits **retirees** to repay, in full, at any time after retirement, the total outstanding loan balance at retirement. This is available for all tiers and all retirees. This law states that the monthly pension benefits paid *after the retiree repays the loan* shall not be reduced by the actuarial equivalent of the loan. Monthly pension benefits paid *prior to the repayment* of the loan will not be adjusted.

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.

Generally, ordinary and accidental disability benefits for Tier 2 members remained unchanged and substantially similar to the ordinary and accidental disability benefits available to Tier 1 members. Additionally, the presumptive disability laws applicable to Tier 1 members also apply to Tier 2 members. However, there is one notable distinction between Tier 1 disability benefits and Tier 2 disability benefits – the compensation base upon which disability benefits are calculated is based upon *Final Average Salary* for Tier 2 members as opposed to *Final Salary* or *Final Compensation* for Tier 1 members. In other instances where Tier 2 disability benefits and/or presumptive disability laws differ from those identified in the Tier 1 section or in instances where certain benefits are available to members in only Tier 2 and beyond, a description of the respective benefit(s)/laws will be explained in this section.

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 of 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 I*ncreased-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 (2050I)

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 (2050I)

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 Attorney's 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 C*redited 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*

20-YEAR RETIREMENT PROGRAM FOR MEMBERS EMPLOYED AS INVESTIGATORS IN DISTRICT ATTORNEYS' OFFICES (20IDA)

Chapter 695 of the Laws of 2004 adds 20 Year Retirement Program for investigators in District Attorneys' offices. This plan is available to all current Investigators in District Attorneys' offices who did not elect to participate in the 25 Year DA investigators Plan, any participant in the 25IDA (must file by 5/16/05), and any NYCERS member hired as a District Attorney Investigator after 11/16/04.

SERVICE RETIREMENT BENEFIT (20IDA)

Participants may retire with credit for 20 or more years of *IDA Service*. If they have contributed the required amount of regular member contributions for the first 20 years of such service, the Service Retirement Benefit is:

For the first 20 years of *Service*,
50% of Final Salary
plus
For each additional year *Credited Service* (after completion of the 20 years)
1 2/3% of *FAS* for such Credited Service (or fraction thereof) beyond the first 20 years of Service (there is no cap on the additional years of Credited Service.

VESTING (20IDA)

Participants in the *DA 25-Year Program* who have completed at least 5 but less than 20 years of service (and does not withdraw any accumulated deductions will be eligible for a Vested Retirement Benefit.

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

VESTED RETIREMENT BENEFIT (20IDA)

The Vested Retirement Benefit is a *Pension* equal to:
2.5% *of FAS* for each year of *IDA Service*.

DEATH BENEFIT TO VESTED MEMBERS (20IDA)

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 C*redited 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.

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 P*ension* for *ITHP*,

plus

a P*ension*, 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 P*ension* 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 *Annui*ty 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. Chapter 681 of the Laws of 2003 extended the provision of this program to include seven additional titles.

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. Chapter 641 of the Laws of 2003 extended the provisions of this program to include Urban Park Rangers and Associate Urban Park Rangers.

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.

25-YEAR RETIREMENT PROGRAM FOR POLICE COMMUNICATION (911) OPERATORS

The 911 Communications Operators 25-Year Retirement Program is available only to members employed by the New York City Police Department as police communications technicians, supervising police communications technicians, or principal police communications technicians.

SERVICE RETIREMENT BENEFIT

Participants who have completed 25 or more years of *Credited Service*, paid all *Additional Member Contributions* and file for retirement at least 30 but not more than 90 days before it is to be effective will be eligible to receive a service retirement benefit.

The Service Retirement Benefit is:

50% of *Final Average Salary (FAS)* **for the first 25 years of Credited Service**

plus

an additional 2% *FAS* of for each year (or fraction) beyond the first 25 years of *Allowable Service* up to a maximum of 30 years.

VESTED RETIREMENT BENEFIT

There is no provision for vesting for Tier 2 participants.

ORDINARY DEATH BENEFITS FOR TIER 2 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 Tier 2 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
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.

OPTION 5 (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.

OPTION 6 (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.

TIER 3

ARTICLE 14 – COORDINATED ESCALATOR RETIREMENT PLAN

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.

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).

TIER 3 RIGHTS FOR CERTAIN TIER 4 MEMBERS

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*.

Members choosing to retire early will be subject to a reduction of their pension benefit. Please refer to the table on the following page, which specifies the percentage of benefit reduction between the ages of 55-61.

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

- 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.

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.

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.

WORLD TRADE CENTER PRESUMPTION FOR ACCIDENTAL DISABILITY RETIREMENT

This law creates a presumptive eligibility for an accidental disability benefit in connection with the World Trade Center tragedy of September 11, 2001. To qualify for the presumption provided in this law eligible members must 1) have passed a physical exam for entry into public service; 2) have participated in the Rescue, Recovery or Clean-Up Operations between 9/11/01 and 9/12/02 at either the WTC site, the Fresh Kills Landfill, the New York City Morgue or temporary morgues on the piers on the West Side of Manhattan, or the barges between the West Side of Manhattan and the Fresh Kills Landfill for a minimum of forty hours; 3) file a Notice of Participation and 4) become disabled by a qualifying condition or impairment of health as defined in the law at some point in their lifetime.

A Notice of Participation which informs NYCERS that eligible members have participated in the WTC Rescue, Recovery or Clean-Up Operations between 9/11/01 and 9/12/02 must be filed by June 13, 2007. A Notice of Participation is not a disability application. Should eligible members become disabled in the future, the Notice of Participation protects their right to file a disability application.

GENERAL LIMITATIONS ON CONTINUED RECEIPT OF DISABILITY BENEFITS (Ordinary and Accident – Sections 506 and 507 of the Retirement and Social Security Law)

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.

ORDINARY DEATH BENEFITS

Applicable to members who last joined NYCERS after July 26, 1976 and prior to September 1, 1983 and die between April 1, 2006 and March 31, 2007.

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, 2006)
One Year	Two Years	One *times* final rate of pay, but not in excess of $43,100
Two Years	Three Years	Two *times* final rate of pay, but not in excess of $86,200
Three Years or more		Three *times* final rate of pay, but not in excess of $107,700

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.

UNIFORMED CORRECTION FORCE 25 YEAR PLAN

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.

The Service Retirement Benefit is:
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.

UNIFORMED CORRECTION FORCE
DISABILITY RETIREMENT BENEFITS

ORDINARY DISABILITY BENEFITS

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.

THREE-QUARTERS ACCIDENTAL DISABILITY RETIREMENT

Chapter 622 of the laws of 1997 added Section 507-c of the RSSL (subdivision a), which provides that members of the uniformed force of the NYC Correction Department who become physically or mentally incapacitated as the natural and proximate result of an injury sustained in the performance and discharge of duties by an act of an inmate shall be entitled to a disability benefit equal to three-quarters of *Final Average Salary*.

HEART BILL

Chapter 546 of the laws of 1998 added Section 207-o of the General Municipal Law, which provides a presumption that a disease of the heart was incurred in the performance and discharge of duty for members of uniformed force of the NYC Department of Correction. Such members are entitled to a disability benefit equal to three-quarters of *Final Average Salary*. The presumption may be rebutted by competent medical evidence.

HAT BILL

Chapter 622 of the Laws of 1997 added Section 507-c of the RSSL (subdivision b), which 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 contracted such disease in the performance and discharge of duty. Such members are entitled to a disability benefit equal to three-quarters of *Final Average Salary*. The presumption may be rebutted by competent medical evidence.

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.

SPECIAL ACCIDENTAL DEATH BENEFIT (CORRECTIONS)

The special accidental death benefit shall be paid to the widow or widower, or to the child under the age of 18 or under the age of 23 if a student, of a deceased member of the uniformed force of the NYC Correction Department who has died of injuries sustained in the line of duty as the natural and proximate of an accident, not caused by the member’s own willful negligence:

The special accidental death benefit is a supplemental monthly payment in addition to the accidental death benefit pension. This benefit is state-funded while the accidental death benefit is financed by NYCERS. The effect of the benefit is to continue paying the equivalent of the deceased’s last year’s earnings, including earned overtime, night differential and holiday pay, increased annually by a percentage determined on the basis of the Consumer Price Index (CPI). The maximum potential benefit will be reduced by the basic amount of Social Security survivor’s benefit and the Workers’ Compensation award payable due to the death of the deceased member**.** The benefit is not reduced by any amounts payable to any children

PRESUMPTIVE ACCIDENTAL DEATH BENEFITS UNDER HEART BILL (CORRECTIONS)

Members of the Uniformed Forces of the Departments of Sanitation and Correction and FDNY Emergency Medical Technicians who die from a heart ailment shall be entitled to a presumption that such heart ailment was incurred in the performance and discharge of duty. The *Eligible Beneficiary(ies)* of such members are entitled to an accidental death benefit which is paid in accordance with the relevant statute(s) governing accidental death benefits for their respective titles.

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*.

CORRECTION CAPTAIN REOPENER FOR TIER 3 MEMBERS

Chapter 622 of the Laws of 2004. This law permits members who failed to elect the 20 Year Plan for Correction Captains and above (CC-20 Plan) to now elect to become a participant in this plan. This law applies to those Tier 3 correction members of the rank of Captain or above who were eligible to participate in this plan on 8/4/93 and also to those Tier 3 correction members who became a correction member of the rank of Captain or above prior to 10/20/04.

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.

20-YEAR RETIREMENT PROGRAM FOR TIER 3 CORRECTION FORCE MEMBERS (CF 20)

Chapter 622 of the Laws of 2004 establishes a 20-year retirement program for NYC Correction Members. Any person who becomes a NYC correction member and a Tier 3 member on or after 10/19/04 will be a member of this plan. The 20-Year Correction Officers Plan and the 20-Year Correction Captains Plan are close to anyone not having Tier 3 rights on the effective date of this law.

SERVICE RETIREMENT BENEFIT (CF-20)

Participants may retire after having 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 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 Allowable Correction Service (not to exceed 30 years).

VESTED RETIREMENT BENEFIT (CF-20)

A *Participant* in the 20-Year Retirement Program for Tier 3 Correction members who resigns after having five or more years of *Service*, 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 *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.

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). Please see the table on the following page.

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*,

<u>or</u>

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

WORLD TRADE CENTER PRESUMPTION FOR ACCIDENTAL DISABILITY RETIREMENT

This law creates a presumptive eligibility for an accidental disability in connection with the World Trade Center tragedy of September 11, 2001. To qualify for the presumption provided in this law eligible members must 1) have passed a physical exam for entry into public service; 2) have participated in the Rescue, Recovery or Clean-Up Operations between 9/11/01 and 9/12/02 at either the WTC site, the Fresh Kills Landfill, the New York City Morgue or temporary morgues on the piers on the West Side of Manhattan, or the barges between the West Side of Manhattan and the Fresh Kills Landfill; 3) file a Notice of Participation and 4) become disabled by a qualifying condition or impairment of health as defined in the law at some point in their lifetime.

A Notice of Participation which informs NYCERS that eligible members have participated in the WTC Rescue, Recovery or Clean-Up Operations between 9/11/01 and 9/12/02 must be filed by June 13, 2007. A Notice of Participation is not a disability application. Should eligible members become disabled in the future, the Notice of Participation protects their right to file a disability application.

DISABILITIES OF FDNY EMERGENCY MEDICAL TECHNICIANS

THREE-QUARTERS ACCIDENTAL DISABILITY BENEFIT

Chapter 587 of the laws of 1998 added a new Section 607-b to the Retirement and Social Security Law, which provides that Emergency Medical Technicians (EMT) who become mentally or physically incapacitated as a natural and proximate result of an injury sustained in the performance discharge of duty on or after March 17, 1996 shall be entitled to a disability benefit equal to three-quarters of Final Average Salary.

HEART BILL

Chapter 697 of the Laws of 2002 added Section 207-q to the General Municipal Law, which provides 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 disability benefit equal to three-quarters of *Final Average Salary*. The presumption may be rebutted by competent medical evidence.

HAT BILL

Chapter 587 of the laws of 1998 added Section 207-o to the General Municipal Law, which provides that 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 had contact with such person in the performance of duties), tuberculosis or hepatitis will be presumed to have contracted such disease in the performance and discharge of duty. Such member is entitled to a disability benefit equal to three-quarters of *Final Average Salary*. The presumption may be rebutted by competent medical evidence.

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 EMT Members, you must file a request with the Final Medical Review Board within 45 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.

DISABILITIES OF MEMBERS OF THE UNIFORMED FORCE OF THE NYC DEPARTMENT OF SANITATION

THREE-QUARTERS ACCIDENTAL DISABILITY BENEFIT

Chapter 504 of the Laws of 2002 added a new section 605-b to the RSSL, which provides that members of the uniformed force of the NYC Department of Sanitation who are determined by NYCERS to be physically or mentally incapacitated as the natural or proximate result of an “accident” sustained in the performance and discharge of duty, and such accident was not caused by his/her willful negligence, shall be entitled to a disability benefit equal to three-quarters of Final Average Salary. 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 are entitled to this benefit.

HEART BILL

Chapter 697 of the Laws of 2004 added Section 207-r to the General Municipal Law, which provides a presumption that a disease of the heart was incurred in the performance of duty for members of the uniformed force of the NYC Department of Sanitation. Such members are entitled to a disability benefit equal to three-quarters of *Final Average Salary*. The presumption may be rebutted by competent medical evidence.

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.

THREE-QUARTER ACCIDENTAL DISABILITY BENEFIT FOR NEW YORK CITY DEPUTY SHERIFFS

Chapter 516 of the laws of 2003 added a new section 605-c to the RSSL, which provides that NYC Deputy Sheriffs who become physically or mentally incapacitated for the performance of duties as the natural and proximate result of an accident, not caused by his/her willful negligence are entitled to a disability benefit equal to three-quarters of final average compensation, which is defined as wages earned during any five consecutive years (subject to certain limitations).

ORDINARY DEATH BENEFITS FOR TIER 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 Tier 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
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 Tier 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 A*nnuity* 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).

SPECIAL ACCIDENTAL DEATH BENEFIT (EMT & TBTA ONLY)

The special accidental death benefit shall be paid to the widow or widower, or to the child under the age of 18 or under the age of 23 if a student, of NYCERS members in the following titles who have died of injuries sustained in the line of duty as the natural and proximate of an accident, not caused by the member's own willful negligence:

- A deceased EMT or Advanced EMT
- A deceased member of the Triborough Bridge and Tunnel Authority

The special accidental death benefit is a supplemental monthly payment in addition to the accidental death benefit pension. This benefit is state funded while the Accidental Death Benefit is financed by NYCERS. The effect of the benefit is to continue paying the equivalent of the deceased's last year's earnings, including earned overtime, night differential and holiday pay, increased annually by a percentage determined on the basis of the Consumer Price Index (CPI). The maximum potential benefit will be reduced by the basic amount of Social Security survivor's benefit and the Workers' Compensation award payable due to the death of the deceased member**.** The benefit is not reduced by any amounts payable to any children

PRESUMPTIVE ACCIDENTAL DEATH BENEFITS UNDER HEART BILL (SANITATION & EMT)

Members of the Uniformed Forces of the Departments of Sanitation and FDNY Emergency Medical Technicians who die from a heart ailment shall be entitled to a presumption that such heart ailment was incurred in the performance and discharge of duty. The *Eligible Beneficiary(ies)* of such members are entitled to an accidental death benefit which is paid in accordance with the relevant statute(s) governing accidental death benefits for their respective titles.

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 $20.00 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.
-

Chapter 511 of the laws of 2005 permits **retirees** to repay, in full, at any time after retirement, the total outstanding loan balance at retirement. This is available for all tiers and all retirees. This law states that the monthly pension benefits paid *after the retiree repays the loan* shall not be reduced by the actuarial equivalent of the loan. Monthly pension benefits paid *prior to the repayment* of the loan will not be adjusted.

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 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,
1½% 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 A*llowable 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 faction) 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 A*llowable 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 faction) of *Allowable Service as an EMT Member* credited to the Participant at the time of discontinuance.

25-YEAR RETIREMENT 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. Chapter 681 of the Laws of 2003 extended the provisions of this program to include seven additional titles.

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. Chapter 640 of the Laws of 2003 extended the provisions of this program to include Urban Park Rangers and Associate Urban Park Rangers.

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.

25-YEAR RETIREMENT PROGRAM FOR POLICE COMMUNICATIONS (911) OPERATORS

Chapter 682 of the Laws of 2003 established a 25 Year Retirement Plan for Tier 2 and 4 members employed by the NYC Police Department as a Police Communications Technicians, a Supervising Police Communications Technicians or a Principal Police Communications Technicians. There is no age requirement in this bill.
Note: that there is a 180 day filing period for NYCERS members in covered titles who want to opt into the plan.

SERVICE RETIREMENT BENEFIT

A Participant in the program who has completed 25 or more years of *Credited Service*, paid all *Additional Member Contributions*, and files for retirement at least 30 days before it is to be effective will be eligible to receive a service retirement benefit.

The Service Retirement Benefit is:

50% of *Final Average Salary (FAS)* **For the first 25 years of *Credited Service***

plus

an additional 2% of *FAS* for each year (or fraction) beyond the first 25 years of *Credited Service* up to a maximum of 30 years.

VESTED RETIREMENT BENEFIT

A *Participant* who discontinues service as a Police Communications Operator with 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.

The Vested Retirement Benefit becomes payable on the date the *Participant* could have completed 25 years of *Credited Service*.

The Vested Retirement Benefit is:

2 % of *FAS* for each year (or fraction) of *Credited Service*

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, 2006

PART 2

FINANCIAL SECTION

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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, 2006 and 2005, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, 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, 2006 and 2005, 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.

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 required 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 2006, 2005, 2004, 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 and 2000 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 audits of the basic financial statements and, accordingly, we express no opinion on it.

As discussed in Note 5 to the financial statements, in 2006, the Plan changed the actuarial valuation methodology to be used in calculating employer contributions.

Deloitte & Touche LLP

October 26, 2006

New York City Employees' Retirement System

Financial Statements and
Supplemental Schedules
Years Ended June 30, 2006 and 2005
Independent Auditors' Report

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2006 AND 2005

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, 2006 and 2005. 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 101.

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 have increased by $1.8 billion (5%) from $35.5 billion as of June 30, 2005 to $37.3 billion at June 30, 2006. Net assets had also increased by $1.3 billion (4%) at June 30, 2005 from $34.2 billion as of June 30, 2004. Increase in value of the Plan's equity holdings, both domestic and international, was the main reason that caused the increases in net assets in fiscal years 2006 and 2005. It is significant that NYCERS has experienced increases in its assets three years in a row. Fiscal year 2000 was the last year prior to 2004 that had an increase in net assets.

Plan Net Assets
June 30, 2006, 2005 and 2004
(In thousands)

	2006	2005	2004
Cash	$ 902	$ 285,074	$ 33,338
Receivables for investment securities sold	1,271,479	960,808	435,656
Receivable for member loans	846,688	845,508	855,791
Receivables for accrued earnings	224,272	212,497	208,947
Investments, at fair value	43,987,714	41,891,285	41,196,210
Other assets	10,715	14,535	16,481
Total assets	46,341,770	44,209,707	42,746,423
Accounts payable	127,735	248,829	118,995
Payables for investment securities purchased	2,366,823	1,816,742	1,576,228
Accrued benefits payable	165,159	139,328	148,805
Amount due to Variable Supplements Funds	3,228	2,675	1,911
Due to other retirement systems	518	307	28,593
Payables for securities lending transactions	6,390,143	6,475,507	6,694,564
Total liabilities	9,053,606	8,683,388	8,569,096
Net assets held in trust for pension benefits	$ 37,288,164	$ 35,526,319	$ 34,177,327

The cash balance of $902 thousand on June 30, 2006 is less than the $285.1 million for June 30, 2005 since virtually all cash receipts were able to be invested. The Plan's practice is to fully invest its cash balances in most of its bank accounts on a daily basis. A typical benefit payment account would show an overdrawn balance since funds are deposited as outstanding benefit checks are presented to the banks for payments each day. These overdrawn balances made up the main component of accounts payable.

The cash balance of $285.1 million on June 30, 2005 is far greater than the balance of $33.3 million on June 30, 2004. On June 30, 2005, however, there were a number of cash receipts received too late in the day to invest the proceeds.

Receivables on sales of investment securities amounted to $1,271 million as of June 30, 2006, an increase of $310.7 million (32%) from $960.8 million at June 30, 2005. Trades typically do not settle until a few days after trade dates; nevertheless, sales of investment securities are reflected on trade dates. These receivables are the result of those timing differences, and are, therefore, of no significance.

Receivables on sales of investment securities amounted to $960.8 million as of June 30, 2005, an increase of $525.2 million (121%) from $435.7 million at June 30, 2004. Trades typically do not settle until a few days after trade dates; nevertheless, sales of investment securities are reflected on trade dates. These receivables are the result of those timing differences, and are, therefore, of no significance.

Receivables for accrued earnings and member loans did not vary much over fiscal years 2004, 2005, and 2006.

Fair value of investments at June 30, 2006 was $44 billion, an increase of $2.1 billion (5%) over the June 30, 2005 investment value of $41.9 billion. As noted in the Financial Highlights section, both domestic and international equity markets generally experienced favorable results during this past year.

Fair value of investments at June 30, 2005 was $41.9 billion, an increase of $695 million (2%) over the June 30, 2004 investment value of $41.2 billion. As noted in the Financial Highlights section, both domestic and international equity markets generally experienced favorable results during this past year.

Payables on purchases of investment securities amounted to $2.4 billion as of June 30, 2006, an increase of $550 million (30%) from $1.8 billion at June 30, 2005. Trades typically do not settle until a few days after trade dates; nevertheless, purchases of securities are reflected on trade dates. These payables are the result of those timing differences, and are, therefore, of no significance.

Payables on purchases of investment securities amounted to $1.8 billion as of June 30, 2005, an increase of $240.5 million (15.3%) from $1.6 billion at June 30, 2004. Trades typically do not settle until a few days after trade dates; nevertheless, purchases of securities are reflected on trade dates. These payables are the result of those timing differences, and are, therefore, of no significance.

Accrued benefits payable at June 30, 2006 amounted to $165.1 million, an increase of $25.8 million (19%) from the $139.3 million benefits payable at June 30, 2005. The increase was due to legislation which provide for member contribution refunds of $13 million to certain Transit Authority members, as well as additional retroactive death benefit revisions, payable to the beneficiaries of deceased members.

Accrued benefits payable at June 30, 2005 amounted to $139.3 million, a decrease of $9.5 million (6%) from the $148.8 million benefits payable at June 30, 2004. The decline in benefits payable was caused by the payment of retroactive death benefit revisions to the beneficiaries of deceased members.

Changes in Plan Net Assets
Years Ended June 30, 2006, 2005 and 2004
(In thousands)

	2006	2005	2004
Additions:			
Member contributions	$ 341,643	$ 310,847	$ 298,263
Employer contributions	1,024,358	822,763	310,589
Investment earnings:			
Interest and dividend income	983,131	1,002,344	979,338
Net appreciation in fair value of investments	2,472,910	2,097,024	3,862,233
Net securities lending income	19,039	24,373	13,166
Investment expenses	(69,381)	(46,108)	(42,971)
Net investment income	3,405,699	3,077,633	4,811,766
Other income	2,937	33,327	10,194
Total additions	4,774,637	4,244,570	5,430,812
Deductions:			
Benefits payments and withdrawals	2,962,223	2,843,288	2,720,536
Payments to other retirement systems	4,799	10,020	19,031
Transfers due to Variable Supplements Funds	5,479	4,963	3,013
Administrative expenses	40,291	37,307	35,559
Total deductions	3,012,792	2,895,578	2,778,139
Net increase	$ 1,761,845	$ 1,348,992	$ 2,652,673

Besides the normal increase in member contributions due to increased member salaries, NYS legislation created a new improved plan to which covered members were required to make additional contributions.

Employer contributions increased $201.6 million (25%), from $822.8 million in FY2005 to $1.0 billion in FY2006. Besides adhering to other statutory requirements, the Actuary uses a modified 6 year average of plan asset values to determine employer contribution requirements. During the 1990s through fiscal year 2000, the Plan had generally experienced large appreciation in value on its assets, equities in particular. However, equity driven declines in the fiscal years 2001, 2002 and 2003 have brought the average down to such an extent that the employers’ share needs to be increased. In addition, there has been legislation which has improved benefits for retirees and members.

Employer contributions increased $512.2 million (165 %), from $310.6 million in FY2004 to $822.8 million in FY2005. Besides adhering to other statutory requirements, the Actuary uses a 5 year moving average on plan asset values to determine employer contribution requirements. During the 1990s through fiscal year 2000, the Plan had generally experienced large appreciation in value on its assets, equities in particular. However, equity driven declines in the fiscal years 2001, 2002 and 2003 have brought the average down to such an extent that the employers’ share needs to be increased. While the $3.9 billion appreciation experienced in FY2004 is now a part of the moving average, an offsetting factor is the increased actuarial liability stemming from legislation driven benefit increases for plan participants which became effective in year 2000.

Net investment income for the year ended June 30, 2006 totaled $3.4 billion, compared to income of $3.1 billion in FY2005. This $328 million increase in investment income is the result of investment appreciation FY2006 being $2.5 billion, as compared to $2.1 billion in FY2005.

Net investment income for the year ended June 30, 2005 totaled $3.1 billion, compared to income of $4.8 billion in FY2004. This $1.7 billion decrease in investment income is the result of an investment appreciation decline in FY2005 - being only $2.1 billion, in lieu of $3.9 billion as in FY2004. Although the increase from FY2004 to FY2005 was only half of that from FY2003 to FY2004, it was still enough of an increase in the Plan’s net assets to meet its benefit obligations

Investment expenses for FY 2006 were $69.4 million, compared to $46.1 million in FY 2005. The large increase was due to increased investments in the Private Equity and Private Real Estate sectors, as well as the Plan paying more of its investment expenses directly, instead of the NYC Comptroller’s Office incurring those expenses on the Plan’s behalf.

Benefit payments and withdrawals for the year ended June 30, 2006 totaled $2.96 billion, a $120 million (4%) increase from the $2.84 billion of FY2005. Retirement payments to new retirees and cost-of-living increases to most current retirees made up the main component of the increase in benefit distributions for FY2006.

Benefit payments and withdrawals for the year ended June 30, 2005 totaled $2.8 billion, a $122.8 million (5%) increase from the $2.7 billion of FY2004. Retirement payments to new retirees and cost-of-living increases to most current retirees made up the main component of the increase in benefit distributions for FY2005.

Investments

The table below summarizes the NYCERS investment allocation.

Investment Summary
June 30, 2006, 2005 and 2004
(In thousands)

Type of Investment (Fair value)	2006	2005	2004
Short-term investments	$ 598,656	$ 1,189,835	$ 956,457
U.S. debt securities	9,637,288	9,588,289	9,022,791
Yankee bonds	194,255	204,842	196,615
U.S. equity securities	18,205,425	17,220,762	18,271,068
International equity investment fund	6,926,833	6,241,384	5,738,382
Private equity	845,814	535,760	286,405
Domestic equity mutual fund	99,299	-	-
Mortgage loans		-	31
Mortgage mutual fund	55,652	56,092	52,096
Promissory notes	6,551	7,588	5,617
Treasury Inflation Protected securities	1,047,045	392,215	-
Securities lending collateral	6,370,896	6,454,518	6,666,748
Total	$ 43,987,714	$ 41,891,285	$ 41,196,210

Investment Performance

Investment performance results for FY2006 were generally consistent with related benchmarks. Domestic equities returned 9.45%, which was just short of the Russell 3000 benchmark of 9.57%. Domestic fixed income securities returned (.05%), slightly better than the NYC Core Plus Five benchmark of (1.36%). International equity holdings returned 26.87%, comparable to the MSCI EAFE INDEX of 26.56%.

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, Deputy Director of Finance, New York City Employees' Retirement System, 335 Adams Street, Suite 2300, Brooklyn, NY 11201-3751.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2006 AND 2005
(In Thousands)

	2006	2005
ASSETS		
CASH	$ 902	$ 285,074
RECEIVABLES:		
Investment securities sold	1,271,479	960,808
Member loans	846,688	845,508
Accrued interest and dividends	224,272	212,497
Total receivables	2,342,439	2,018,813
INVESTMENTS, at fair value (Notes 2 and 3):		
Short-term investments:		
U.S. treasury bills	14,271	-
Commercial paper	259,386	293,339
Short-term investment fund	184,509	459,724
U.S. government agency discount notes	42,686	70,442
Money market	97,804	366,330
Debt securities:		
U.S. government	5,080,495	5,040,943
Corporate	4,556,793	4,547,346
Yankee bonds	194,255	204,842
Private equity	845,814	535,760
Equities - domestic	18,205,425	17,220,762
Mutual funds:		
International equity	6,926,833	6,241,384
Domestic equity	99,299	-
Mortgages	55,652	56,092
Treasury inflation protected securities	1,047,045	392,215
Promissory notes	6,551	7,588
Collateral from securities lending	6,370,896	6,454,518
Total investments	43,987,714	41,891,285
OTHER ASSETS	10,715	14,535
Total assets	46,341,770	44,209,707
LIABILITIES		
Accounts payable	127,735	248,829
Payables for investment securities purchased	2,366,823	1,816,742
Accrued benefits payable (Note 2)	165,159	139,328
Amount due to Variable Supplements Funds	3,228	2,675
Due to other retirement systems	518	307
Securities lending (Note 2)	6,390,143	6,475,507
Total liabilities	9,053,606	8,683,388
PLAN NET ASSETS HELD IN TRUST FOR BENEFITS (A schedule of funding progress for the Plan is presented on Schedule 1)	$ 37,288,164	$ 35,526,319

See notes to financial statements.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF CHANGES IN PLAN NET ASSETS
YEARS ENDED JUNE 30, 2006 AND 2005
(In Thousands)

	2006	2005
ADDITIONS		
Contributions:		
Member contributions	$ 341,643	$ 310,847
Employer contributions	1,024,358	822,763
Total contributions	1,366,001	1,133,610
Investment income (Note 2):		
Interest income	647,336	585,593
Dividend income	335,795	416,751
Net appreciation in fair value of investments	2,472,910	2,097,024
	3,456,041	3,099,368
Less:		
Investment expenses	69,381	46,108
Net income	3,386,660	3,053,260
Securities lending transactions:		
Securities lending income	268,429	178,982
Less: Securities lending fees	249,390	154,609
Net securities lending income	19,039	24,373
Net investment income	3,405,699	3,077,633
Other:		
Other income	2,937	33,327
Total additions	4,774,637	4,244,570
DEDUCTIONS		
Benefit payments and withdrawals (Note 1)	2,962,223	2,843,288
Payments to other retirement systems	4,799	10,020
Transfers due to Variable Supplements Funds	5,479	4,963
Administrative expenses	40,291	37,307
Total deductions	3,012,792	2,895,578
INCREASE IN PLAN NET ASSETS	1,761,845	1,348,992
PLAN NET ASSETS HELD IN TRUST FOR BENEFITS		
Beginning of year	35,526,319	34,177,327
End of year	$ 37,288,164	$ 35,526,319

See notes to financial statements.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2006 AND 2005

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 major actuarially-funded 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 a pension benefit 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, four public benefit corporations, the City University of New York and 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.

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 Pension and Other Employee Benefit Trust Funds section of the City's Comprehensive Annual Financial Report ("CAFR").

At June 30, 2004 (Lag) and June 30, 2004, the dates of the Plan's most recent actuarial valuations, the Plan's membership consisted of:

	2004 (Lag)	**2004**
Retirees and beneficiaries receiving benefits	127,345	127,345
Terminated vested members not yet receiving benefits	5,888	5,888
Active members receiving salary	174,997	174,997
Total	308,230	308,230

June 30, 2004 is the date used for calculating Fiscal Year 2005 and 2006 Employer Contributions. Under the One-Year Lag Methodology, the actuarial valuation determines the Employer Contribution for the second following Fiscal Year.

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 in different "Tiers". The members' Tier is generally determined by the date of membership in the Plan.

The service retirement 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 salary" (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 salary" payable for years in excess of the 20-year 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 an annuity attributable to member contributions in excess of the required amount and by any benefits attributable to the Increased-Take-Home-Pay ("ITHP") contributions accumulated after the 25th year of member's qualifying service. ITHP represents amounts contributed by The City in lieu of members' own contributions. These amounts reduce the contributions that members would have to make to the Plan during their service and thereby increase their take-home pay. Members have the choice of waiving their ITHP reduction, which would reduce their take-home pay, but provide them with greater benefits upon retirement.

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 salary."

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 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 benefit attributable to service with the Employer, and provides for an automatic annual cost of living escalator in pension benefits of not more than 3.0%. Effective 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.

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

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 Adjustments (“COLA”) for certain retirees and beneficiaries (Chapter 125 of the Laws of 2000), 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).

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 employers 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 closing 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 private 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.

The Plan has investments of $2.2 billion of Federal National Mortgage Association securities. These holdings represent 5.8% 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 the cash balances of 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, 2006, 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 statement of plan net assets for FY 2003 was reduced by $30 million to reflect this impairment and reflect the net realizable value of the securities purchased with collateral from securities lending transactions. In May 2004, the Plan received $2.2 million from a distribution in bankruptcy proceedings from the defaulted issuer. In August 2004, November 2004, March 2005, October 2005, February 2006, May 2006, and June 2006 the Plan received $5.6 million, $308 thousand, $895 thousand, $4 thousand, $1 million, $442 thousand, and $273 thousand, respectively, as partial settlements from parties involved in the initial purchase of the impaired security.

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.

New Accounting Standards Adopted – In fiscal year 2006 The City adopted three new statements issued by the Governmental Account Standards Board (GASB):

- Statement No.43*, Financial Reporting for Post Employment Benefit Plans other than Pension Plans*.

- Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pension.* The liability required by this standard is reflected in The City's June 30, 2006, financial statements and has no impact on the Plan's financial statements.

- Statement No.47, *Accounting for Termination Benefits*.

Statement No. 43 prescribes uniform financial reporting standards for Other Postemployment Benefits (OPEB) plans of all state and local governments. OPEB refers to postemployment benefits other than pension benefits and includes: (i) postemployment healthcare benefits and (ii) other types of postemployment benefits (e.g., life insurance) if provided separately from a pension plan. 'Plans' refer to trust or other funds through which assets are accumulated to finance OPEB, and benefits are paid as they become due. The Statement provides standards for measurement, recognition, and display of the assets, liabilities, and, where applicable, net assets and changes in net assets of such funds and for related disclosures. The requirements of Statement No. 43 apply whether an OPEB plan is reported as a trust or agency fund or a fiduciary component unit of a participating employer or plan sponsor, or the plan is separately reported by a public employee retirement system or other entity that administers the plan. The Plan will not be required to create an OPEB trust.

Statement No. 45 establishes standards for the measurement, recognition, and display of Other Postemployment Benefits (OPEB) expense and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (e.g., life insurance) when provided separately from a pension plan. The approach followed in the Statement generally is consistent with the approach adopted in Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* with modifications to reflect differences between pension benefits and OPEB. Statement No. 45 improves the relevance and usefulness of financial reporting by: (i) recognizing the cost of benefits in periods when the related services are received by the employer; (ii) providing information about the actuarial accrued liabilities for promised benefits associated with past services and whether and to what extent those benefits have been funded; and (iii) providing information useful in assessing potential demands on the employer's future cash flows. All OPEB liabilities for the Plan are part of the New York City OPEB liability which can be found in The New York City Comprehensive Annual Financial report, a copy of which can be obtained from the New York City Comptroller's Office, Bureau of Accountancy, 1 Centre Street, Room 808, New York, New York 10007.

Statement No. 47 provides guidance for measuring, recognizing, and reporting liabilities and expense related to all termination benefits, including voluntary termination benefits (e.g., early-retirement incentives), without limitation as to the period of time during which the benefits are offered, and involuntary termination benefits (e.g., severance benefits). Statement No. 47 excludes postemployment benefits (pensions and other postemployment benefits (OPEB) which are part of the compensation that is offered in exchange for services received because they differ in nature from termination benefits. Accounting and reporting requirements for pensions and OPEB are addressed in Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, respectively. The Statement requires the Plan to disclose a description of the termination benefit arrangement, the cost of the termination benefits (required in the period in which the Plan becomes obligated if that information is not otherwise identifiable from information displayed on the face of the financial statements), and significant methods and assumptions used to determine termination benefit liabilities. Current teacher demographics and collective bargaining agreements prohibit the plan from offering involuntary termination benefits. Regarding voluntary termination benefits, legislation is often considered which if enacted would create early retirement incentives due to a reduction in the required years of service without pension penalty. Early retirement incentives can require a new measurement of benefits costs under GASB 27 and are annually disclosed both in Note 8, Contingent Liabilities and Other Matters, and in the actuarial section of The New York City Comprehensive Annual Financial report, a copy of which can be obtained from the New York City Comptroller's Office, Bureau of Accountancy, 1 Centre Street, Room 808, New York, New York 10007.

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. The managers are regularly reviewed, with regard to both their investment performance and their adherence to investment guidelines.

Concentration of Credit Risk

The legal requirements for Plan investments are as follows:

(c) Fixed income, equity and other investments may be made as permitted by New York State RSSL §§ 176-178(a) and Banking Law § 235, the New York City Administrative Code, and the Legal Investments for New York Savings Banks list as published by The New York State Banking Department, subject to Note 3(b).

(d) Investments up to 15% of total pension fund assets may be made in instruments not expressly permitted by the State RSSL.

Bank of New York ("BONY") is the primary custodian for substantially 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.

Credit Risk— Portfolios other than U.S. Government and related portfolios have credit rating limitations. Investment Grade portfolios are limited to mostly ratings of BBB and above except that they are also permitted a 10% maximum exposure to BB & B rated securities. While Non Investment grade managers are primarily invested in BB & B rated securities, they can also invest up to 7% of their portfolio in securities rated CCC. Non rated securities are considered to be non-investment grade. The quality ratings of investments, by percentage of the rated portfolio, as described by nationally recognized statistical rating organizations, are as follows:

Investment Type*	S&P Quality Ratings									
June 30, 2006	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short term**	**Not Rated**	**Total**
U.S. Government	20.86%	--	--	--	0.00%	--	--	0.01%	--	20.87%
Corporate bonds	10.68%	4.23%	14.58%	11.99%	8.57%	14.55%	1.45%	--	1.87%	67.92%
Yankee Bonds	0.17%	0.57%	0.68%	0.91%	0.48%	0.03%	0.00%	--	0.01%	2.85%
Short Term	0.21%	--	--	--	--	--	--	4.78%	3.37%	8.36%
Percent of Rated Portfolio	31.92%	4.80%	15.26%	12.90%	9.05%	14.58%	1.45%	4.79%	5.25%	100.00%

June 30, 2005	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short term**	**Not Rated**	**Total**
U.S Government	14.67%	0.00%	-	-	-	-	-	0.18%	0.03%	14.88%
Corporate	17.48%	3.06%	12.68%	12.43%	10.09%	12.98%	1.39%	-	1.35%	71.46%
Yankee Bonds	1.07%	1.33%	3.45%	2.71%	1.83%	1.49%	0.07%	-	0.11%	12.06%
Short Term	-	-	-	-	-	-	-	1.60%	-	1.60%
Percent of Rated Portfolio	33.22%	4.39%	16.13%	15.14%	11.92%	14.47%	1.46%	1.78%	1.49%	100.00%

* U.S. Treasury Bonds, Notes and Treasury-inflation protected securities are obligations of the U.S. government or explicitly guaranteed by the U.S. government and therefore not considered to have credit risk and are not included above.

Custodial Credit Risk—Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Consistent with the Plan's investment policy, the investments are held by the Plan's custodian and registered in the Plan's name.

All of the Plan's deposits are insured and or collateralized by securities held by a financial institution separate from the Plan's depository financial institution.

All of the Plan's securities are held by the Plan's custodial bank in the Plan's name.

Interest Rate Risk—Interest rate risk is the risk that the fair value of investments could be adversely affected by the change in interest rates. Duration limits are used to control the portfolios exposure to interest rate changes. Duration is limited to a range of -1 to .75 years. The lengths of investment maturities (in years), as shown by the percent of the rated portfolio, are as follows:

Years to Maturity			**Investment Maturities**		
Investment Type June 30, 2006	**Fair Value**	**Less than one year**	**One to five years**	**Six to ten years**	**More than ten years**
U.S Government	48.54 %	1.20%	1.85%	6.55%	38.94%
Corporate	43.90 %	1.07%	18.00%	12.74%	12.09%
Yankee Bonds	1.88 %	0.05%	0.75%	0.33%	0.75%
Short Term	5.68 %	5.68%	0.00%	0.00%	0.00%
Percent of Rated Portfolio	100.00%	8.00%	20.60%	19.62%	51.78%

June 30, 2005	**Fair Value**	**Less than one year**	**One to five years**	**Six to ten years**	**More than ten years**
U.S Government	45.89%	0.00%	4.20%	18.82%	22.87%
Corporate	41.41%	0.29%	9.38%	7.76%	23.98%
Yankee Bonds	1.86%	0.10%	0.79%	0.49%	0.48%
Short Term	10.84%	10.84%	0.00%	0.00%	0.00%
Percent of Rated Portfolio	100.00%	11.23%	14.37%	27.07%	47.33%

Securities Lending Transactions

Credit Risk – The quality ratings of investments held as collateral for Securities Lending are as follows:

Investment Type and Fair Value of Securities Lending Transactions (In thousands)	**S&P Quality Ratings**									
June 30, 2006	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short term**	**Not Rated**	**Total**
Government	$ -	$ -	$ -	$-	$-	$-	$-	$ 2,854	$ -	$ 2,854
Corporate	543,632	445,678	840,479	-	-	-	-	171,490	16,216	2,017,495
Yankee	-	-	-	-	-	-	-	40,616	-	40,616
Short Term	647,497	1,359,579	630,079	-	-	-	-	474,987	1,197,789	4,309,931
Total	$1,191,129	$1,805,257	$1,470,558	$-	$-	$-	$-	$ 689,947	$1,214,005	$6,370,896
Percent of Securities Lending Portfolio	18.70 %	28.33 %	23.08 %	- %	- %	- %	- %	10.83 %	19.06 %	100.00 %
June 30, 2005	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short term**	**Not Rated**	**Total**
Government	$ -	$ -	$ -	$-	$-	$-	$-	$ 2,806	$ -	$ 2,806
Corporate	1,086,227	949,757	692,361	-	-	-	-	705,089	7,259	3,440,693
Yankee	-	-	-	-	-	-	-	48,571	-	48,571
Short Term	813,373	1,239,612	321,341	-	-	-	-	283,932	304,190	2,962,448
Total	$1,899,600	$2,189,369	$1,013,702	$-	$-	$-	$-	$1,040,398	$ 311,449	$6,454,518
Percent of Securities Lending Portfolio	29.43 %	33.91 %	15.71 %	- %	- %	- %	- %	16.12 %	4.83 %	100.00 %

Interest Rate Risk—The lengths of investment maturities (in years) of the collateral for Securities Lending are as follows:

Years to Maturity
Investment Type
(In thousands)

June 30, 2006	**Investment Maturities**				
	Fair Value	**Less than one year**	**One to five years**	**Six to ten years**	**More than ten years**
Government	$ 2,854	$ 2,854	$ -	$ -	$ -
Corporate	2,017,495	309,560	1,707,935	-	-
Yankee	40,616	15,905	24,711	-	-
Short Term	4,309,931	2,421,839	1,888,092	-	-
Total	$6,370,896	$2,750,158	$3,620,738	$ -	$ -
Percent of Securities Lending Portfolio	100.00 %	43.17 %	56.83 %	- %	- %

June 30, 2005	**Fair Value**	**Less than one year**	**One to five years**	**Six to ten years**	**More than ten years**
Government	$ 2,806	$ 2,806	$ -	$ -	$ -
Corporate	3,440,693	887,457	2,553,236	-	-
Yankee	48,571	18,466	30,105	-	-
Short Term	2,962,448	1,360,049	1,602,399	-	-
Total	$6,454,518	$2,268,778	$4,185,740	$ -	$ -
Percent of Securities Lending Portfolio	100.00 %	35.15 %	64.85 %	- %	- %

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 ("TPSOVSF") 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 ("CCAVSF"). 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").

Excess earnings are defined as the amount by which earnings on equity investments of the Plan exceed what the earnings would have been had such funds been invested at a yield comparable to that available from fixed income securities, less any cumulative deficiencies of prior years' excess earnings that fell below the yield of fixed income investments. The ACNY further provides that the Plan transfer to the VSFs certain excess earnings on equity investments of the Plan, if any.

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, if any, 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 Police VSFs whenever the assets of these VSFs are not sufficient to pay benefits. No such transfer of assets was required on account of benefits payable for Fiscal Year 2006 to the TPOVSF and no such transfer of assets was required on account of benefits payable for Fiscal Year 2005 to the HPOVSF and TPOVSF. With respect to the benefits payable from HPSOVSF, for Fiscal Years 2006 and 2005, the Plan incurred expenses of approximately $2.2 million and $2.5 million, respectively. With respect to the benefits payable from TPSOVSF, for Fiscal Years 2006 and 2005, the Plan incurred expenses of approximately $2.3 million and $2.5 million, respectively. With respect to the benefits payable to HPOVSF for Fiscal Year 2006, the Plan incurred expenses of approximately $1.1 million.

With respect to the COVSF, for Fiscal Year 2006, the excess earnings of the Plan, inclusive of prior years' cumulative deficiencies, are estimated to be equal to zero and, therefore, no transfer will be due from the Plan to the COVSF as of June 30, 2006. For Fiscal Year 2005, the excess earnings of the Plan, inclusive of prior years' cumulative deficiencies was estimated to be equal to zero and, therefore, no transfer was due from the Plan to the COVSF as of June 30, 2005.

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. Under current law, the Employer contributes statutorily-required contributions ("Statutory Contributions") that together with Member Contributions and investment income would ultimately be sufficient to accumulate assets to pay benefits when due.

Actuarial Change **-** The changes in actuarial assumptions and methods effective Fiscal Year 2006 resulted in approximately a $376 million decrease in Employer Contributions for Fiscal Year 2006 and an increase in Employer Contributions for future Fiscal Years.

Member Contributions **-** Members who joined prior to July 27, 1976 contribute by salary deductions on the basis of a normal rate of contribution that 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 salary 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 Tier 3 corrections officers and certain other Tier 2 and Tier 4 members contribute additional amounts ranging from 1.85% to 7.46% for improved early retirement benefits.

Employer Contributions **-** Statutory Contributions to the Plan, determined by the Plan’s Chief Actuary of the Office of the Actuary (the “Actuary”) in accordance with State statutes and City laws, are generally funded by the Employer within the appropriate fiscal year.

The June 30, 2004 (Lag) actuarial valuation used to determine the Fiscal Year 2006 Employer Contribution was based on revised actuarial assumptions and methods proposed by the Actuary. Where required, the Board of Trustees of the Plan adopted those changes to the actuarial assumptions that required Board approval and the State Legislature and Governor enacted Chapter 152 of the Laws of 2006 (“Chapter 152/06”) to provide for those changes in actuarial assumptions and methods that required legislation, including the continuation of the Actuarial Interest Rate (“AIR”) assumption of 8.0% per annum.

Chapter 152/06 established the One-Year Lag Methodology to determine the Fiscal Year 2006 Employer Contribution using a June 30, 2004 valuation date. This methodology requires technical adjustments to certain components used to determine the Fiscal Year 2006 Employer Contributions.

Chapter 152/06 also eliminates the use of the ten-year phase-in of Chapter 278 of the Laws of 2002 (“Chapter 278/02”) for funding the additional actuarial liabilities created by the benefits provided by Chapter 125 of the Laws of 2000 (“Chapter 125/00”).

The June 30, 2004 actuarial valuation used to determine the Fiscal Year 2005 Employer Contribution was based on previous actuarial assumptions and methods proposed by the Actuary. Where required, the Board of Trustees of the Plan adopted those changes to the actuarial assumptions that required Board approval and the New York State Legislature and the 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 AIR assumption of 8.0% per annum.

The Frozen Initial Liability Actuarial Cost Method is utilized by the Actuary to calculate the contributions from the Employer. 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 (“APV”) of projected benefits of members as of the valuation date, over the sum of the Actuarial Asset Value (“AAV”) plus UAAL, if any, and the APV of future employee contributions, is allocated on a level basis over the future earnings of members who are on the payroll as of the valuation date. Actuarial gains and losses are reflected in the employer normal contribution rate.

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 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 5 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 5 years beginning Fiscal Year 2002.

Chapter 69 of the Laws of 2002 established the UAAL as of June 30, 2003 for an Early Retirement Incentive (Part A only). This UAAL is being amortized on a level basis over a period of 5 years beginning Fiscal Year 2004.

The APV of projected benefits includes the obligations of the Plan to the HPOVSF, the HPSOVSF, the TPOVSF, the TPSOVSF and the COVSF (referred to collectively as the NYCERS VSFs), which are recognized through the Liability Valuation Method.

Under this method the APV of Future SKIM from the Plan to the NYCERS VSFs is included directly as an actuarial liability of the Plan. SKIM is all or a portion of the excess earnings on equity securities of the Plan which are transferable to the NYCERS VSFs. The APV of Future SKIM is computed as the excess, if any, of the APV of benefits of each individual NYCERS VSF offset by the AAV of that individual NYCERS VSF, respectively.

For the June 30, 2004 (Lag) actuarial valuation, the Actuarial Asset Valuation Method ("AAVM") was changed to a method which reset the AAV to Market Value (i.e., "Market Value Restart") as of June 30, 1999. As of each June 30 thereafter the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this revised AAVM, any (i.e., Unexpected Investment Returns ("UIR")) for Fiscal Years 2000 and later are phased into the AAV beginning the following June 30 at a rate of 15%, 15%, 15%, 15%, 20% and 20% per year (or cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

These revised averaging factors were applied against the UIR computed under the prior five-year AAVM used for Fiscal Years 2000 to 2004.

The revised AAV was utilized for the first time in the June 30, 2004 (Lag) actuarial valuation to determine the Fiscal Year 2006 Employer Contribution in conjunction with the One-Year Lag Methodology and the revised economic and noneconomic assumptions.

For Fiscal Years 2000 through 2005 inclusive, the AAVM was changed as of June 30, 1999 to reflect a market basis for investments held by the Plan. This AAVM recognized expected investment returns immediately and phased in UIR.

Under this AAVM, any UIR for Fiscal Years 2000 through 2005 inclusive were phased into the AAV beginning the following June 30 at a rate of 10%, 15%, 20%, 25% and 30% per year (i.e., cumulative rates of 10%, 25%, 45%, 70% and 100% over a period of five years).

Chapter 125/00 provided 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 also provided for a five-year phase-in schedule for funding the additional actuarial liabilities created by the benefits provided by this law. Chapter 278/02 required the Actuary to revise the methodology and timing for determining the Statutory Contributions on account of the additional actuarial liabilities attributable to 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 Statutory Contributions for Fiscal Years 2001 and 2002 included the following percentages 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 of Chapter 125/00 for Fiscal Years 2003 and later.

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

For each of the next eight June 30 actuarial valuations (i.e., June 30, 2001 to June 30, 2008), the Actuary wasrequired to recognize progressively increasing percentages (i.e., 20% to 90%) of the additional actuarial liabilities 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 was required to recognize the full amount of the additional actuarial liabilities attributable to Chapter 125/00 for determining Fiscal Years 2010 and later Employer Contributions.

Because the Fiscal Years 2002 and 2001 accounting periods were closed, Chapter 278/02 had 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 have been payable under the ten-year phase-in schedule for such fiscal years was deducted from the otherwise required Employer Contribution for Fiscal Year 2003.

The impact of the ten-year phase-in of Chapter 278/02 wasto postpone funding of the additional actuarial liabilities attributable to Chapter 125/00 resulting in greater Employer Contributions in later years.

Statutory Contributions for Fiscal Years 2006 and 2005 were equal to the amounts calculated by the Actuary. For Fiscal Year 2005, the Statutory Contribution reflects the impact of Chapter 125/00 and Chapter 278/02 and was less than the Annual Required Contribution 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

In general, members are permitted to borrow up to 75% of their own contributions, including accumulated interest. The balance of member loans receivable at June 30, 2006 is $846.7 million and $845.5 million at June 30, 2005.

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 1996, 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 2006, the total non-investment expenses attributable to the Plan were approximately $46.2 million, of which $40.3 million was paid from the assets of the Plan and $5.9 million was incurred on behalf of the Plan by other City agencies, primarily the Comptroller's Office and the Financial Information Services Agency. In Fiscal Year 2005, the total non-investment expenses attributable to the Plan were approximately $41.3 million, of which $37.3 million was paid from the assets of the Plan and $4.0 million were 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 $69.4 million and $46.1 million for the years ended June 30, 2006 and 2005, 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:

Fiscal Year Ending	Minimum Rental Payments
2007	$ 3,586,075
2008	3,586,075
2009	3,586,075
2010	3,710,974
2011	4,085,669
2012 - 2016	20,990,429
2017 - 2020	17,007,510

Rent expense for the Fiscal Years ended June 30, 2006 and 2005, was approximately $3.6 million for each year.

9. Contingent Liabilities and Other Matters

Contingent Liabilities **-** The Plan has a number of claims pending against it and has been named as a defendant in a number of lawsuits and 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 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 2006 and 2005, certain events described below took place which, in the opinion of Plan management, could have the effect of increasing benefits to members and/or their beneficiaries and therefore would increase the 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 net assets held in trust for pension benefits or cause changes in the Plan net assets held in trust for pension benefits.

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 published by The Segal Company ("Segal") dated May 2006 and analyzed experience for Fiscal Years 2002 through 2003. Segal intends to make recommendations to the actuarial assumptions and methods after the completion of the analysis of the experience for Fiscal Years 2004 and 2005 which should be completed in the Winter 2006.

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 proposed by the Actuary for use in the determination of Employer Contributions.

Based upon a review of an October 2003 experience study by Gabriel, Roeder, Smith & Company ("GRS"), the Actuary issued an August 29, 2005 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2005 for the New York City Employees' Retirement System" ("August 2005 Report"). Where required, the Board of Trustees of the Plan adopted those changes to actuarial assumptions that required Board approval and the State Legislature and the Governor enacted Chapter 152/06 to provide for those changes to the actuarial assumptions and methods that required legislation, including the AIR assumption of 8.0% per annum.

The changes in actuarial assumptions and methods effective Fiscal Year 2006 results in somewhat lesser Employer Contributions for Fiscal Years 2006 and 2007 and increased employer Contribution for future Fiscal Years.

New York State Legislation—Chapter 104 of the Laws of 2005, as amended by Chapter 93 of the Laws of 2005, creates a presumptive eligibility for accidental disability in connection with the World Trade Center attack on September 11, 2001.

Chapter 152/06 provides for the changes in actuarial assumptions and methods that require legislation, including the continuation of the AIR assumption of 8.0% per annum and continuation of the current Frozen Initial Liability ("FIL") Actuarial Cost Method and the existing Unfunded Actuarial (Accrued) Liability ("UAL"). In addition, Chapter 152/06 provides for elimination of the use of the ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities created by the benefits provided by Chapter 125/00.

Chapter 445 of the Laws of 2006 creates a presumptive eligibility for accidental death benefits in connection with the World Trade Center attack on September 11, 2001.

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Schedule 1

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

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 (AAV)	Actuarial Accrued Liability (AAL)*	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll		UAAL as a Percentage of Covered Payroll
	(A)	(A) & (B)	(C)(2)-(1)	(1)÷(2)			(3)÷(5)
2004 (Lag)	$ 40,638,628	$ 40,786,673	$ 148,045	99.6%	$ 9,361,186	**	1.6%
2004	40,088,213	40,236,258	148,045	99.6	9,157,412		1.6
2003	42,055,984	42,244,146	188,162	99.6	8,807,619		2.1
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

* Based on the Frozen Initial Liability Actuarial Cost Method.

** The annualized covered payroll under the One-Year Lag Methodology used for the Fiscal Year 2006 Employer Contribution differs from that as of June 30, 2004 to compute Fiscal Year 2005 Employer Contribution due to changes in actuarial assumptions and more recent information on labor contract settlements.

Notes:

A. The AAVM in use for the June 30, 2004 (Lag) and later actuarial valuations resets the AAV to Market Value (i.e., "Market Value Restart") as of June 30, 1999. As of each June 30 thereafter the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this revised AAVM used for the Fiscal Year 2006 Employer Contribution, actual UIR for Fiscal Years 2000, 2001, etc., are phased into the AAV beginning June 30, 2000, 2001, etc., at rates of 15%, 15%, 15%, 15%, 20%, and 20% per year (i.e., cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

These revised averaging factors were applied against the UIR computed under the prior five-year AAVM used for Fiscal Years 2000 to 2004.

The revised AAV was utilized for the first time in the June 30, 2004 (Lag) actuarial valuation to determine the Fiscal Year 2006 Employer Contribution in conjunction with the One-Year Lag Methodology and the revised economic and noneconomic assumptions in accordance with the August 2005 Report.

Schedule 1

(Schedule of Funding Progress continued from the previous page)

As of June 30, 1999, the economic and noneconomic assumptions were revised due to experience review. The 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.

Under the AAVM used for the June 30, 1999 to June 30, 2004 actuarial valuations, any UIR for Fiscal Years 2000 and later were phased into the AAV beginning the following June 30 at a rate of 10%, 15%, 20%, 25% and 30% per year (i.e., cumulative rates of 10%, 25%, 45%, 70% and 100% over a period of 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 Employer normal costs and future Member Contributions.

C. The UAAL is the excess of the AAL over the AAV. This is the same as the unfunded frozen AAL, which is not adjusted from one actuarial valuation to the next to reflect actuarial gains and losses.

(Schedule of Funding Progress Concluded)

Schedule 2

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
(In Thousands)

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2006	$ 1,024,358	100.0%
2005	1,020,380	80.6
2004	542,229	57.3
2003	197,824	54.6
2002	105,660	100.0
2001	100,025	100.0
2000	68,620	100.0

Under the requirements of Governmental Accounting Standards Board Statement Number 25 ("GASB 25"), the Annual Required Contribution ("ARC") is determined through an actuarial valuation reflecting all liabilities of the Plan. The Employer Contribution to the Plan is determined in accordance with statute (i.e., Statutory Contribution). For Fiscal Years 2005, 2004 and 2003, the difference between the ARC and the Statutory Contribution is the consequence of Chapter 278/02 which phased-in over 10 years the additional actuarial liabilities attributable to the benefits provided by Chapter 125/00 (i.e., automatic COLA). For Fiscal Years 2002 and 2001, the difference between the ARC and the Statutory Contribution is the consequence of Chapter 125/00 which phased-in over 5 years the additional actuarial liabilities attributable to this law.

The Statutory Contributions of $822.8 million, $310.6 million and $108.0 million for Fiscal Years 2005, 2004 and 2003, respectively, were computed in accordance with Chapter 125/00 which provides for a five-year phase-in of the additional actuarial 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.

Chapter 152/06 eliminates the use of the ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities created by the benefits provided by Chapter 125/00. For Fiscal Year 2006, the Statutory Contribution equals the ARC.

Schedule 3

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS (UNAUDITED)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of June 30, 2004 (Lag) and June 30, 2004. These actuarial valuations were used to determine Employer Contributions for Fiscal Years 2006 and 2005, respectively. Additional information as of the last two actuarial valuations follows:

	June 30, 2004 (Lag)[1]	**June 30, 2004**
Actuarial cost method	Frozen Initial Liability.[2]	Frozen Initial Liability.[2]
Amortization method for Unfunded Actuarial Accrued Liabilities	Level dollar for UAAL attributable to 2000 and 2002 (Part A only) Early Retirement Incentive ("ERI"). All outstanding components of UAAL are being amortized over closed periods.[3]	Level dollar for UAAL attributable to 1999, 2000 and 2002 (Part A only) Early Retirement Incentive ("ERI"). All outstanding components of UAAL are being amortized over closed periods.[3]
Remaining amortization period	1 year for 2000 ERI and 3 years for 2002 ERI (Part A only).[3]	1 year for 1999 ERI, 2 years for 2000 ERI and 4 years for 2002 ERI (Part A only).[3]
Actuarial asset valuation method	Modified 6-year moving average of market values with a "market value restart" as of June 30, 1999.	Modified 5-year moving average of market values with a "market value restart" as of June 30, 1999.
Actuarial assumptions:		
Investment rate of return	8.0% per annum.[4]	8.0% per annum.[4]
Post-retirement mortality	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2000.
Active service: withdrawal, death, disability, service retirement	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2000.
Salary increases	In general, merit and promotion increases plus assumed general wage increases of 3.0% per year.[4]	In general, merit and promotion increases plus assumed general wage increases of 3.0% per year.[4]
Cost-of-Living adjustments	1.3% per annum.[4]	1.3% per annum.[4]

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1 Under the One-Year Lag Methodology, the actuarial valuation determines the Employer Contribution for the second following Fiscal Year.

2 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.

3 In conjunction with Chapter 85/00, there is an amortization method. However, the June 30, 1999 UAAL for the Plan equaled $0 and no amortization period was required. There is an amortization period used if there is a UAAL.

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

Other supplementary information- Schedule 4

SUMMARY OF ADMINISTRATIVE EXPENSES

Fiscal Year Ended June 30, 2006

Expenses Incurred Directly By NYCERS

Personal Services		
Employee Compensation	$24,893,968	
Temporary Personnel Services	98,575	**$24,992,543**
Professional Services		
Medical Board & Medical Consultants	613,261	
Steno for Medical & Trustees' Board	60,915	
Data Processing Consultants	2,058,423	
NY State Insurance Dept. Examiners	361,681	
Other Consultants	30,408	**3,124,688**
Communication		
Printing	197,660	
Postage	377,680	
Telephone	922,625	**1,497,965**
Rentals		
Office & Storage Space	4,029,488	
Data Processing	768,407	**4,797,895**
Other		
Office & Data Processing Equipment	1,974,814	
Equipment Maintenance	574,241	
Facilities Services	560,956	
Office Supplies & Services	1,362,235	
Depreciation	1,430,000	**5,902,246**
Reimbursement of services rendered		**(23,868)**
Total Direct NYCERS' Expenses		**40,291,469**
Expenses Incurred By Other City Agencies		
Office of the Comptroller	2,375,558	
Law Department	751,880	
Office of Management and Budget	183,089	
Financial Information Services	2,460,280	
Office of Payroll Administration	134,327	
Total NYCERS' Expenses Incurred By The City Of New York		**5,905,134**
Total Administrative Expenses		**$46,196,603**

Other supplementary information- Schedule 5

New York City Employees' Retirement System

SCHEDULE OF PAYMENTS TO CONSULTANTS
For Fiscal Year Ended June 30, 2006

Firm	Nature of Services	Fee
Anacomp	Computer services	$ 13,928
Aron, Milton	Consultant services	15,400
Bottom Line Technologies	Computer services	15,014
Computer Generated Solutions	Computer services	207,098
Computer Horizon	Computer services	88,220
Comsys Services	Computer services	330,697
CPS Human Resource Services	HR Consultant services	127,000
Gartner	Computer services	26,697
Hunter Green Associates	Computer services	83,011
IBM Corp.	Computer services	510,621
IP Logic Inc.	Computer services	71,707
L.R. Wechsler	Computer services	77,063
Mainline Information Systems	Computer services	124,407
Microsoft Corporation	Computer services	1,225
Net@Work	Accounting software support	10,950
Numara Software	Computer services	11,500
Parson Consulting	Review of check handling security	32,447
Protiviti	Security needs analysis	160,870
SBC	Computer services	17,560
U.S. Tech Solutions	Computer services	104,640
Vignette Corporation	Imaging system design	165,132
Xyant Technology	Computer services	224,918
Total		**$ 2,420,105**

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

Other supplementary information- Schedule 6

New York City Employees' Retirement System

SCHEDULE OF INVESTMENT EXPENSES
Fiscal Year Ended June 30, 2006

Investment Expenses Paid from the Investment Earnings of the Plan:

Fees Paid to Investment Advisors for FY2006 Services		**$59,649,968**
See Table of Fees Paid to Investment Advisors on Page 139		
Fees Paid to Investment Consultants		
Callan Associates – General Consulting	288,000	
Callan Associates – Emerging Markets	304,000	
Pacific Corporate Group	1,059,040	
Townsend – Real Estate	240,500	
Total Investment Consultant Fees		**1,891,540**
Other miscellaneous investment expenses		**7,839,249**
Total Investment Expenses Paid Directly by the Plan		**69,380,757**
Fee Expenses Related to Securities Lending Transactions		**249,390,416**
Total Investment Expenses and Fees Paid Directly by the Plan		**318,771,173**
Investment Expenses Paid by the NYC Comptroller as Custodian of the Funds of the Plan:		
Custodial Services	1,498,278	
Other Financial Services	55,277	
		1,553,555
Total Investment Expenses and Fees		**$320,324,728**

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, 2006

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. The Policy Mix consists of 55% in U.S. Equities, 13% in an International Investment Equity Investment Fund involving only New York City pension plans, 30% in U. S. Fixed Income, and 2% in Alternative Investments which includes private equity and real estate investments. Public equity investments are allocated among passive, emerging markets, and approaches that focus on companies of various size capitalizations. Fixed income bonds are primarily allocated among government, government guaranteed mortgage-backed, and corporate securities. The Plan has begun to invest a portion of its fixed income allocation in inflation-linked Treasury securities. Private Equity investments have expanded and broadened in scope to include international ventures as well as domestic. The intent of further diversification is to reduce the Plan's concentration in U.S. equity securities.

REPORT ON INVESTMENT ACTIVITY AND POLICIES

- Since retirement benefits are paid on a monthly basis, and other benefits such as loans, refunds and death benefits are paid 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.

- Where the return is comparable to the risk, economically targeted investments (ETIs) 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 13,000 housing units and other properties, primarily in lower and moderate-income neighborhoods. These investments are primarily guaranteed by government agencies such as GNMA or FNMA. In addition, newer investments have been made in the AFL-CIOs Housing Investment Trust and other Community Development organizations which also focus on meeting the needs for affordable housing in New York City. As part of this ETI program, the Plan has made additional capital commitments to a private equity fund whose investments are in businesses that create jobs and promote economic development in New York City.

- 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 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*.

REPORT ON INVESTMENT ACTIVITY AND POLICIES

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.

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 or F1 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 banker’s acceptances, certificates of deposit, and time deposits are limited to banks with worldwide assets in excess of $50 billion that are rated within the highest categories of the leading bank rating services and selected regional banks which are 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.

REPORT ON INVESTMENT ACTIVITY AND POLICIES

No investment in any one corporation may represent more than either 2% of the Plan net assets or 5% of the corporation's total outstanding issues.

Cash deposits are insured by the Federal Deposit Insurance Corporation for a maximum of $100,000 per plan member and are, therefore, fully insured.

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 2006 the fair value of the investment portfolio appreciated $2.5 billion as compared to $2.1 billion in 2005 and $3.9 billion in 2004. In contrast, appreciation in 2003 was only $193 million. 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.

Percentage of Total Revenue

Fiscal Year	Investment Income	Employer Contributions	Employee Contributions
2006	74	19	7
2005	73	20	7
2004	88	6	6
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

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. From 1996 to 2003, the Plan's participating employers were able to reduce their contributions due to the appreciation of its equity holdings. This is of vital importance, as municipal employers are striving to contain costs. 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 during 2006 was 9.83%.

Domestic Equities, which comprise 41.4% of the total portfolio, returned 9.45%, which was comparable to the Russell 3000 benchmark of 9.57%. Merrill Lynch, BGI, and Amalgamated passively manage 89% of the domestic equity portfolio. The remaining 11% is actively managed by 16 managers, who vary in their investment approach, such as specializing in value, growth, small capitalization stocks, or emerging markets.

The International Equity portfolio is externally managed as part of a fund that only includes NYC retirement systems as shareholders. It makes up 15.7% of the total portfolio, and it contributed a return of 26.87%. This was comparable to the EAFE index of 26.56%.

The U.S. Long-term Fixed Income segment, externally managed and constituting 22.4% of the portfolio, returned (.05%) on the total segment, which consists of two main components. The Structured Managed Program returned (1.07%), as compared to the NYC Core Plus Five Index of (1.36%), and the Enhanced Yield component returned 3.79%, compared to the Citigroup BB & B index of 3.95%.

The Short-Term Investment return has increased to 4.34% from last year's return of 2.24%.

The *Plan's* Targeted Investment segment returned 2.89%.

All investment results are time-weighted rates of return that are reported gross of fees.

Listings of the Plan's investment securities are available upon request.

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.

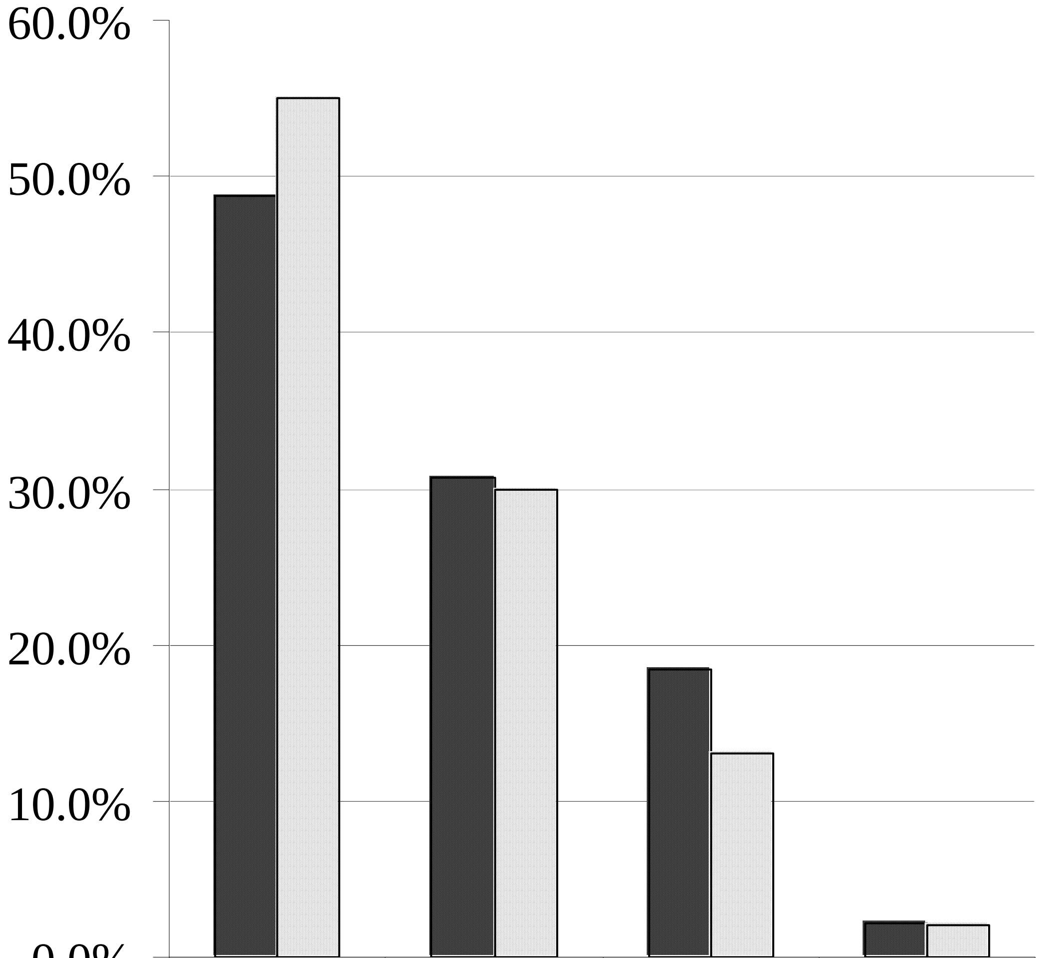
INVESTMENT SUMMARY AS OF JUNE 30, 2006

(in thousands of dollars)

Type of Investment	Market Value as of June 30, 2006	Percent of Total Market Value
Short Term Investments	**$598,656**	**1.4%**
Fixed Income Debt Securities - Long Term		
U.S. Government	5,080,495	11.6%
Corporate	4,556,793	10.4%
Yankee	194,255	0.4%
Total Fixed Income Debt Securities- Long Term	**9,831,543**	**22.4%**
Total Fixed Income	**10,430,199**	**23.8%**
Private Equity	**845,814**	**1.9%**
Equities - domestic	**18,205,425**	**41.4%**
Mutual Funds:		
International Equity	6,926,833	15.7%
Domestic Equity	99,299	0.2%
Mortgages	55,652	0.1%
Treasury Inflation Protected securities	1,047,045	2.4%
Total Mutual Funds	**8,128,829**	**18.4%**
Promissory Notes	**6,551**	**0.0%**
Collateral from Securities Lending	**6,370,896**	**14.5%**
Total Investments	**$43,987,714**	**100.0%**

New York City Employees' Retirement System

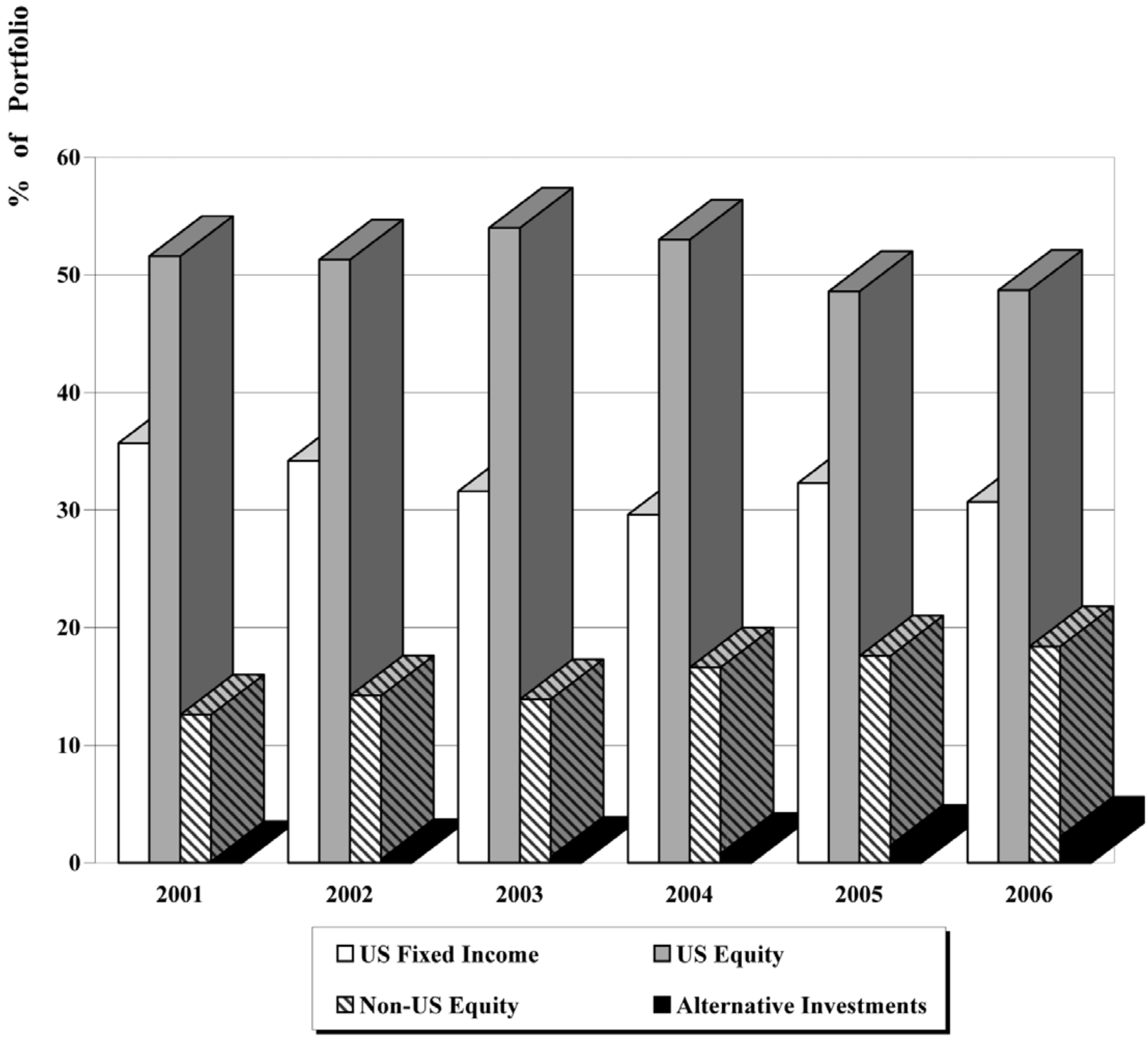
ASSET ALLOCATION AND POLICY MIX



	U.S. Equity	U.S. Fixed Income	Int'l Equities	Alternative Investments
Asset Mix	48.7%	30.7%	18.4%	2.2%
Policy Mix	55.0%	30.0%	13.0%	2.0%

(as of June 30, 2006)

ASSET ALLOCATION
June 30, 2001 - June 30, 2006



LIST OF LARGEST EQUITY HOLDINGS
(by Fair Value)
June 30, 2006

	Shares	Security		Fair Value	Percent of Domestic Equities
1	7,645,536	Exxon Mobil Corp.	$	469,053,634	2.58%
2	12,982,581	General Electric Company		427,905,870	2.35%
3	6,339,780	Citigroup Inc.		305,830,987	1.68%
4	5,718,989	Bank America Corp.		275,083,371	1.51%
5	11,160,192	Microsoft Corp.		260,032,474	1.43%
6	4,045,796	Procter & Gamble Company		224,946,258	1.24%
7	3,694,014	Johnson & Johnson		221,345,319	1.22%
8	9,148,148	Pfizer Inc.		214,707,034	1.18%
9	2,477,842	Altria Group Inc.		181,947,938	1.00%
10	4,243,822	JP Morgan Chase Corp.		178,240,524	0.98%
11	2,798,271	Chevron Corporation		173,660,698	0.95%
12	2,802,500	American International Group Inc		165,487,625	0.91%
13	7,849,072	Cisco Systems Inc.		153,292,376	0.84%
14	1,993,099	Int'l Business Machines Corp		153,109,865	0.84%
15	3,098,579	Wal Mart Stores Inc.		149,258,550	0.82%
16	2,121,668	Wells Fargo & Co		142,321,489	0.78%
17	4,963,592	AT&T Inc.		138,434,581	0.76%
18	7,302,774	Intel Corporation		138,387,567	0.76%
19	2,103,696	Conoco Phillips		137,855,199	0.76%
20	2,080,453	Pepsico Inc.		124,910,398	0.69%
21	3,685,816	Verizon Communications		123,437,978	0.68%
22	3,586,625	Hewlett Packard Company		113,624,280	0.62%
23	266,881	Google Inc.		111,911,210	0.61%
24	2,597,896	Coca-Cola Company		111,761,486	0.61%
25	2,037,359	Wachovia Corp.		110,180,375	0.61%
26	2,763,570	Merck & Co Inc.		100,676,855	0.55%
27	1,514,385	Amgen Inc.		98,783,334	0.54%
28	2,629,348	Home Depot Inc.		94,104,365	0.52%
29	2,281,150	Qualcomm Inc.		91,405,681	0.50%
30	5,173,194	Time Warner Inc.		89,496,256	0.49%
31	1,387,228	Morgan Stanley Group Inc.		87,686,682	0.48%
32	1,053,107	Boeing Company		86,259,994	0.47%
33	2,821,408	Disney (Walt) Company		84,642,240	0.46%
34	1,323,117	United Technologies Corp.		83,912,080	0.46%
35	1,898,884	Abbott Laboratories		82,810,331	0.45%
36	1,166,724	Merrill Lynch & Co Inc.		81,157,321	0.45%
37	2,214,939	Bellsouth Corporation		80,180,792	0.44%
38	521,822	Goldman Sachs Group Inc.		78,497,683	0.43%
39	1,751,666	United Health Group Inc.		78,439,603	0.43%
40	1,694,884	Wyeth		75,269,798	0.41%
			$	**6,100,050,101**	**33.51%**

A full listing of the Plan’s securities is available upon request.

LIST OF LARGEST BOND HOLDINGS
(by Fair Value)
June 30, 2006

	Security Description		Fair Value	Percent of Long Term Fixed Income
1	FNMA Securities	$	2,172,188,896	22.09%
2	US Treasury Securities		1,179,334,937	12.00%
3	Federal Home Loan Corp.		1,087,497,518	11.06%
4	GNMA Securities		191,661,472	1.95%
5	J.P. Morgan Chase & subsidiaries		147,274,705	1.50%
6	Bank America Corp and Subsidiaries		94,518,748	0.96%
7	Federal Home Loan Banks		88,769,498	0.90%
8	Community / Economic Development Bonds		85,423,949	0.87%
9	Citigroup & Subsidiaries		71,965,662	0.73%
10	Goldman Sachs Group		71,561,367	0.73%
11	AT&T & subsidiaries		70,103,041	0.71%
12	General Electric Company		68,691,803	0.70%
13	Ford Motor Company		60,301,348	0.61%
14	HSBC Group		56,584,842	0.58%
15	United Mexican States		54,370,225	0.55%
16	CWALT Inc.		48,379,386	0.49%
17	Wells Fargo Inc.		45,204,237	0.46%
18	Sprint Nextel Corp.		42,358,836	0.43%
19	Tennessee Valley Authority		39,408,720	0.40%
20	Merrill Lynch & Company		39,184,955	0.40%
21	Daimler Chrysler North America		39,168,036	0.40%
22	Morgan Stanley & subsidiaries		38,047,594	0.39%
23	Lehman Brothers		35,723,604	0.36%
24	Structured Asset Securities Corp.		34,311,402	0.35%
25	General Motors & subsidiaries		30,822,848	0.31%
26	Washington Mutual		30,661,951	0.31%
27	Federal Farm Credit Banks		28,622,781	0.29%
28	Countrywide Financial Corp.		27,460,101	0.28%
29	Xerox Corp.		24,407,606	0.25%
30	Resolution Funding Corp.		24,183,306	0.25%
31	Comcast Corp.		23,763,956	0.24%
32	Williams Companies		23,558,400	0.24%
33	IndyMac Bank		23,240,166	0.24%
34	Chesapeake Energy		23,181,988	0.24%
35	Bear Sterns Inc.		22,008,313	0.22%
36	Simon Property Group		21,964,090	0.22%
37	Volkswagen AG		21,839,043	0.22%
38	CIT Group		21,546,574	0.22%
39	Viacom, Inc.		21,461,213	0.22%
40	Oracle Corp.		21,359,893	0.22%
		$	**6,252,117,009**	**63.59%**

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
maturity dates and interest rates. A full listing of the Plan’s investments is available upon request.

SCHEDULE OF FEES PAID TO INVESTMENT ADVISORS AND CONSULTANTS

	Assets under Management (in millions) as of June 30, 2006	Fees
Fees Paid Out of Investment Income		
Investment Managers' Fees:		
Fixed Income Managers:		
Blackrock (Corporate)	$ 518.02	$ 249,717.00
Blackrock (Mortgages)	787.80	378,741.00
Cypress (Gov't)	36.31	149,924.93
EH Williams Capital Mgmt (Enhanced Yield)	38.83	153,864.99
Fischer Francis (Yankee)	307.66	192,802.51
High Yield Transition (Enhanced Yield)	0.01	-
Lehman Brothers (Gov't)	825.62	111,575.00
Lehman Brothers (Mortgages)	855.64	281,817.00
Loomis Sayles (Enhanced Yield)	437.30	1,642,542.81
PIMCO (Gov't)	398.25	241,495.00
PIMCO (Mortgages)	856.87	575,046.00
Prudential (Corporate)	359.33	236,630.88
Prudential (Yankee)	311.43	221,085.66
SEIX (Enhanced Yield)	423.66	673,477.60
Shenkman (Enhanced Yield)	429.66	1,464,103.60
State Street (Gov't)	252.44	51,634.81
Stone Harbor (Enhanced Yield)	-	-
T. Rowe Price (Corporate)	483.29	292,651.45
T. Rowe Price (Enhanced Yield)	435.30	1,217,597.06
Taplin Canida (Corporate)	565.95	490,228.94
TCW (Mortgages)	784.01	888,925.10
Total Fixed Income Managers	**9,107.38**	**9,513,861.34**
Domestic Equity Managers		
Aeltus (Enhanced S&P 500)	308.51	307,088.27
Amalgamated (S&P 500 Index)	1,401.24	45,813.40
Ariel Capital (Mid Cap)	148.73	447,954.56
Ariel Capital (Small Cap)	99.81	308,527.96
BGI (Russell 3000 Index)	7,567.54	202,795.32
Chicago Equity Partners (Mid Cap)	60.09	125,131.54
Emerald Advisors (Small Cap)	35.82	136,405.11
F.I.S. Fund Mgmt (Emerging Markets)	147.96	893,599.72
Forstmann-Leff Associates - Terminated (Mid Cap)	-	140,114.00
Franklin Portfolio Associates (Mid Cap)	59.26	197,343.09
Gabelli (Small Cap)	53.80	460,631.00
J.P. Morgan Fleming (Enhanced S&P 500)	302.79	30,265.55
Merrill Lynch (Russell 3000 Index)	7,186.74	95,691.61
Navellier (Small Cap)	69.18	268,045.58
New Amsterdam (Mid Cap)	88.32	225,111.64
Relational Investors X, L.P.	99.30	787,735.00
Rothschild Asset Mgmt (Mid Cap)	108.26	592,929.77
Seneca - Terminated (Mid Cap)	-	127,451.82
Total Progress Trust (Emerging Markets)	299.47	1,428,919.48
Wells Capital (Small Cap)	73.93	344,764.95
Westpeak (Enhanced S&P 500)	145.25	120,715.00
Zevenbergen (Large Cap)	105.14	295,144.28
Total Domestic Equities	**18,361.14**	**7,582,178.65**

SCHEDULE OF FEES PAID TO INVESTMENT ADVISORS AND CONSULTANTS

	Assets under Management (in millions) as of June 30, 2006	Fees
Private Equity Investments		
Aisling Capital II, L.P.	$ 0.15	$ 70,311.41
Allegra Capital Partners	6.32	47,335.00
Apollo Investment Fund	31.64	-
Ares Corporate Opportunities	48.68	368,215.00
Ares Corporate Opportunities II	3.10	429,709.00
Aurora Equity Partners III	14.27	484,774.00
BDCM OPP Fund	23.09	340,687.85
Blackstone IV	46.91	8,935.00
Blackstone Mezz. Partners II	1.77	849,078.00
Blackstone V	9.01	556,225.00
Carlyle Partners	47.73	-
Clayton, Dubilier & Rice VII, L.P.	7.51	472,002.00
Cypress Merchant Bank	43.06	145,791.00
Erasmus NYC Growth Fund	9.00	676,333.35
Escalate Capital l, L.P.	-	56,327.59
Ethos Private Equity Fund 5LP	1.50	530,410.96
FDG Capital Partners	10.67	158,623.88
FDG Capital Partners II	11.24	338,234.03
Freeman Spogli V LP	-	-
FS Equity Partners V	7.13	187,500.00
GI Partners Fund II, LP	13.37	-
GSC Recovery Fund III, L.P. – Contingent	-	187,243.00
InterMedia Partners VII, L.P.	8.28	242,012.00
J.P. Morgan Invest. Mgt. Inc.	1.52	94,291.34
Landmark Equity Partners XI	14.42	332,293.00
Landmark Fund XIII	2.00	148,870.00
Lehman Bros. MB Fund III	25.08	559,931.50
Lincolnshire Equity Fund II	9.74	-
Lincolnshire Equity Fund III	19.26	1,100,000.00
Lumina	-	-
Markstone Capital Partners	16.21	800,000.00
New Mountain Partners	11.74	72,458.00
New Mountain Partners II	9.78	832,842.00
New York/ Fairview Emerging Managers Fund	3.98	237,600.00
Paladin Homeland Security Fund (NY City)	6.08	300,000.00
Palladium EQ Partners III	2.39	300,000.00
Prism Venture Partners V	5.57	657,013.00
Quadrangle Capital Partners II LP	9.13	889,896.50
Ripplewood Partners II	4.33	336,510.00
RRE Ventures	20.74	500,000.00
SCP Private Equity Partners	14.21	594,675.00
Silver Lake Partners II, L.P.	27.06	239,135.00
Solera Partners	9.97	437,204.00
Thomas McNerney Partners	11.43	470,271.00
U.S. Power Fund II, LP	21.53	960,375.00
VS & A Fund Management Corp.	17.71	226,862.00
VSS Comm Partners IV	4.68	374,566.00
Yucaipa American Alliance Fund I	71.56	1,802,693.66
Total Private Equity Managers	**684.55**	**18,417,235.07**

SCHEDULE OF FEES PAID TO INVESTMENT ADVISORS AND CONSULTANTS

	Assets under Management (in millions) as of June 30, 2006	Fees
Private Real Estate Managers		
Apollo Real Estate FD V, LP	$ 2.68	$ -
Apollo Real Estate FD VI, LP	-	564,213.00
Blackstone Real Estate	25.60	106,588.00
Canyon Johnson Urban Fund	1.47	121,135.88
Canyon Johnson Urban Fund II	5.53	600,000.00
City Investment Fund	85.90	2,812,500.00
Tishman Speyer	40.26	695,915.96
Total Private Real Estate Managers	**161.44**	**4,900,352.84**
International Equity Fund Managers		
Acadian (Emerging Markets)	290.32	1,145,489.45
Baillie Gifford (Emerging Markets)	351.21	1,494,418.48
Bank of Ireland (Value)	-	264,847.47
Barclays Global (Passive)	1,187.23	123,492.53
Capital Guardian (Core)	1,155.30	3,591,158.57
Clemente - Terminated (Value)	0.09	-
DFA (Emerging Markets)	274.98	1,030,199.07
GE Asset Management (Growth)	575.51	1,304,389.67
Invista - Terminated (Value)	0.24	-
Mondrian Investment Partners Ltd (Value)	876.34	2,521,400.35
Oechsle (Growth)	396.03	1,581,683.36
Putnam - Terminated (Core)	1.34	-
Sprucegrove (Value)	844.97	1,753,660.73
State Street (Emerging Markets)	300.96	1,178,151.34
T.Rowe Price (Growth)	675.12	2,579,551.04
Transition-EAFE (Value)	0.05	-
Transition-Emerging Markets	(2.69)	-
Total International Equity Fund Managers	**6,927.00**	**18,568,442.06**
Treasury Inflation Protected Securities		
Blackrock	200.07	78,111.98
PIMCO	585.05	577,014.85
State Street	261.93	12,770.94
Total TIPS Managers	**1,047.05**	**667,897.77**
Consultants		
Callan (Emerging Markets)		288,000.00
Callan (General Consultant)		304,000.00
Pacific Corporate Group		1,059,040.00
The Townsend Group		240,500.00
Total Consultant Fees		**1,891,540.00**
Total Fees FY 2006	**$ 36,288.56**	**61,541,507.73**

SCHEDULE OF BROKERS' COMMISSIONS
For Fiscal Year Ended June 30, 2006

Brokerage Firm	Number of Shares Traded	Total Commissions
Abel Noser Corporation	1,342,931	$ 14,092
ABG Securities New York	9,813	933
ABN AMRO Securities	39,628,458	60,947
Access Securities Inc.	165,800	5,047
Adams, Harkness & Hill Inc.	36,900	1,379
ADP Clearing and Outsourcing	211,558	3,718
Advest Inc.	8,400	420
Agora Cor De Titul E Val Mob	19,119,780	3,839
Andover Capital Partners	89,933	899
Arnhold & Bleichroeder Inc.	2,200	66
Avian Securities Inc.	1,100	44
Avondale Partners	67,300	3,311
Baird Robert W & Company	624,910	27,329
Banc America Securities	16,603,122	77,438
Banco Nacional de Mexico	1,180,596	2,033
Banco Pactual - Rio de Janeiro	12,582,256	3,719
Banco Santander	67,011,747	18,962
Bank Austria Creditanstalt - Vienna	37,811	5,129
Bank Julius Baer & Co. Ltd - New York	42,134	8,287
Bank of NYC James Capel	656,974	17,277
Bank Vontobel AG - Zurich	1,649	1,033
Barclays Global Investors	6,295,334	125,907
Barnard Jacobs Mellett Ltd	217,213	3,026
Baypoint Trading	6,800	272
Bear Stearns & Company	26,247,132	163,589
Bell Potter Securities Ltd - Sydney	23,678	307
Berean Capital, Inc.	102,000	4,335
Blair William & Company	480,884	20,051
Blaylock & Partners	317,005	12,444
BMO Nesbitt Burns Corporation	204,372	8,403
BNP Paribas	12,325,045	19,097
Bank of New York Brokerage Inc.	2,981,805	125,096
BOE Securities Inc.	65,994	2,705
Boenning & Scattergood Inc.	10,900	545
Brean Murray Foster Securities	18,500	899
Bridge Trading Company	122,724	5,376
Bridgewell Securities Ltd - London	83,461	1,544
Broadcort Capital Corporation	194,800	9,740
Brockhouse & Cooper Inc.	11,321,829	35,442
Brown Brothers Harriman & Co.	31,690	1,414
B-Trade Services	2,851,685	68,388
Buckingham Research Group Inc.	226,300	10,476
Burdett Buckeridge Young - Sydney	51,714	737
Burlington Capital Markets	62,500	1,089
Cabrera Capital Markets	202,061	9,091
Caja Madrid Bolsa - Madrid	91,099	2,303

SCHEDULE OF BROKERS' COMMISSIONS
For Fiscal Year Ended June 30, 2006

Brokerage Firm	Number of Shares Traded	Total Commissions
Calyon Securities	1,426,055	$ 9,508
Cantor, Fitzgerald & Company	2,261,591	61,235
Capital Institutional Services - Equities	1,735,219	78,995
Carlin Equities	454,182	9,084
Carnegie ASA - Oslo	11,721	1,365
Cazenove & Company	3,417,465	24,186
Ceskoslovenska Obchodni Bank - Prague	35,963	3,696
Chapdelaine Institutional Equities	484,115	24,295
Charles Schwab & Company	276,043	5,521
Cheevers & Company	214,335	8,737
China International Capital Corp. - Hong Kong	1,174,181	2,284
CIBC World Markets Corp.	1,017,571	20,468
Citation Group	324,971	13,370
Citigroup Global Markets Inc.	260,726,690	352,438
CLSA Securities	22,729,151	97,917
Cochran, Caronia Securities	1,559	68
Collins Stewart Inc.	161,039	5,628
Craig-Hallum Capital Group	40,773	1,617
Credit Agricole	815,533	12,122
Credit Lyonnais Securities	1,942,958	4,240
Credit Suisse First Boston Inc.	40,176,109	321,068
Custom Equity Research Inc.	4,899	226
Daiwa Securities	631,549	19,054
Davenport & Company	23,580	859
Davidson D.A. & Company	59,505	2,534
Davis, Mendel & Regenstein, Inc.	16,310	816
DBS Vickers - Hong Kong	16,492	31
Deutsche Bank Securities Inc.	99,249,269	236,633
Divine Capital Markets	216,600	8,488
Donaldson, Lufkin & Jenrette Inc.	32,070	1,468
Dougherty & Company	14,400	638
Dowling & Partners	10,000	400
Dresdner Kleinwort Wasserstein	4,526,520	43,797
E*TRADE Securities	189,769	3,724
Edwards, A.G., & Songs Inc.	285,011	11,883
Enskilda Securities AB - London	167,419	4,852
Exane, Paris	336,357	27,709
Fidelity Capital Markets	89,300	2,844
Fidentiis Equities	194,272	7,571
Finsettle Services (Pty) Ltd	97,230	3,622
First Albany Corporation	236,541	9,422
First Analysis Securities Corp.	73,166	2,789
First Clearing	40,200	2,010
Fiserv Securities Inc.	283,529	5,069
Fortis Investment Services	27,840	1,114
Fox-Pitt, Kelton Inc.	234,375	7,476

SCHEDULE OF BROKERS' COMMISSIONS

For Fiscal Year Ended June 30, 2006

Brokerage Firm	Number of Shares Traded	Total Commissions
Francis P. Maglio & Company	55,800	$ 1,232
Freimark Blair & Company	423,196	12,865
Friedman, Billings, Ramsey Group Inc.	261,211	11,565
Fulcrum Global Partners	6,300	315
FutureTrade Securities	37,065	741
Garban Corporate	87,400	3,496
Gardner Rich & Company	385,382	15,556
GFI Securities	61,900	1,671
Giordano DellaCamera Securities	8,000	96
G.K Goh Stockbrokers Pte Ltd.	96,087	2,564
Goldman Sachs & Company	262,427,833	251,963
Good Morning Shinhan Securities Co. - Seoul	144,096	11,480
Gordon Haskett Capital Corp.	15,700	471
Great Lakes Capital Partners	45,920	1,837
Greentree Brokerage Services	15,570	656
Griswold Company	145,200	3,486
G-Trade Services Ltd.	3,015,255	44,810
Guzman & Company	578,836	12,943
Haynes A.H. & Company	36,200	1,810
Heflin & Company	612,650	12,253
Hibernia Southcoast Capital	11,400	342
Howard Weil Inc.	70,065	3,352
HSBC Securities Inc.	2,350,310	16,321
HVB Capital Markets Inc.	5,824	184
ING Bank - London	173,546	21,511
Instinet Corporation	11,788,404	90,187
Institutional Services	129,100	5,164
Interdin Bolsa, S.V.B., S.A, Barcelona	20,124	165
Intermonte securities SIM - Milan	3,261,570	35,579
Intersecurities Inc.	46,800	2,340
Investec Securities - London	561,126	7,365
Investment Technology Group	16,264,691	306,833
ISI Group Inc.	374,140	10,762
Ivy Securities Inc.	136,000	5,962
J. B. Were & Son - Melbourne	194,302	1,469
JP Morgan Securities Inc.	29,076,802	226,348
Jackson Partners & Associates	1,135,300	46,612
Jackson Securities Inc.	1,126,481	27,070
Janco Partners Inc.	32,040	1,332
Janney Montgomery Scott Inc.	127,744	5,101
Jeffries & Company Inc.	2,340,101	72,578
JMP Securities	256,970	8,749
Johnson Rice & Company	169,100	7,631
Jones & Associates Inc.	659,339	24,312
KAS Bank - NV, Amsterdam	803	106
Kaufman Brothers	55,550	2,766

SCHEDULE OF BROKERS' COMMISSIONS

For Fiscal Year Ended June 30, 2006

Brokerage Firm	Number of Shares Traded	Total Commissions
KBC Financial Products - UK, London	7,853	$ 419
Keefe Bruyette & Woods Inc.	207,683	9,232
Kempen & Company - NV, Amsterdam	38,289	636
Kepler Equities Frankfurt Branch	1,302	319
King, CL & Associates	886,027	39,886
Knight Securities	981,134	10,932
KV Execution Services	2,400	72
Labranche Financial Services Inc.	720,730	24,154
Leerink Swann & Company	199,793	9,120
Legent Clearing Corp.	274,325	5,487
Legg Mason Wood Walker, Inc.	309,797	14,699
Lehman Brothers Inc.	83,339,656	292,612
Liquidnet Inc.	1,744,933	44,160
Lombard Odier Darier Hentsch & CIE - Geneva	30,258	9,037
Loop Capital Markets	454,393	9,739
Lynch Jones & Ryan Inc.	1,930,143	49,205
Macquarie Securities Ltd.	23,829,152	79,067
Magna Securities Corp.	3,018,620	71,612
McDonald Investments Inc.	102,800	4,473
Mediobanca Banca - Milan	100,575	145
Melvin Securities	177,207	7,241
Merrill Lynch	139,542,770	564,499
Merriman Curhan Ford & Company	84,828	3,269
Mesirow Financial Inc.	38,830	1,870
Midwest Research Securities	121,715	5,257
Miller Tabak Hirsch & Company	54,001	540
Mizuho Securities	110,857	6,820
Miller Johnson Steichen Kinnard, Inc.	9,100	364
Montrose Securities Equities	53,200	2,478
Moors & Cabot Inc.	30,400	1,368
Morgan Keegan & Company Inc.	382,947	15,916
Morgan Stanley & Company	106,322,416	387,119
M.R. Beal & Company	327,655	14,218
Natexis Bleichroeder Inc - New York	1,157,476	27,192
National Financial Services Corp.	807,546	24,922
Needham & Company	236,416	9,631
NeoNet Securities AB - Stockholm	131,875	486
Nessuah Zannex Ltd. - Ramat Gan	188,983	3,416
Neuberger Berman	25,296	575
Nomura Securities Company	1,683,121	16,178
Numis Securities Limited - London	705,379	10,711
Nutmeg Securities	310,950	6,219
NYFIX Transaction Services	10,000	187
Oddo et Cie - Paris	982	101
O'Neil, William & Company	70,880	3,544
Oppenheimer & Company	59,430	2,202

SCHEDULE OF BROKERS' COMMISSIONS
For Fiscal Year Ended June 30, 2006

Brokerage Firm	Number of Shares Traded	Total Commissions
Pacific American Securities	861,043	$ 32,730
Pacific Crest Securities	189,300	8,655
Pacific Growth Equities	52,521	2,147
Penson Financial Services, Inc.	187,707	7,363
Percival Financial	14,700	735
Pershing & Company	2,983,444	82,542
Petrie Parkman & Company	15,000	750
Pipeline Trading Systems	31,200	624
Piper Jaffray & Company	767,225	31,675
Podesta & Company	7,700	385
Preferred Trade, Inc.	16,300	245
Prudential Equity Group	1,288,801	45,971
Pulse Trading LLC	15,100	302
Punk, Ziegel & Knoell	83,050	3,495
Raymond James & Associates	652,651	29,020
RBC Dominion Securities Corp.	262,002	11,440
RBC Dain Rauscher Inc.	49,600	2,427
Robert Van Securities	82,230	3,289
Rochdale Securities Corp.	65,000	2,110
Rosenblatt Securities Inc.	159,500	3,190
Roth Capital Partners	138,114	6,532
Ryan & Beck Company	82,920	3,499
SG Cowen & Company	412,368	15,885
Samsung Securities Company Ltd - Seoul	408,854	42,168
Samuel A Ramirez & Company Inc.	213,970	8,966
Sanders Morris Mundy	77,175	3,435
Sandler O'Neill & Partners LP	59,620	2,658
Sanford C Bernstein & Company	3,322,448	85,791
Santander Central Hispano Bolsa	38,003	605
SBC Warburg, London	27,813,240	21,284
SBK-Brooks Investment Corp.	450,826	20,508
Schonfeld Securities	234,324	4,214
Scott & Stringfellow Inc.	91,147	4,185
SG Securities	15,522,357	44,554
SGST Securities Ltd - London	19,196	494
Shenzhen Stock Exchange	322,208	1,075
Sidler & Company	109,685	5,409
Sidoti & Company	135,096	5,789
SIS SegaInterSettle AG	1,649	1,093
Societe Generale London Branch	1,016,203	46,597
Soleil Securities Corp.	29,780	1,448
Southwest Securities Inc.	90,252	2,086
Spear, Leeds & Kellogg	1,600	48
Standford Group Company	1,900	57
State Street Brokerage Services Inc.	66,394	2,051
Status Securities Inc.	198,380	4,946

SCHEDULE OF BROKERS' COMMISSIONS

For Fiscal Year Ended June 30, 2006

Brokerage Firm	Number of Shares Traded	Total Commissions
Stephens Inc.	195,900	$ 8,786
Sterne Agee & Leach Inc.	37,800	1,890
Stifel, Nicolaus & Company	405,237	18,030
SunTrust Capital Markets Inc.	304,293	11,948
Svenska Handelsbanken - London	587	104
TD Securities Inc.	25,013	500
Tender Offer	2,816,271	600
The Benchmark Company	126,450	3,361
The London Clearing House Ltd.	6,482	259
Nandra Group, Inc.	10,040	301
Precursor Group Inc.	4,500	225
The Williams Capital Group	2,270,960	60,617
ThinkEquity Partners	266,060	11,712
Thomas Weisel Partners	781,723	29,639
TISCO Securities Ltd - Hong Kong	4,671,001	7,808
US Clearing Corp.	343,967	7,017
UBS Securities	119,710,422	316,232
UniCredit Banca Mobiliare SPA - Milan	37,136	17,163
UOB Kay Hian Ltd - Hong Kong	3,611,320	6,894
Upline International - Casablanca	1,300	1,047
Vandham Securities Corp.	319,190	14,136
Wachovia Securities Capital Markets	699,951	27,154
Warburg, New York	919,585	8,830
Wave Securities	271,660	4,158
Warburg Dillon Read, LLC	849,372	537
Wedbush Morgan Securities, Inc.	141,854	6,020
Weeden & Company	972,839	27,653
Wells Fargo Investments	5,189	56
Were Stockbroking Ltd. - Melbourne	118,052	2,885
Williams Capital Group	47,714	3,273
Woori Investment & Securities Company	203,237	2,175
WR Hambrecht & Company	42,241	1,871
Total	**1,578,955,809**	**$ 6,671,682**

SCHEDULES OF INVESTMENT RESULTS
TIME-WEIGHTED RATES OF RETURN

	Year Ended June 30			June 30, 2006		
	2006	**2005**	**2004**	**3 Years**	**5 Years**	**10 Years**
Total Portfolio	9.83	9.22	16.30	11.74	5.79	8.40
Managed by Outside Advisors						
Domestic Equity Segment	9.45	7.91	20.45	12.46	3.51	8.39
Domestic Russell 3000 Index	9.57	8.06	20.45	12.56	3.53	8.52
International Equities Fund Segment	26.87	14.00	29.07	23.12	10.05	7.77
MSCI EAFE Index	26.56	13.65	32.37	23.94	10.02	6.39
Domestic Fixed Income Segment	(0.05)	8.31	0.83	3.39	5.89	6.75
Structured Managed Program	(1.07)	8.21	0.83	2.58	5.56	6.75
NYC Core Plus Five Index	(1.36)	8.20	0.43	2.34	5.36	6.56
Enhanced Yield	3.79	9.76	8.65	7.37	7.58	6.79
Citigroup BB & B Index	3.95	10.15	9.17	7.72	8.00	6.60
In-House Portfolio						
Short Term Investments	4.34	2.24	1.04	2.53	2.61	4.47
Targeted Investments	2.89	6.18	1.82	4.55	6.23	7.13

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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, 2006

PART 4

ACTUARIAL SECTION

OFFICE OF THE ACTUARY

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ROBERT C. NORTH, JR.
CHIEF ACTUARY

December 14, 2006

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, 2006

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 that, expressed as a percentage of active member annualized covered payroll, would remain approximately level over the future working lifetimes of those active members and, together with member contributions and investment income, would ultimately be sufficient to accumulate assets to pay benefits when due.

An actuarial valuation of the Plan is performed annually as of the second June 30 preceding each fiscal year to determine the Employer Contributions to be paid for that fiscal year (i.e., June 30, 2004 (Lag) actuarial valuation to determine Fiscal Year 2006 Employer Contributions).

Under current law, Employers are required to contribute statutorily-required contributions ("Statutory Contributions") and these contributions are generally funded by Employers within the appropriate fiscal year.

Statutory Contributions for Fiscal Year 2006 were equal to the Annual Required Contributions as defined under Governmental Accounting Standards Board Statement Number 25 ("GASB 25"). This relationship occurs because Chapter 152 of the Laws of 2006 ("Chapter 152/06") eliminated the use of the ten-year phase-in of Chapter 278 of the Laws of 2002 ("Chapter 278/02") for funding the additional actuarial liabilities created by the benefits provided by Chapter 125 of the Laws of 2000 ("Chapter 125/00"). Chapter 125/00 provided eligible retirees and eligible beneficiaries with Supplementation benefits effective September 2000 and with automatic Cost-of-Living Adjustments ("COLA") beginning September 2001. Chapter 125/00 also provided for a phase-in schedule, later modified by Chapter 278/02, for funding the additional actuarial liabilities attributable to 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

Provided in this Actuarial Section of the CAFR is a "Summary of Actuarial Assumptions and Methods in Effect for the June 30, 2004 (Lag) Actuarial Valuation." These actuarial assumptions and methods were employed in the June 30, 2004 (Lag) actuarial valuation that was used to determine Fiscal Year 2006 Employer Contributions to the Plan.

These actuarial assumptions and methods differ from those employed in the June 30, 2004 actuarial valuation that was used to determine Fiscal Year 2005 Employer Contributions to the Plan.

After reviewing the results of an independent actuarial study dated October 2003 prepared by Gabriel, Roeder, Smith & Company ("GRS") in accordance with Section 96 of the New York City Charter, the Actuary issued an August 29, 2005 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2005 for the New York City Employees' Retirement System" ("August 2005 Report").

Where required, the Board of Trustees of the Plan adopted those changes in actuarial assumptions that required Board approval and the State Legislature and the Governor enacted Chapter 152/06 to provide for those changes to the actuarial assumptions and methods that required legislation, including the Actuarial Interest Rate ("AIR") of 8.0% per annum.

Benefits and Census Data

A summary of the benefits available under the Plan is shown earlier in the Introductory Section of the CAFR.

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 ("OA") for consistency and reasonability.

A summary of the census data used in the June 30, 2004 (Lag) actuarial valuation is included in this CAFR. A summary of the census data used in the June 30, 2004 actuarial valuation of the Plan is available in the June 30, 2005 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 for informational purposes in the Actuarial Section of the CAFR (following the Solvency Test) is an Additional Discussion of Plan Funding and Other Measures of Funded Status that provides different comparisons between 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.

The Additional Discussion of Plan Funding and Other Measures of Funded Status represents additional information provided by the Actuary to assist those users who desire alternative analyses.

As prescribed by GASB 25, included in the Financial Section of the CAFR are the following schedules prepared by the OA:

- Schedule of Funding Progress.
- Schedule of Employer Contributions.
- Schedule of Actuarial Assumptions and Methods.

The following schedules in the Actuarial Section of the CAFR were prepared by the OA:

- Summary of Actuarial Assumptions and Methods in Effect for the June 30, 2004 (Lag) Actuarial Valuation.
- Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets – Solvency Test.
- Additional Discussion of Plan Funding and Other Measures of Funded Status.
- Statutory vs. Annual Required Contributions.
- Active Member Valuation Data.
- Participating Employers.
- Number and Salary of Active Members by Occupational Position as of June 30, 2004 (Lag) Actuarial Valuation.
- Number of Active Members by Occupational Position and Age as of June 30, 2004 (Lag) Actuarial Valuation.
- Number of Active Members by Occupational Position and Years of Service as of June 30, 2004 (Lag) Actuarial Valuation.
- Retirants and Beneficiaries Added to and Removed from Rolls.

The following information and schedules in other sections of the CAFR were prepared by the OA:

- Summary of Plan Membership.
- Schedule of Participating Employers.

If you have any questions about any of the information in this Actuarial Section or any of the actuarial information 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

cc: Ms. D. D'Alessandro
Mr. M.A. Einhorn
Mr. J.R. Gibney

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION

(1) Based upon a review of an October 2003 experience study by Gabriel, Roeder, Smith & Company ("GRS"), the Actuary issued an August 29, 2005 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2005 for the New York City Employees' Retirement System" ("August 2005 Report"). Where required, the Board of Trustees of the Plan adopted those changes to actuarial assumptions that required Board approval and the State Legislature and the Governor enacted Chapter 152 of the Laws of 2006 ("Chapter 152/06") to provide for those changes to the actuarial assumptions and methods that required legislation, including the Actuarial Interest Rate ("AIR") assumption of 8.0% per annum.

Chapter 152/06 provided for the changes in actuarial assumptions and methods that require legislation, including the continuation of the AIR assumption of 8.0% per annum and continuation of the current Frozen Initial Liability ("FIL") Actuarial Cost Method and the existing Unfunded Actuarial Accrued Liability ("UAAL"). In addition, Chapter 152/06 provided for elimination of the use of the ten-year phase-in of Chapter 278 of the Laws of 2002 ("Chapter 278/02") for funding the additional actuarial liabilities created by the benefits provided by Chapter 125 of the Laws of 2000 ("Chapter 125/00").

(2) The investment rate of return assumption is 8.0% per annum.

(3) 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.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

(4) Active service tables are used to estimate various withdrawals from active service. Sample probabilities are shown in Table 2 for members withdrawing from active service due to Death or Disability, in Table 3 for members withdrawing from active service without employer-provided benefits or with Vested Benefits, and in Table 4 for members withdrawing from active service for Service Retirement.

(5) Salary Scales are used to estimate salaries at termination, retirement or death. Sample percentage increases are shown in Table 5. The Salary Scales include a General Wage Increase ("GWI") assumption of 3.0% per annum.

(6) The economic assumptions (i.e., the assumed investment return rate, GWI rate and Cost-of-Living Adjustments ("COLA") rate) were developed assuming a long-term Consumer Price Inflation ("CPI") assumption of 2.5% per annum. The COLA assumption is 1.3% per annum.

(7) The valuation method assumes a closed group. Salaries of members on the valuation date are assumed to increase in accordance with the Salary Scales.

(8) 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 UAAL not less than $0.

Under this method, the excess of the Actuarial Present Value ("APV") of projected benefits of members as of the valuation date, over the sum of the Actuarial Asset Value ("AAV") plus UAAL, if any, and APV 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 normal contribution rate.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

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.

However, the initial UAAL as of June 30, 1999 equaled $0 and no amortization period was required. There is an amortization period for the UAAL established after that date.

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.

Chapter 69 of the Laws of 2002 established the UAAL as of June 30, 2003 for an Early Retirement Incentive (Part A only). This UAAL is being amortized on a level basis over a period of five years beginning Fiscal Year 2004.

(9) One-Year Lag Methodology uses a June 30, 2004 (Lag) valuation date to determine Fiscal Year 2006 Employer Contributions.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION
(Cont'd)

This methodology requires technical adjustments to certain components used to determine Fiscal Year 2006 Employer Contributions as follows:

- Present Value of Future Salary ("PVFS")

  The PVFS at June 30, 2004 is reduced by the value of salary projected to be paid during Fiscal Year 2005.

- Salary for Determining Employer Contributions

  Salary used to determine the employer Normal Cost is the salary projected to be paid during Fiscal Year 2006 to members on payroll at June 30, 2004.

- Present Value of Future Normal Costs ("PVFNC")

  The PVFNC at June 30, 2004 is reduced by the discounted value of the Fiscal Year 2005 Employer Contribution.

(10) For the June 30, 2004 (Lag) actuarial valuation, the Actuarial Asset Valuation Method ("AAVM") was changed to a method which reset the AAV to Market Value (i.e., "Market Value Restart") as of June 30, 1999. As of each June 30 thereafter the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this revised AAVM, any Unexpected Investment Returns ("UIR") for Fiscal Years 2000 and later are phased into the AAV beginning the following June 30 at a rate of 15%, 15%, 15%, 15%, 20% and 20% per year (or cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

These revised averaging factors were applied against the UIR computed under the prior five-year AAVM used for Fiscal Years 2000 to 2004.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

The revised AAV was utilized for the first time in the June 30, 2004 (Lag) actuarial valuation to determine the Fiscal Year 2006 Employer Contribution in conjunction with the One-Year Lag Methodology and the revised economic and noneconomic assumptions.

(11) The obligations of the Plan to the Correction Officers' Variable Supplements Fund ("COVSF") are recognized through the Liability Valuation Method.

Under this method the APV of Future SKIM from the Plan to the COVSF is included directly as an actuarial liability to the Plan. SKIM is all or a portion of the excess earnings on equity securities of the Plan which are transferable to the COVSF. The APV of Future SKIM is computed as the excess, if any, of the APV of benefits of the COVSF offset by the AAV of the COVSF.

(12) Chapter 125/00 provided 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 also provided for a five-year phase-in schedule for funding the additional actuarial liabilities created by the benefits provided by this law. Chapter 278/02 required the Actuary to revise the methodology and timing for determining the Statutory Contributions on account of the additional actuarial liabilities attributable to the benefits provided under Chapter 125/00 by extending the phase-in period for funding these liabilities from five years to ten years.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

Specifically, in accordance with Chapter 125/00 the Actuary, in calculating the Statutory Contributions for Fiscal Years 2001 and 2002, included the following percentages of the increase in additional 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.

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

For each of the next eight June 30 actuarial valuations (i.e., June 30, 2001 to June 30, 2008), the Actuary was required to recognize progressively increasing percentages (i.e., 20% to 90%) of the additional actuarial liabilities attributable to Chapter 125/00 for determining Fiscal Year 2002 to Fiscal Year 2009 Employer Contributions.

For the June 30, 2009 and later actuarial valuations, the Actuary was required to recognize the full amount of the additional actuarial liabilities attributable to Chapter 125/00 for determining Fiscal Years 2010 and later Employer Contributions.

Chapter 152/06 eliminated the use of the ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities created by Chapter 125/00.

(13) The salary data was adjusted to reflect overtime earnings. See Table following Item 14.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

(14) 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 Salary or Final Average Salary) was introduced as of June 30, 1995. The following table summarizes the overtime assumptions currently in use:

Group	Baseline Assumption[3]	Dual Assumptions[1][2]				
		Tier I Service[4]	Other Service[4]	Tier I Disability	Other Disability	Other Benefits
General	4%	4%	4%	4%	4%	4%
Transit	8%	16%	12%	6%	6%	8%
TBTA[5]	20%	24%	22%	10%	16%	20%
Sanitation[6]	20%	24%	22%	10%	16%	20%
Corrections[7]	12%	16%	14%	6%	10%	12%

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(1) Overtime earned on an ongoing basis during a member's career plus or minus an adjustment to estimate the account of overtime earned in the year before retirement used to determine benefits.

(2) Comparable adjustments to these percentages would be made for benefits calculated using salary computed over different averaging periods.

(3) Overtime earned on an ongoing basis during a member's career. Baseline Overtime is included in "Salary Base for Pensions."

(4) Applies to both unreduced and reduced Service Retirements.

(5) Amounts shown are for employees with 20 years of service. Baseline Overtime assumption equals 0% at zero years of service increasing uniformly to a maximum of 20% at 20 and more years of service. Dual Overtime assumption (i) equals Baseline Overtime assumption plus 4% for Tier I and plus 2% for Tier II, III and IV Service Retirees and (ii) Baseline Overtime assumption multiplied by 50% for Tier I and by 80% for Tier II, III and IV Disability Retirees.

(6) Amounts shown are for employees with 20 years of service. Baseline Overtime assumption equals 10% at zero years of service increasing uniformly to a maximum of 20% at 20 and more years of service. Dual Overtime assumption equals (i) Baseline Overtime assumption plus 4% for Tier I and plus 2% for Tier II, III and IV Service Retirees and (ii) Baseline Overtime assumption multiplied by 50% for Tier I and by 80% for Tier II, III and IV Disability Retirees.

(7) Amounts shown are for employees with 20 years of service. Baseline Overtime assumption equals 6% at zero years of service increasing uniformly to a maximum of 12% at 20 and more years of service. Dual Overtime assumption equals (i) Baseline Overtime assumption plus 4% for Tier I and plus 2% for Tier II, III and IV Service Retirees and (ii) Baseline Overtime assumption multiplied by 50% for Tier I and by 80% for Tier II, III and IV Disability Retirees. Amount shown in Table VI for Tier II Disability is rounded to nearest percent.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

TABLE 1A

Deaths among Service Pensioners

(Percentage of Pensioners Dying within Next Year)

	All Except Housing Police and Transit Police		Housing Police and Transit Police ("HP and TP")	
Age	**Males**	**Females**	**Males**	**Females**
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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

TABLE 1B

Deaths among Disability Pensioners

(Percentage of Pensioners Dying within Next Year)

	All Except HP and TP, Sanitation and Correction Officers		Housing Police And Transit Police		Sanitation and Correction Officers	
Age	**Males**	**Females**	**Males**	**Females**	**Males**	**Females**
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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

TABLE 2

Withdrawals from Active Service (Due to Death or Disability)

(Percentage of Eligible Active Members Separating within Next Year)

Age	Accident Disability Retirement		Ordinary Disability Retirement		Accidental Death	Ordinary Death	
	General*						
	Males	Females	Males	Females	All	Males	Females
20	.02%	.01%	.10%	.05%	--	.040%	.020%
25	.02	.01	.10	.05	--	.040	.020
30	.02	.01	.10	.05	--	.040	.020
35	.02	.01	.15	.05	--	.050	.025
40	.02	.01	.20	.10	--	.060	.030
45	.02	.01	.30	.20	--	.110	.055
50	.02	.01	.40	.30	--	.160	.080
55	.02	.01	.50	.40	--	.210	.105
60	.02	.01	.50	.40	--	.260	.130
65	.02	.01	.50	.40	--	.320	.160
70	NA	NA	NA	NA	NA	NA	NA
	Transit Operating*						
20	.02%	.02%	.10%	.10%	.01%	.040%	.020%
25	.02	.02	.10	.10	.01	.040	.020
30	.02	.02	.10	.10	.01	.040	.020
35	.02	.02	.15	.15	.01	.050	.025
40	.02	.02	.20	.20	.01	.060	.030
45	.02	.02	.25	.25	.01	.110	.055
50	.02	.02	.30	.30	.01	.160	.080
55	.02	.02	.40	.40	.01	.210	.105
60	.02	.02	.50	.50	.01	.260	.130
65	.02	.02	.60	.60	.01	.320	.160
70	NA	NA	NA	NA	NA	NA	NA
	Triborough Bridge and Tunnel*						
20	.02%	.02%	.03%	.04%	.01%	.040%	.020%
25	.02	.02	.04	.04	.01	.040	.020
30	.03	.02	.05	.05	.01	.040	.020
35	.05	.02	.08	.06	.01	.050	.025
40	.07	.02	.21	.14	.01	.060	.030
45	.08	.02	.36	.30	.01	.110	.055
50	.09	.02	.49	.45	.01	.160	.080
55	.10	.02	.50	.50	.01	.210	.105
60	.10	.02	.50	.50	.01	.260	.130
65	.10	.02	.50	.50	.01	.320	.160
70	NA	NA	NA	NA	NA	NA	NA

* Assumed to retire immediately at age 70. See Tabulations of Membership and Beneficiaries for definition of "General."

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

TABLE 2

(Cont'd)

Withdrawals from Active Service (Due to Death or Disability)

(Percentage of Eligible Active Members Separating within Next Year)

Age	Accident Disability Retirement		Ordinary Disability Retirement		Accidental Death	Ordinary Death	
Sanitation							
	Males	Females	Males	Females	All	Males	Females
20	.20%	.20%	.20%	.20%	.01%	.040%	.020%
25	.20	.20	.20	.20	.01	.040	.020
30	.20	.20	.30	.30	.01	.040	.020
35	.20	.20	.40	.40	.01	.050	.025
40	.20	.20	.50	.50	.01	.060	.030
45	.25	.25	.60	.60	.01	.110	.055
50	.30	.30	.80	.80	.01	.160	.080
55	.35	.35	1.00	1.00	.01	.210	.105
60	.50	.50	1.25	1.25	.01	.260	.130
65	.90	.90	1.50	1.50	.01	.320	.160
70	NA	NA	NA	NA	NA	NA	NA
Correction Officers							
20	0.05%	0.05%	.10%	.10%	.01%	.040%	.020%
25	0.10	0.10	.10	.10	.01	.040	.020
30	0.15	0.15	.20	.20	.01	.040	.020
35	0.20	0.20	.30	.30	.01	.050	.025
40	0.30	0.30	.45	.45	.01	.060	.030
45	0.40	0.40	.65	.65	.01	.110	.055
50	0.50	0.50	.90	.90	.01	.160	.080
55	0.60	0.60	1.50	1.50	.01	.210	.105
60	0.70	0.70	3.00	3.00	.01	.260	.130
63	NA	NA	NA	NA	NA	NA	NA

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

Table 3

Withdrawals from Active Service

Percentage of Active Members Withdrawing within Next Year

General Employees

Years of Service	Probability of Withdrawal
0	10.00%
5	4.50
10	3.00
15	2.50
20	2.00
25	2.00
30	2.00
35	2.00
40	2.00

Transit Employees

Years of Service	Probability of Withdrawal	
	Males	Females
0	12.00%	15.00%
5	3.00	4.00
10	2.50	3.50
15	2.00	3.00
20	1.50	2.50
25	1.50	2.50
30	1.50	2.50
35	1.50	2.50

TBTA Employees

Years of Service	Probability of Withdrawal
0	5.00%
5	3.00
10	2.50
15	2.00
20	2.00
25	2.00
30	2.00
35	2.00

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

Table 3

(Cont'd)

Withdrawals from Active Service

Percentage of Active Members Withdrawing within Next Year

Sanitation Employees

Years of Service	Probability of Withdrawal
0	6.00%
5	1.50
10	1.00
15	1.00
20	1.00
25	1.00
30	1.00
35	1.00

Correction Employees

Years of Service	Probability of Withdrawal
0	10.00%
5	4.00
10	3.00
15	2.50
20	2.00
25	2.00
30	2.00
35	2.00

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

TABLE 4

Withdrawals from Active Service (For Service Retirement)

(Percentage of Eligible Active Members Retiring)

		With Unreduced Service Retirement Benefits					
		Members Not Electing ORP[1]			Members Electing ORP[1]		
		Years of Service Since First Elig.			Years of Service Since First Elig.		
Age	With Reduced Benefits[2]	1	2	Ultimate	1	2	Ultimate
				General[3]			
50	2.00%	20.00%	15.00%	15.00%	60.00%	40.00%	20.00%
55	2.00	20.00	15.00	15.00	60.00	40.00	20.00
60	5.00	20.00	15.00	15.00	60.00	40.00	20.00
65	0.00	25.00	25.00	25.00	60.00	60.00	60.00
70	NA	100.00	100.00	100.00	100.00	100.00	100.00
				Transit Operating[3]			
50	2.00%	25.00%	20.00%	15.00%	60.00%	40.00%	20.00%
55	2.00	25.00	20.00	15.00	60.00	40.00	20.00
60	5.00	30.00	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	NA	100.00	100.00	100.00	100.00	100.00	100.00
				Triborough Bridge and Tunnel[3]			
50	0.00%	30.00%	20.00%	10.00%	60.00%	40.00%	20.00%
55	2.00	30.00	20.00	10.00	60.00	40.00	20.00
60	5.00	30.00	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	NA	100.00	100.00	100.00	100.00	100.00	100.00

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(1) 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 General, Transit Operating and TBTA, respectively.

(2) Applicable only for certain Tier II and Tier IV members prior to eligibility for unreduced Service Retirement benefits.

(3) Assumed to retire immediately at age 70.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

TABLE 4

(Cont'd)

Withdrawals from Active Service (For Service Retirement)

(Percentage of Eligible Active Members Retiring)

		With Unreduced Service Retirement Benefits					
		Members Not Electing ORP[1]			Members Electing ORP[1]		
		Years of Service Since First Elig.			Years of Service Since First Elig.		
Age	With Reduced Benefits[2]	1	2	Ultimate	1	2	Ultimate
				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	2.00	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	20.00	60.00	40.00	20.00
65	0.00	60.00	60.00	60.00	60.00	60.00	60.00
70	NA	100.00	100.00	100.00	100.00	100.00	100.00
				Correction Officers[3]			
40	0.00%	32.00%	10.00%	5.00%	60.00%	40.00%	20.00%
45	0.00	40.00	15.00	10.00	60.00	40.00	20.00
50	2.00	40.00	20.00	15.00	60.00	40.00	20.00
55	2.00	40.00	25.00	15.00	60.00	40.00	20.00

(1) 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.

(2) Applicable only for certain Tier II and Tier IV members prior to eligibility for unreduced Service Retirement benefits.

(3) Sanitation assumed to retire immediately at age 70 and Correction Officers at age 63.

TABLE 4

(Cont'd)

Withdrawals from Active Service (For Service Retirement)

(Percentage of Eligible Active Members Retiring)

		With Unreduced Service Retirement Benefits					
		Members Not Electing ORP[(1)]			Members Electing ORP[(1)]		
		Years of Service Since First Elig.			Years of Service Since First Elig.		
60	5.00	40.00	25.00	20.00	60.00	40.00	20.00
63	NA	100.00	100.00	100.00	100.00	100.00	100.00

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2004 (LAG) ACTUARIAL VALUATION (Cont'd)

TABLE 5

Salary Scales

Assumed Annual Percentage Increases in Coming Year*

Years of Service	General	Transit Operating	Sanitation	Correction Officers	Triborough Bridge And Tunnel
0	8.00%	18.00%	8.00%	13.00%	10.50%
5	5.50	4.00	3.50	3.50	4.00
10	5.00	4.00	5.00	5.00	4.00
15	4.50	4.00	5.00	5.00	4.00
20	4.50	4.00	5.00	5.00	4.00
25	4.50	4.00	5.00	5.00	4.00
30	4.50	4.00	5.00	5.00	4.00
35	4.50	4.00	5.00	5.00	4.00
40	4.50	4.00	5.00	5.00	4.00
45	4.50	4.00	5.00	5.00	4.00

* Salary Scales include a General Wage Increase assumption of 3.0% per annum.

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 salary 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 salary for not more than thirty years. Effective 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. 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.

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.

CONTRIBUTIONS (Cont'd)

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.

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 and Correction 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.

Effective October 1, 2000, Tier 3 and 4 members are not 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.

B. Employer Contributions

The Frozen Initial Liability Actuarial Cost Method of funding is utilized by the Plan's Actuary to calculate the contributions required of the employers.

Employer contributions are accrued by the Plan and are funded by the employers on a current basis. The contributions amounted to $1,024,358,175 for the Fiscal Year ended June 30, 2006.

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) General (for calculation purposes, these are further subdivided into physically-taxing and non-physically-taxing groups), (2) Transit Operating positions, (3) Triborough Bridge and Tunnel Authority members, (4) Sanitation members, (5) members of the Housing and Transit Police Forces, and (6) members of the Correction Force.

COMPARATIVE SUMMARY OF ACTUARIAL VALUES AND PERCENTAGES COVERED BY ACTUARIAL VALUE OF ASSETS

SOLVENCY TEST
(Dollar amounts in thousands)

	Aggregate Accrued Liabilities for						
As of June 30	Accumulated Member Contributions (A)	Current Retirants and Beneficiaries (B)	Active Members' Employer Financed Portion (C)	Actuarial Value of Assets (D)	Percentage of Actuarial Values Covered by Actuarial Value of Assets (A)	(B)	(C)
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
2003	3,661,929	22,208,613	11,053,574	42,055,984	100	100	100
2004	3,816,154	22,602,440	11,922,201	40,088,213	100	100	100
2004 (Lag)	3,816,154	22,602,440	12,760,288	40,638,628	100	100	100

Also, see following "SOLVENCY TEST – NOTES."

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 Actuarial Value of 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 APV of projected benefits produced by the projected benefit attribution approach prorated on service. The Aggregate Accrued Liabilities were calculated in accordance with Governmental Accounting Standards Board Statement No. 5 ("GASB 5").

This comparative summary allocated assets as if they were priority groups, somewhat similar to (but not identical to) the priority categories of Section 4044 of the Employee Retirement Income Security Act of 1974 ("ERISA").

The values in the table are 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 include the following:

Valuation Date (June 30)	Assumed Annual Rate of Return On Investments	Assumed General Wage Increase
1999	8.00%	3.0%
2000	8.00%	3.0%
2001	8.00%	3.0%
2002	8.00%	3.0%
2003	8.00%	3.0%
2004	8.00%	3.0%
2004(Lag)	8.00%	3.0%

ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS

On-Going Funding of the Plan

Under the basic equation of pension funding, Contributions plus Investment Earnings pay for Benefits plus Expenses.

There are three major sources for financing those Benefits and Expenses paid from the Plan.

First, Member Contributions are established by statute and paid as percentages of member salaries.

Second, Investment Earnings reflect the rates of return achieved on the amounts of assets held in different asset classes in the Trust.

Third, Employer Contributions are determined by actuarial methodology to finance the Benefits payable by the Plan that are not provided by either Member Contributions or Investment Earnings and for the Administrative and Investment Expenses of the plan.

This actuarial methodology includes demographic and certain tabular assumptions recommended by the Actuary and adopted by the Board of Trustees, and certain economic assumptions and financing methods recommended by the Actuary, supported by the Board of Trustees and, where required, enacted into law by the New York State Legislature and Governor.

Employer Contributions are particularly responsive to Investment Earnings and increase (decrease) on a smoothed basis whenever Investment Earnings are less (more) than expected.

For example, during Fiscal Years 2001 to 2003, the Assets of the Plan decreased because they earned less than expected. Consequently, over the following several years, the actuarial methodology responds by increasing Employer Contributions in order to bring the overall financial status of the Plan back into balance.

ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

Due to Investment Earnings between Fiscal Years 2001 and 2003 being substantially less than anticipated, the increases in Employer Contributions to the Plan over the following few Fiscal Years are significant.

The New York City Charter requires an independent actuary to conduct an experience review of the Plan every two years. The Actuary utilizes this information and regularly proposes changes in actuarial assumptions and methods, most recently during Fiscal Year 2006.

These most recent changes, approved by the Board of Trustees and implemented during Fiscal Year 2006, include (1) updated demographic assumptions, (2) full recognition of all Obligations of the Plan (i.e., removing the statutory phase-in of certain liabilities) and (3) revised methodologies for smoothing changes in Employer Contributions due to Plan experience. Together, these changes further enhance the long-term financial integrity of the Plan.

The ongoing process of actuarial rebalancing and periodic reviews of actuarial assumptions and methods by the Actuary and the Board of Trustees, coupled with a financially responsible, long-duration employer like the City of New York (the "City") and other participating Employers that can afford some variability of Employer Contributions, help provide financial security for the Plan and its participants and reasonable intergenerational budget equity for taxpayers.

With the City and other participating Employers that have always paid and are expected to continue to pay the statutorily-required Employer Contributions as calculated by the Actuary and approved by the Board of Trustees, changes in Employer Contributions represent the source for rebalancing the basic equation of pension funding.

ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

Other Measures of Funded Status

Measures of Funded Status of the Plan are determined at specific points in time and are usually expressed in various relationships of Assets to Obligations. Assets as percentages of Obligations are referred to as Funded Ratios.

Comparisons of Funded Ratios over time can provide insight into the long-term financial trend of the Plan.

The Other Measures of Funded Status presented herein provide somewhat different insights into the financial condition of the Plan and comparisons amongst these other Measures of Funded Status can provide even more.

As noted, there are multiple, possible definitions of the Plan's Assets and Obligations. Some of these definitions of and comments on Assets and Obligations are set forth immediately hereafter. Additional observations about the meanings and usefulness of and the relationships amongst certain of the Funded Ratios are provided following the table of Funded Ratios.

Definition of and Comments on Assets

With respect to Assets, both Market Value of Assets ("MVA") and the Actuarial Value of Assets (or Actuarial Asset Value ("AAV")) is used to determine Funded Ratios.

In the case of the Plan, the AAV currently in use provides for smoothing of the MVA by phasing any Unexpected Investment Returns (i.e., Investment Earnings greater or less than those expected under the actuarial assumption of 8.0% of AAV each year) into the AAV over a period of six years.

The advantage of using MVA is that it represents the tradable value of the Assets of the Plan at any point in time.

ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

The advantage of using AAV is that it is smoothed to remove the volatility of MVA. The disadvantage of AAV is that it is not the tradable value of Assets in the marketplace and, therefore, does not show the volatility of the Assets.

Definition of and Comments on Obligations

With respect to Obligations, the Actuarial Accrued Liability ("AAL") under any particular Actuarial Cost Method ("ACM") is that portion of the APV of projected benefits which is not provided by normal costs (employer and employee).

With respect to the Plan, where the ACM is the Frozen Initial Liability ("FIL") ACM, the AAL mathematically can be recast as the Unfunded AAL ("UAAL") plus the AAV. To the extent that the UAAL does not change much year to year, then the related AAL remains relatively consistent in value with the AAV each year.

With respect to the ongoing funding of the Plan, the use of the FIL ACM provides for amortizing actuarial gains and losses over the future working lifetimes of active employees. As used by the Plan, the FIL ACM generally results in funding that is more conservative (i.e., greater Employer Contributions) than that of most other Public Pension Plans.

The Entry Age Accrued Liability ("EAAL") is defined as the APV of projected benefits less the sum of the APV of future employee contributions and the APV of future employer entry age normal costs.

The EAAL is a required disclosure in accordance with Governmental Accounting Standards Board ("GASB") Statement Number 43 ("GASB 43") and GASB Statement Number 45 ("GASB 45") for Other Post-Employment Benefits ("OPEB") under certain ACM. EAAL also has been mentioned by GASB as a possible disclosure item for certain Public Pension Plans.

ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

The Entry Age ACM is the most-commonly utilized ACM for funding Public Pension Plans.

The Projected Benefit Obligation ("PBO") is defined as the APV of all benefits attributed by the Plan's benefit formula to employee service rendered prior to the valuation date. The PBO was required reporting under GASB 5 prior to its replacement by GASB 25 and GASB 27.

The Accumulated Benefit Obligation ("ABO") is determined in the same manner as the PBO but without assuming future salary increases.

The Market Value Accumulated Benefit Obligation ("MVABO") is determined in the same manner as an ABO using the same actuarial assumptions except that projected benefit payments are discounted using the expected yields on U.S. Treasury securities of like duration. The MVABO is sometimes described as a Mark-to-Market measure of Obligations.

ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

Table of Asset and Obligation Values

The following table presents the values of Assets and Obligations used to calculate alternative Funded Ratios.

Component Measures of Funded Status

(Dollar Amounts in Millions)

Valuation Date	Market Value of Assets (MVA)	Actuarial Asset Value (AAV)[#]	Actuarial Accrued Liability (AAL)*	Entry Age Accrued Liability (EAAL)**	Projected Benefit Obligation (PBO)**	Accumulated Benefit Obligation (ABO)**	Market Value Accumulated Benefit Obligation (MVABO)***
6/30/99	$40,936.0	$40,936.0	$40,936.0	$30,147.6	$27,741.3	$24,233.2	$29,754.6
6/30/00	42,824.0	42,393.6	42,418.7	34,797.5	31,910.5	28,997.5	35,572.3
6/30/01	37,251.8	43,015.4	43,087.6	36,654.3	33,471.2	30,173.2	38,378.9
6/30/02	32,842.0	43,561.1	43,619.9	38,905.2	35,474.9	32,346.4	40,851.3
6/30/03	31,524.7	42,056.0	42,244.1	40,423.5	36,924.1	33,990.8	48,897.3
6/30/04	34,177.3	40,088.2	40,236.3	42,063.6	38,340.8	35,249.0	45,583.8
6/30/04 (Lag)	34,177.3	40,638.6	40,786.7	43,010.2	39,178.9	35,081.1	45,435.8

[#] The AAV used for the June 30, 1999 to June 30, 2004 actuarial valuations assumes the AAV was reset to MVA as of June 30, 1999. As of each June 30 thereafter, the AAV recognizes Investment Returns greater or less than expected over a period of five years (six years beginning with the June 30, 2004 (Lag) actuarial valuation).

* Calculated in accordance with the Actuarial Cost Method (i.e., Frozen Initial Liability) and actuarial assumptions used for determining Employer Contributions.

** 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 U.S. Treasury Spot Rates as published by the Department of the Treasury Office of Thrift Supervision in its Selected Asset and Liability Price Tables. The Obligations shown here are more precisely determined and differ modestly from the amounts shown in prior years. The average, annual discount yields as of June 30, 1999, 2000, 2001, 2002, 2003, 2004 and 2004 (Lag) equal approximately 6.0%, 6.0%, 5.7%, 5.7%, 4.6%, 5.5% and 5.5%, respectively and the durations of the Obligations as of June 30, 1999, 2000, 2001, 2002, 2003, 2004 and 2004 (Lag) equal approximately 10.8 years, 11.2 years, 11.0 years, 10.4 years, 11.4 years, 10.8 years and 10.9 years, respectively.

ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

Table of Funded Ratios

The following table presents alternative Funded Ratios comparing Assets to Obligations, including: (1) AAV divided by AAL, (2) AAV divided by EAAL, (3) MVA divided by EAAL, (4) AAV divided by PBO, (5) MVA divided by PBO, (6) AAV divided by ABO, (7) MVA divided by ABO and (8) MVA divided by MVABO.

Funded Ratios								
Valuation Date	**AAV/AAL**	**AAV/EAAL**	**MVA/EAAL**	**AAV/PBO**	**MVA/PBO**	**AAV/ABO**	**MVA/ABO**	**MVA/MVABO**
6/30/99	100%	136%	136%	148%	148%	169%	169%	138%
6/30/00	100	122	123	133	134	146	148	120
6/30/01	100	117	102	129	111	143	123	97
6/30/02	100	112	84	123	93	135	102	80
6/30/03	100	104	78	114	85	124	93	64
6/30/04	100	95	81	105	89	114	97	75
6/30/04 (Lag)	100	94	79	104	87	116	97	75

Comments on Funded Ratios and Funding Methodology

With respect to the different Funded Ratios shown in the preceding table, the ratio of AAV/AAL is from the Schedule of Funding Progress (Schedule 1) presented in the Financial Section of this CAFR.

ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

Due to the mathematics of the FIL ACM where AAL equals AAV plus UAAL, the AAV/AAL Funded Ratios tend to remain relatively constant from year to year and provide limited insight into the ongoing financial performance of the Plan.

The Other Measures of Funded Status shown in the preceding table provide different relationships between the Assets and Obligations of the Plan and are designed to offer additional insight into the Funded Status of the Plan that the Actuary believes useful to some users.

For example, on August 31, 2006, GASB announced a short-term project to Enhance Disclosure Requirements for Governmental Pension Plans. GASB indicated that it would likely suggest additional disclosure of Funded Status in certain situations in order to provide more transparency to users of Governmental Financial Statements.

The ratios of AAV/EAAL reflect information that GASB has indicated it may request from certain Public Pension Plans, as it currently does from certain OPEB plans under GASB 43 and GASB 45, once GASB finishes its short-term project.

The ratios of AAV/PBO present information that was previously required under GASB 5 and is a comparable but somewhat different representation of the information shown in the Solvency Test presented earlier in this Section of the CAFR.

The ratios of MVA/MVABO provide information on 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.

ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

Inherent in its design, the MVA/MVABO Funded Ratio is expected to be volatile due to the impact of asset gains and losses without smoothing and the impact of changes in interest rates in the economy. Such volatility is a reflection of markets and can provide useful disclosure information. However, such volatility is not consistent with the needs of budgeting. Those budgeting needs are met by the actuarial assumptions and FIL ACM currently in use to determine Employer Contributions.

Comparing the MVA/EAAL to AAV/EAAL, MVA/PBO to AAV/PBO or MVA/ABO to AAV/ABO provides an opportunity to evaluate the degree of smoothing provided by the Actuarial Asset Valuation Method.

Comparing Funded Ratios based on the same Assets (i.e., MVA or AAV) but different definitions of Obligations (e.g., EAAL versus PBO versus ABO) provides an opportunity to evaluate the differences in those different definitions of Obligations.

Comparing MVA/ABO with MVA/MVABO provides an opportunity to compare the impact of alternative interest rates on discounting the ABO.

It should also be noted that Measures of Funded Status are best examined with more consideration of their trends over time than their values at any given point in time.

Finally, over time, it should be noted that as the City and other participating Employers pay into the Plan the actuarially-determined Employer Contributions, all Funded Ratios can be expected to increase from their current levels.

STATUTORY VS. ANNUAL REQUIRED CONTRIBUTIONS

Fiscal Year Ended	Statutory Contribution[1]	Annual Required Contribution	Employer Rate of Contribution[2]
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[3]	197,823,998	1.213
6/30/04	310,589,074[4]	542,229,450	3.526
6/30/05	822,763,025[5]	1,020,379,985	8.985
6/30/06[6]	1,024,358,175[7]	1,024,358,175	11.226

(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 statutory 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.

(3) The Statutory Contribution of $107,992,496 for Fiscal Year 2003 was computed in accordance with Chapter 125/00 which provided for a five-year phase-in of the additional actuarial 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.

(4) The Statutory Contribution of $310,589,074 for Fiscal Year 2004 was computed in accordance with Chapter 278/02 which provided for a ten-year phase-in of the additional actuarial liabilities attributable to Chapter 125/00 and Chapter 278/02.

(5) The Statutory Contribution of $822,763,025 for Fiscal Year 2005 was computed in accordance with Chapter 278/02 which provided for a ten-year phase-in of the additional actuarial liabilities attributable to Chapter 125/00 and Chapter 278/02.

(6) Based on June 30, 2004 (Lag) Actuarial Valuation.

(7) The Statutory Contribution of $1,024,358,175 thousand for Fiscal Year 2006 was computed in accordance with Chapter 152/06 which eliminated the use of ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities attributed to Chapter 125/00.

ACTIVE MEMBER VALUATION DATA

Valuation Date	Number	Annual Payroll	Average Annual Salary	Percentage Increase in Average Salary
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
6/30/03	173,434	8,807,618,852	50,784	1.3
6/30/04	174,997	9,157,412,418	52,329	3.0
6/30/04 (Lag)	174,997	9,361,185,982*	53,493	5.3**

* The annualized covered payroll under the One-Year Lag Methodology used for the Fiscal Year 2006 Employer Contributions differs from that as of June 30, 2004 to compute Fiscal Year 2005 Employer Contributions due to changes in actuarial assumptions and more recent information on labor contract settlements.

** Increase from June 30, 2003.

PARTICIPATING EMPLOYERS

	June 30, 2004 (Lag)[1]		June 30, 1996[1]	
Employer	Number of Employees	Annual Payroll	Number of Employees	Annual Payroll
City of New York	92,164	$4,847,896,337	88,389	$3,430,604,251
NYC Transit Authority	39,114	2,320,196,835	35,735	1,684,846,330
NYC Housing Authority	12,942	601,795,566	13,068	438,277,178
NYC Health and Hospitals Corporation	27,843	1,438,000,593	24,200	919,098,201
NYC Triborough Bridge and Tunnel Authority	1,626	100,164,347	1,275	69,625,708
NYC Off-Track Betting Corporation	1,184	43,381,992	1,091	33,801,452
NYC School Construction Authority	47	3,943,024	29	1,936,314
NYC Housing Development Corporation	46	3,523,667	8	420,123
NYC Residential Mortgage Insurance Corporation[2]	4	305,678	2	101,577
New York State	15	906,359	36	1,621,346
NYC Water Municipal Authority	12	1,071,584	1	31,542
Total	174,997	$9,361,185,982	163,834	$6,580,364,022

(1) The Number of Employees and their corresponding salaries (Annual Payroll) includes only those who were on the payroll as of June 30.

(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.

NUMBER AND SALARY OF ACTIVE MEMBERS BY OCCUPATIONAL POSITION AS OF JUNE 30, 2004 (LAG) ACTUARIAL VALUATION[1]

Occupation	Number	Annual Payroll	Average Annual Salary
Career Pension Plan Positions	121,070	$5,977,595,375	$49,373
Transit Operating Positions	35,683	2,077,691,035	58,226
Triborough Bridge and Tunnel	1,626	100,164,347	61,602
Sanitation Workers	7,354	522,468,338	71,045
Transit and Housing Police Forces[2]	0	0	0
Correction Force	9,264	683,266,887	73,755
Total	174,997	$9,361,185,982	$53,493

(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.

NUMBER OF ACTIVE MEMBERS BY OCCUPATIONAL POSITION AND AGE AS OF JUNE 30, 2004 (LAG) ACTUARIAL VALUATION[1]

Age	Total	Career Pension Plan	Transit Operating	TBTA	Sanitation	Housing & Transit Police[2]	Correction
20 – 24	1,463	1,138	162	27	105	0	31
25 – 29	6,829	4,923	854	107	538	0	407
30 – 34	12,474	8,083	2,371	218	842	0	960
35 – 39	22,226	13,726	4,820	224	1,151	0	2,305
40 – 44	31,828	20,105	6,986	284	1,409	0	3,044
45 – 49	32,824	22,661	6,978	297	1,183	0	1,705
50 – 54	29,756	21,050	6,404	237	1,376	0	689
55 – 59	21,597	16,362	4,371	163	588	0	113
60 – 64	11,161	8,922	2,051	49	133	0	6
65 – 69	3,568	2,958	571	13	24	0	2
70 – 74	1,271	1,142	115	7	5	0	2
Total	174,997	121,070	35,683	1,626	7,354	0	9,264

[1] Member count for this schedule represents only members receiving salary as of June 30, 2004.

[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.

NUMBER OF ACTIVE MEMBERS BY OCCUPATIONAL POSITION AND YEARS OF SERVICE AS OF JUNE 30, 2004 (LAG) ACTUARIAL VALUATION[1]

Years of Service	Total	Career Pension Plan	Transit Operating	TBTA	Sanitation	Housing & Transit Police[2]	Correction
Under 5	42,404	32,479	6,336	708	1,618	0	1,263
5 – 9	35,545	25,492	6,909	175	1,248	0	1,721
10 – 14	33,391	23,542	6,544	255	1,209	0	1,841
15 – 19	33,777	19,699	7,844	206	2,180	0	3,848
20 – 24	18,487	11,391	5,522	205	879	0	490
25 – 29	5,210	3,460	1,526	49	111	0	64
30 – 34	4,903	3,938	809	27	94	0	35
35 – 39	1,034	856	166	1	11	0	0
40 – 44	246	213	27	0	4	0	2
Total	174,997	121,070	35,683	1,626	7,354	0	9,264

(1) Member count for this schedule represents only members receiving salary as of June 30, 2004.

(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.

RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

Fiscal Year Ended	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase In Annual Allowances	Average Annual Allowances	% Increase In Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number[1]	Annual Allowances[1]			
6/30/00	5,289	$115,346,545	4,408	$54,394,949	122,761	$1,980,584,134	3.2%	$16,134	2.4%
6/30/01	6,016	362,105,133	4,819	60,066,235	123,958	2,282,623,032	15.2	18,414	14.1
6/30/02	4,188	138,015,691	4,669	73,179,634	123,477	2,347,459,089	2.8	19,011	3.2
6/30/03	9,162	262,015,975	4,614	73,188,882	128,025	2,536,286,182	8.0	19,811	4.2
6/30/04[2]	4,205	148,280,745	4,885	78,618,501	127,345	2,605,948,426	2.7	20,464	3.3

(1) Number at End of Year and Annual Allowances include all those and only those retirants on pension payroll for amounts actually paid.

(2) Same amounts apply for June 30, 2004 (Lag) actuarial valuation.

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, 2004 (Lag)

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

ACTIVE VALUATION AS OF JUNE 30, 2004 (LAG)

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	13	-	-	-	-	-	-	-	-	-	13
20 TO 24	1,418	32	-	-	-	-	-	-	-	-	1,450
25 TO 29	5,757	1,046	26	-	-	-	-	-	-	-	6,829
30 TO 34	6,978	4,357	1,105	34	-	-	-	-	-	-	12,474
35 TO 39	7,216	6,657	5,746	2,536	71	-	-	-	-	-	22,226
40 TO 44	6,820	7,037	7,752	8,533	1,654	32	-	-	-	-	31,828
45 TO 49	5,789	6,126	6,674	8,119	5,199	859	58	-	-	-	32,824
50 TO 54	4,145	4,621	5,282	6,388	5,375	2,167	1,684	94	-	-	29,756
55 TO 59	2,684	3,324	3,678	4,572	3,585	1,312	2,025	408	9	-	21,597
60 TO 64	1,179	1,619	2,117	2,486	1,903	622	779	369	87	-	11,161
65 TO 69	326	584	784	821	489	145	235	111	73	-	3,568
70 & UP	79	142	227	288	211	73	122	52	77	-	1,271
UNKNOWN	-	-	-	-	-	-	-	-	-	-	-
TOTAL	42,404	35,545	33,391	33,777	18,487	5,210	4,903	1,034	246	-	174,997
SALARIES (IN THOUSANDS):											
UNDER 20	431	-	-	-	-	-	-	-	-	-	431
20 TO 24	47,325	1,410	-	-	-	-	-	-	-	-	48,735
25 TO 29	224,336	47,222	1,222	-	-	-	-	-	-	-	272,780
30 TO 34	300,747	219,597	57,536	1,961	-	-	-	-	-	-	579,841
35 TO 39	325,883	345,486	318,716	160,436	4,562	-	-	-	-	-	1,155,083
40 TO 44	317,043	366,837	436,101	528,534	102,016	1,887	-	-	-	-	1,752,418
45 TO 49	277,081	324,866	377,184	483,763	313,759	54,352	3,148	-	-	-	1,834,153
50 TO 54	199,662	246,006	292,605	374,417	329,462	141,246	99,253	4,997	-	-	1,687,648
55 TO 59	128,317	172,510	195,838	249,215	206,418	83,638	126,292	24,516	581	-	1,187,325
60 TO 64	56,168	80,390	111,588	130,242	102,931	36,905	46,257	22,783	5,231	-	592,495
65 TO 69	15,901	28,831	40,109	42,782	26,344	8,576	14,015	6,631	4,691	-	187,880
70 & UP	3,113	6,565	11,085	13,667	10,130	3,715	6,248	2,876	4,958	-	62,357
UNKNOWN	-	-	-	-	-	-	-	-	-	-	-
TOTAL	1,896,007	1,839,720	1,841,984	1,985,017	1,095,622	330,319	295,213	61,803	15,461	-	9,361,180
AVERAGE SALARIES:											
UNDER 20	33,227	-	-	-	-	-	-	-	-	-	33,227
20 TO 24	33,375	44,067	-	-	-	-	-	-	-	-	33,611
25 TO 29	38,968	45,146	47,014	-	-	-	-	-	-	-	39,945
30 TO 34	43,099	50,401	52,069	57,701	-	-	-	-	-	-	46,484
35 TO 39	45,161	51,898	55,468	63,263	64,266	-	-	-	-	-	51,970
40 TO 44	46,487	52,130	56,257	61,940	61,679	58,985	-	-	-	-	55,059
45 TO 49	47,863	53,031	56,515	59,584	60,350	63,274	54,286	-	-	-	55,879
50 TO 54	48,170	53,237	55,397	58,613	61,295	65,181	58,939	53,166	-	-	56,716
55 TO 59	47,808	51,899	53,246	54,509	57,578	63,749	62,367	60,088	64,616	-	54,977
60 TO 64	47,641	49,654	52,710	52,390	54,089	59,334	59,381	61,744	60,130	-	53,087
65 TO 69	48,779	49,370	51,160	52,111	53,875	59,145	59,641	59,739	64,264	-	52,658
70 & UP	39,415	46,234	48,837	47,457	48,012	50,895	51,217	55,323	64,402	-	49,066
UNKNOWN	-	-	-	-	-	-	-	-	-	-	-
TOTAL	44,713	51,758	55,164	58,768	59,265	63,402	60,211	59,773	62,858	-	53,493

OFFICE OF THE ACTUARY 12/14/2006

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, 2004 (Lag)

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

PENSIONER VALUATION AS OF JUNE 2004 (LAG)

SUMMARY BY CAUSE AND SEX

	MALE			FEMALE			BOTH MALE & FEMALE		
AGE	NUMBER	BENEFITS	AVERAGE	NUMBER	BENEFITS	AVERAGE	NUMBER	BENEFITS	AVERAGE
ACCIDENTAL DISABILITY:									
UNDER 30	2	27,368	13,684	0	0	0	2	27,368	13,684
30 TO 34	11	311,823	28,348	1	22,622	22,622	12	334,445	27,870
35 TO 39	100	3,468,702	34,687	21	631,707	30,081	121	4,100,409	33,888
40 TO 44	200	7,574,181	37,871	35	1,192,680	34,077	235	8,766,861	37,306
45 TO 49	206	7,447,161	36,151	32	1,142,871	35,715	238	8,590,032	36,093
50 TO 54	320	10,636,439	33,239	27	934,367	34,606	347	11,570,806	33,345
55 TO 59	618	18,743,850	30,330	27	672,115	24,893	645	19,415,965	30,102
60 TO 64	662	18,890,226	28,535	26	673,525	25,905	688	19,563,751	28,436
65 TO 69	405	11,756,966	29,030	27	655,763	24,288	432	12,412,729	28,733
70 TO 74	325	8,673,653	26,688	27	632,224	23,416	352	9,305,877	26,437
75 TO 79	262	7,043,802	26,885	19	410,496	21,605	281	7,454,298	26,528
80 TO 84	165	4,123,252	24,989	17	308,644	18,156	182	4,431,896	24,351
85 TO 89	57	1,294,781	22,715	5	76,215	15,243	62	1,370,996	22,113
90 & UP	13	289,203	22,246	5	104,598	20,920	18	393,801	21,878
TOTAL	3,346	100,281,407	29,971	269	7,457,827	27,724	3,615	107,739,234	29,803
ORDINARY DISABILITY:									
UNDER 30	0	0	0	0	0	0	0	0	0
30 TO 34	11	152,588	13,872	4	70,720	17,680	15	223,308	14,887
35 TO 39	74	1,074,686	14,523	33	472,524	14,319	107	1,547,210	14,460
40 TO 44	287	4,401,168	15,335	128	1,686,383	13,175	415	6,087,551	14,669
45 TO 49	516	7,515,867	14,566	160	2,052,691	12,829	676	9,568,558	14,155
50 TO 54	773	11,941,265	15,448	337	4,268,545	12,666	1,110	16,209,810	14,603
55 TO 59	1,240	19,411,218	15,654	428	5,404,789	12,628	1,668	24,816,007	14,878
60 TO 64	1,268	19,748,174	15,574	502	5,744,383	11,443	1,770	25,492,557	14,403
65 TO 69	808	11,692,866	14,471	333	3,383,446	10,160	1,141	15,076,312	13,213
70 TO 74	468	6,629,992	14,167	160	1,398,582	8,741	628	8,028,574	12,784
75 TO 79	367	5,375,629	14,647	99	758,009	7,657	466	6,133,638	13,162
80 TO 84	210	2,977,244	14,177	59	504,117	8,544	269	3,481,361	12,942
85 TO 89	62	834,932	13,467	33	220,160	6,672	95	1,055,092	11,106
90 & UP	7	61,850	8,836	27	278,509	10,315	34	340,359	10,011
TOTAL	6,091	91,817,479	15,074	2,303	26,242,858	11,395	8,394	118,060,337	14,065
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	99,511	33,170	0	0	0	3	99,511	33,170
40 TO 44	306	9,708,191	31,726	96	2,840,500	29,589	402	12,548,691	31,216
45 TO 49	751	23,824,490	31,724	217	6,324,548	29,145	968	30,149,038	31,146
50 TO 54	2,158	74,075,211	34,326	352	9,124,945	25,923	2,510	83,200,156	33,147
55 TO 59	6,550	225,986,547	34,502	2,543	66,220,208	26,040	9,093	292,206,755	32,135
60 TO 64	10,422	322,326,947	30,928	4,777	105,221,201	22,027	15,199	427,548,148	28,130
65 TO 69	11,587	300,123,946	25,902	5,993	108,288,352	18,069	17,580	408,412,298	23,232
70 TO 74	10,196	235,904,506	23,137	5,614	86,890,591	15,477	15,810	322,795,097	20,417
75 TO 79	9,618	207,836,735	21,609	5,521	75,616,629	13,696	15,139	283,453,364	18,723
80 TO 84	7,178	143,897,043	20,047	5,224	59,527,349	11,395	12,402	203,424,392	16,403
85 TO 89	3,782	65,875,741	17,418	3,576	34,701,599	9,704	7,358	100,577,340	13,669
90 & UP	1,731	29,012,873	16,761	2,140	21,289,066	9,948	3,871	50,301,939	12,995
TOTAL	64,282	1,638,671,741	25,492	36,053	576,044,988	15,978	100,335	2,214,716,729	22,073

NEW YORK CITY EMPLOYEES RETIREMENT SYSTEM PAGE: 2
PENSIONER VALUATION AS OF JUNE 2004 (LAG)

SUMMARY BY CAUSE AND SEX

	MALE			FEMALE			BOTH MALE & FEMALE		
AGE	NUMBER	BENEFITS	AVERAGE	NUMBER	BENEFITS	AVERAGE	NUMBER	BENEFITS	AVERAGE
ACCIDENTAL DEATH:									
UNDER 30	0	0	0	7	183,548	26,221	7	183,548	26,221
30 TO 34	0	0	0	1	37,645	37,645	1	37,645	37,645
35 TO 39	0	0	0	4	107,149	26,787	4	107,149	26,787
40 TO 44	1	24,202	24,202	2	49,225	24,613	3	73,427	24,476
45 TO 49	0	0	0	5	123,266	24,653	5	123,266	24,653
50 TO 54	0	0	0	7	183,947	26,278	7	183,947	26,278
55 TO 59	0	0	0	8	139,612	17,452	8	139,612	17,452
60 TO 64	1	55,088	55,088	13	251,041	19,311	14	306,129	21,866
65 TO 69	0	0	0	15	222,848	14,857	15	222,848	14,857
70 TO 74	0	0	0	8	126,255	15,782	8	126,255	15,782
75 TO 79	0	0	0	9	201,219	22,358	9	201,219	22,358
80 TO 84	0	0	0	9	127,484	14,165	9	127,484	14,165
85 TO 89	0	0	0	8	128,925	16,116	8	128,925	16,116
90 & UP	0	0	0	13	186,136	14,318	13	186,136	14,318
TOTAL	2	79,290	39,645	109	2,068,300	18,975	111	2,147,590	19,348
OTHER BENEFICIARIES:									
UNDER 30	207	1,955,076	9,445	76	680,612	8,955	283	2,635,688	9,313
30 TO 34	34	285,855	8,408	42	454,486	10,821	76	740,341	9,741
35 TO 39	40	335,779	8,394	80	733,066	9,163	120	1,068,845	8,907
40 TO 44	51	358,005	7,020	95	827,902	8,715	146	1,185,907	8,123
45 TO 49	58	366,842	6,325	164	1,496,162	9,123	222	1,863,004	8,392
50 TO 54	76	530,311	6,978	244	3,071,772	12,589	320	3,602,083	11,257
55 TO 59	78	506,879	6,498	414	5,709,879	13,792	492	6,216,758	12,636
60 TO 64	75	529,878	7,065	660	9,413,763	14,263	735	9,943,641	13,529
65 TO 69	66	440,029	6,667	945	12,842,349	13,590	1,011	13,282,378	13,138
70 TO 74	77	460,996	5,987	1,432	19,189,813	13,401	1,509	19,650,809	13,022
75 TO 79	89	796,641	8,951	2,280	26,876,554	11,788	2,369	27,673,195	11,681
80 TO 84	107	710,199	6,637	2,948	30,800,692	10,448	3,055	31,510,891	10,315
85 TO 89	74	402,247	5,436	2,586	25,459,752	9,845	2,660	25,861,999	9,723
90 & UP	78	441,540	5,661	1,814	17,607,457	9,706	1,892	18,048,997	9,540
TOTAL	1,110	8,120,277	7,316	13,780	155,164,259	11,260	14,890	163,284,536	10,966
ALL PENSIONERS AND BENEFICIARIES:									
UNDER 30	209	1,982,444	9,485	83	864,160	10,412	292	2,846,604	9,749
30 TO 34	56	750,266	13,398	48	585,473	12,197	104	1,335,739	12,844
35 TO 39	217	4,978,678	22,943	138	1,944,446	14,090	355	6,923,124	19,502
40 TO 44	845	22,065,747	26,113	356	6,596,690	18,530	1,201	28,662,437	23,865
45 TO 49	1,531	39,154,360	25,574	578	11,139,538	19,273	2,109	50,293,898	23,847
50 TO 54	3,327	97,183,226	29,210	967	17,583,576	18,184	4,294	114,766,802	26,727
55 TO 59	8,486	264,648,494	31,186	3,420	78,146,603	22,850	11,906	342,795,097	28,792
60 TO 64	12,428	361,550,313	29,092	5,978	121,303,913	20,292	18,406	482,854,226	26,234
65 TO 69	12,866	324,013,807	25,184	7,313	125,392,758	17,147	20,179	449,406,565	22,271
70 TO 74	11,066	251,669,147	22,743	7,241	108,237,465	14,948	18,307	359,906,612	19,660
75 TO 79	10,336	221,052,807	21,387	7,928	103,862,907	13,101	18,264	324,915,714	17,790
80 TO 84	7,660	151,707,738	19,805	8,257	91,268,286	11,053	15,917	242,976,024	15,265
85 TO 89	3,975	68,407,701	17,209	6,208	60,586,651	9,759	10,183	128,994,352	12,668
90 & UP	1,829	29,805,466	16,296	3,999	39,465,766	9,869	5,828	69,271,232	11,886
TOTAL	74,831	1,838,970,194	24,575	52,514	766,978,232	14,605	127,345	2,605,948,426	20,464

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, 2006

PART 5

STATISTICAL SECTION

CASH RECEIPTS AND DISBURSEMENTS
Fiscal Year Ended June 30, 2006
(in thousands)

Cash balance July 1, 2005	**$285,074**
Receipts:	
Members' Contributions	**341,502**
Employers' Contributions	**1,035,603**
Members' Loan Payments	**260,133**
Interest and Dividends	**974,504**
Investments Redeemed	**81,414,085**
Miscellaneous	
Total Cash Receipts	**$84,025,827**
Total Cash Available	**$84,310,901**
Disbursements:	
Benefit Payments and withdrawals	**2,903,464**
Transfers to other retirement systems	**9,515**
Loans to members	**294,241**
Investments Purchased	**80,851,671**
Investments Expenses	**65,605**
Administrative Expenses	**36,841**
Miscellaneous	**148,662**
Total Cash Disbursements	**$84,309,999**
Cash balance June 30, 2006	**$902**

TABLE OF REVENUE BY SOURCE
Fiscal Years Ended 1997 through 2006
(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 **
2006	$ 341,643	-	$ 341,643	$ 1,024,358	$ 3,405,699	$ 2,937	$ 4,774,637	11.2
2005	310,847	-	310,847	822,763	3,077,633	33,327	4,244,570	9.0
2004	298,263	-	298,263	310,589	4,811,766	10,194	5,430,812	3.5
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	2.1
1998	537,523	274,288	263,235	211,096	6,763,626	0	7,237,957	3.1
1997	495,872	280,842	215,030	206,899	6,212,351	99	6,634,379	3.1

* 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.

The employer rates of contribution equal the employer contributions as percentages of the annual covered payroll 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.

The annualized covered payroll under the One-Year Lag Methodology used for fiscal year 2006 employer contributions differ from that as of June 30, 2004 to compute fiscal year 2005 employer contributions due to changes in actuarial assumptions and more recent information on labor contract settlements.

TABLE OF BENEFIT EXPENSES BY TYPE
Fiscal Years 1997 through 2006

(in thousands of dollars)

FISCAL YEAR ENDED JUNE 30	TOTAL RETIREMENT BENEFITS	TOTAL DEATH BENEFITS	OTHER	CHANGE IN ACCRUED BENEFITS PAYABLE	TOTAL BENEFIT PAYMENTS
2006	$2,753,213	$99,298	$34,411	$25,831	$2,912,753
2005	2,667,860	96,992	38,221	(9,477)	2,793,596
2004	2,616,435	79,296	24,215	(44,773)	2,675,173
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

TABLE OF TOTAL EXPENSES BY TYPE
Fiscal Years 1997 through 2006

(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			
2006	$2,912,753	$10,817	$29,835	$8,818	$10,278	$40,291	$3,012,792
2005	2,793,596	9,854	32,494	7,344	14,983	37,307	2,895,578
2004	2,675,173	7,780	32,602	4,981	22,044	35,559	2,778,139
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

*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.

TABLE OF BENEFITS PAID
Fiscal Years 1997 through 2006
(in thousands of dollars)

Fiscal Year	Retirement Allowances	Member Loans		Refunds	Death Benefits In Service	Death Benefits After Retirement
Ended June 30	Amount Paid	Amount Paid	No. Loans	Amount Paid	Amount Paid	Amount Paid
2006	$ 2,753,213	$ 293,691	47,039	$ 49,470	$ 63,048	$ 36,250
2005	2,667,860	273,890	48,770	49,692	64,772	32,220
2004	2,616,435	281,906	52,342	45,363	48,087	31,209
2003	2,499,828	278,295	53,747	81,882	57,912	35,915
2002	2,348,951	276,153	49,520	121,151	55,266	39,014
2001	2,223,630	330,850	54,521	43,270	51,530	42,271
2000	1,959,763	315,615	57,264	39,922	39,753	42,707
1999	1,909,765	277,931	55,644	29,892	48,538	52,947
1998	1,819,322	274,288	57,346	24,188	44,395	47,056
1997	1,758,885	280,842	58,089	24,011	41,139	51,482

Refunds from members' accounts include refunds to members who: separated from City service, had made deductions in error, or were entitled to an excess after reaching the required years of service for their plan.

FOREWORD

In the following five tables detailing the retirement experience for 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.

The two tables of retirement payments by type, on the other hand, reflect the profiles of the entire retiree population and the type of options under which they are receiving benefits.

New York City Employees' Retirement System

TABLE OF AVERAGE ANNUAL BENEFIT PAYMENTS
SERVICE RETIREMENT EXPERIENCE – 10 YEAR HISTORY
Calendar Years 1996 – 2005

YEAR OF RETIREMENT	Years of Credited Service									
	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	SUMMARY
2005										
AVG. RETIREMENT ALLOW.	0	$5,323	$9,569	$13,949	$30,459	$33,866	$42,530	$48,364	$57,950	$29,626
% OF SALARY BASE	0	12	20	28	47	52	68	76	93	49
NO.OF RETIREES INCLUDED	0	172	387	479	1,564	797	594	292	58	4,343
2004										
AVG. RETIREMENT ALLOW.	0	5,307	8,674	13,409	30,196	33,437	42,304	51,988	65,482	28,915
% OF SALARY BASE	0	12	19	28	47	52	66	76	96	48
NO.OF RETIREES INCLUDED	0	179	351	415	1,344	544	524	218	42	3,617
2003										
AVG. RETIREMENT ALLOW.	0	4,937	8,839	13,165	30,570	35,504	41,801	51,788	60,528	29,128
% OF SALARY BASE	0	12	20	29	48	55	66	75	95	49
NO.OF RETIREES INCLUDED	0	141	302	299	933	419	472	146	32	2,744
2002										
AVG. RETIREMENT ALLOW.	0	4,884	8,624	14,148	25,332	33,134	43,573	52,926	66,157	30,937
% OF SALARY BASE	0	13	21	31	46	60	71	81	105	57
NO.OF RETIREES INCLUDED	0	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

New York City Employees' Retirement System

SERVICE RETIREMENT EXPERIENCE
TABLE OF AVERAGE RETIREMENT ALLOWANCE BY AGE AND YEARS OF SERVICE
Calendar Year 2005

AGE AT RETIREMENT																		
	UNDER 50			50-54			55-59			60-64			65-69			70 AND OVER		
Years of Service	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							$5,555	41	11	$5,131	63	12	$5,600	49	12	$4,750	19	12
10-14.9	$17,410	5	31	$8,741	4	13	8,123	68	17	9,359	147	20	10,425	126	20	9,180	37	20
15-19.9	24,965	6	41	15,656	18	37	12,460	77	27	13,963	208	28	14,130	139	28	13,630	31	28
20-24.9	35,242	485	49	36,716	288	50	29,427	209	46	24,030	388	44	23,461	155	42	22,107	39	44
25-29.9	39,018	26	53	37,599	150	53	33,524	301	52	32,214	232	53	31,213	69	52	32,598	19	53
30-34.9	50,095	4	68	46,066	98	67	42,839	274	67	39,768	154	67	42,203	49	70	41,204	15	74
35-39.9				42,419	23	75	49,679	172	75	49,448	70	76	42,779	23	77	39,181	4	79
40 and Over							54,344	5	89	50,862	32	86	69,263	15	98	70,480	6	27
Summary	**35,254**	**526**	**49**	**37,901**	**581**	**54**	**33,596**	**1,147**	**54**	**25,204**	**1,294**	**46**	**21,492**	**625**	**40**	**20,774**	**170**	**42**

New York City Employees' Retirement System

SERVICE RETIREMENT EXPERIENCE
TABLE OF DISTRIBUTION OF RETIREMENT ALLOWANCE BY AGE
Calendar Year 2005

	AGE AT RETIREMENT						
Allowance Range	**Under 50**	**50-54**	**55-59**	**60-64**	**65-69**	**70 and Older**	**TOTAL**
$1,999 or Less			2	1	4		**7**
2,000-3,999			17	26	17	13	**73**
4,000-5,999		2	44	42	28	10	**126**
6,000-7,999		3	29	72	54	12	**170**
8,000-9,999		3	41	80	54	16	**194**
10,000-11,999		7	25	69	40	11	**152**
12,000-13,999	1	3	42	86	51	13	**196**
14,000-15,999	1	4	31	66	45	18	**165**
16,000-17,999	1	5	29	76	36	6	**153**
18,000-19,999	2	4	22	69	24	4	**125**
20,000-21,999	1	9	20	56	42	7	**135**
22,000-23,999	3	9	31	69	28	6	**146**
24,000-25,999	1	17	51	59	20	9	**157**
26,000-27,999	7	14	43	51	28	5	**148**
28,000-29,999	41	25	64	45	25	2	**202**
30,000-31,999	87	38	50	51	16	5	**247**
32,000-33,999	107	46	53	45	17	5	**273**
34,000-35,999	89	62	61	39	11	5	**267**
36,000-37,999	73	71	68	36	7	2	**257**
38,000-39,999	99	240	391	239	73	21	**1,063**
$40,000 or More	13	19	33	17	5		**87**
TOTAL	**526**	**581**	**1,147**	**1,294**	**625**	**170**	**4,343**

New York City Employees' Retirement System

SERVICE RETIREMENT EXPERIENCE
TABLE OF DISTRIBUTION OF RETIREMENT ALLOWANCE BY YEARS OF SERVICE
Calendar Year 2005

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		7								**7**
2,000 - 3,999		60	13							**73**
4,000 - 5,999		53	67	6						**126**
6,000 - 7,999		26	92	50	2					**170**
8,000 - 9,999		17	74	92	11					**194**
10,000 - 11,999		3	49	69	30	1				**152**
12,000 - 13,999		4	33	70	82	7				**196**
14,000 - 15,999			29	48	65	23				**165**
16,000 - 17,999			13	44	57	31	7	1		**153**
18,000 - 19,999			6	28	52	26	12	1		**125**
20,000 - 21,999			4	30	48	28	23	2		**135**
22,000 - 23,999		2	4	17	58	39	23	3		**146**
24,000 - 25,999			1	4	59	54	29	9	1	**157**
26,000 - 27,999				5	58	42	33	8	2	**148**
28,000 - 29,999				5	94	51	35	14	3	**202**
30,000 - 31,999			2	1	154	64	17	8	1	**247**
32,000 - 33,999				4	177	50	22	19	1	**273**
34,000 - 35,999				1	168	59	24	15		**267**
36,000 - 37,999				2	163	48	28	14	2	**257**
38,000 - 39,999				3	254	246	325	187	48	**1,063**
$40,000 or More					32	28	16	11		**87**
TOTAL		**172**	**387**	**479**	**1,564**	**797**	**594**	**292**	**58**	**4,343**

New York City Employees' Retirement System

TABLE OF BENEFIT EXPERIENCE: ORDINARY DISABILITY RETIREMENT
Calendar Years 1996 through 2005

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
2005	490	53	18	$50,072	$18,026	36
2004	500	52	17	48,614	17,015	35
2003	428	52	16	47,914	16,770	35
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

TABLE OF BENEFIT EXPERIENCE: ACCIDENTAL DISABILITY RETIREMENT*
Calendar Years 1996 through 2005

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
2005	100	46	NOT APPLICABLE	$59,720	$44,193	74
2004	86	45		58,529	42,141	72
2003	73	43		56,039	42,029	75
2002	48	41		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

*It is to be noted that certain accidental disability benefits are reduced by amounts awarded by the Workers' Compensation Board of the N.Y. State Department of Labor.

TABLE OF PENSIONERS AND BENEFICIARIES

Fiscal Years 1997 through 2006

Fiscal Year Ended June 30	New Pensioners	Terminated Pensioners	Net Change	Total Number	Percentage Change
2006	5,394	3,111	2,283	138,476	1.68
2005	5,013	4,328	685	136,193	.51
2004	4,086	4,187	(101)	135,508	(.07)
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)

TABLE OF ACTIVE MEMBERS

Fiscal Years 1997 through 2006

Fiscal Year Ended June 30	Number of Entrants During Year	Number of Withdrawals During Year	Net Change	Total Membership	Percentage Change
2006	12,754	5,129	7,625	232,334	3.39
2005	10,397	11,816	(1,419)	224,709	(.63)
2004	9,894	10,974	(1,080)	226,128	(.48)
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)

RETIRED MEMBERS BY TYPE OF BENEFIT

AS OF JUNE 30, 2006

Benefit Types	Number Of Retirees*	Service	Disability (Non-Duty)	Disability and Deaths (Duty)
Single Life	69,627	60,688	5,665	3,274
Joint and Survivor	27,459	25,992	1,190	277
Lump Sum or Term Certain	16,534	14,333	1,850	351
Advanced payments – no option selected yet	1,891	1,612	264	15
Surviving Annuitants	15,502	13,651	1,623	228
Total	131,013	116,276	10,592	4,145

Includes retirees and beneficiaries who received a retirement payment on the pensioners' payroll as of June 30, 2006. 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 since the cases are still open.

New York City Employees' Retirement System

Table of Retirement Benefits by Type
10 Year History

Fiscal Years 1997 through 2006

Year ended June 30	Age and Service		Disability (non-duty)		Disability (duty)		Surviving Beneficiaries		Totals	
	number of recipients	annualized benefits	number of recipients	annualized benefits	number of recipients	annualized benefits	number of recipients	annualized benefits	number of recipients	annualized benefits
2006	102,625	$ 2,378,419,392	8,969	$ 133,361,592	3,917	$ 110,503,836	15,502	$ 186,999,924	131,013	$ 2,809,284,744
2005	101,921	$ 2,288,601,642	8,786	$ 124,763,498	3,846	$ 105,608,405	15,311	$ 178,453,060	129,864	$ 2,697,426,605
2004	101,724	$ 2,230,650,993	8,588	$ 119,838,980	3,825	$ 102,764,472	15,262	$ 170,549,892	129,399	$ 2,693,805,337
2003	101,188	$ 2,159,162,758	8,423	$ 116,896,912	3,435	$ 100,007,789	14,979	$ 160,218,723	128,025	$ 2,536,286,182
2002	96,883	$ 1,980,699,337	8,268	$ 112,982,540	3,442	$ 98,640,449	14,884	$ 155,136,763	123,477	$ 2,347,459,089
2001	97,280	$ 1,921,851,169	8,049	$ 107,209,652	3,472	$ 97,929,609	15,157	$ 155,596,602	123,958	$ 2,282,587,032
2000	96,575	$ 1,680,667,117	7,869	$ 93,396,998	3,456	$ 81,692,349	14,861	$ 124,827,670	122,761	$ 1,980,584,134
1999	95,777	$ 1,628,577,045	7,562	$ 87,944,093	3,353	$ 76,414,984	15,188	$ 126,696,416	121,880	$ 1,824,455,453
1998	96,850	$ 1,562,166,481	7,290	$ 79,227,647	3,376	$ 72,354,827	14,922	$ 110,706,498	122,623	$ 1,787,386,099
1997	97,404	$ 1,532,697,949	7,032	$ 75,568,392	3,453	$ 73,004,953	14,734	$ 106,114,805	122,623	$ 1,787,386,099