

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

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

Participation

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

Exceptions: If a person was already a participant of the 57/5 Retirement Plan when they were mandated into the T25/55 Plan on December 15, 2000, they had the option to remain in the 57/5 Plan by filing an election form with NYCERS. **This option has expired.**

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

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

Contributions

Participants in the T25/55 Plan are required to contribute 2% of their pensionable gross wages effective with the first full pay period after December 15, 2000. Prior to December 15, 2000, the required contribution was 3% of their pensionable gross wages. These contributions are referred to as Basic Member Contributions (BMCs) and they are held in the Member Contribution Accumulation Fund (MCAF). Participants are required to pay BMCs for as long as they remain in service; BMCs do not stop after 10 years as is the case with other Tier 4 members.

Additional Member Contributions (AMCs) are **no longer required** for T25/55 participants as of the first full pay period after December 15, 2000. Prior to that date, participants in the T25/55 Plan were required to pay Additional Member Contributions of 2.3% of pensionable gross wages for all Allowable Service in the Transit Authority rendered between August 28, 1994 and December 15, 2000.

AMCs are maintained in the Retirement Reserve Fund (RRF) which is an account maintained separately from the MCAF account.

Both funds earn interest at a rate of 5%, compounded annually.

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

Note: If participants were previously enrolled in another special plan, AMCs may still be required under the previous plan(s).

Deficits

Failure to pay any of the required BMCs will result in a deficit in the MCAF. If the deficit is identified prior to retirement, NYCERS will notify the participant so they can resolve the deficit. If there is an unresolved deficit at retirement in the MCAF, NYCERS will notify the participant of the choice to either pay the deficit in full or apply an actuarial reduction (a lifetime reduction to their pension based on their deficit amount) to resolve the deficit. Unpaid deficits may also impact disability and death benefits.

Loans

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

Allowable Service in the Transit Authority

Allowable Service in the Transit Authority (Allowable Service) is a special term used in the T25/55 Plan. It is defined as membership service and purchased service while employed by the NYCTA. Allowable service includes transit hourly-paid employees, transit annually-paid operating employees and transit annually-paid non-operating employees. Allowable Service also includes certain Military and Union Leave Service, and service purchased by a Transit member who has been appointed off a civil service list and is not immediately certified for deductions.

Allowable Service **does not** include other public service rendered in New York State or New York City, e.g., service rendered in a clerical position in another agency.

This is significant because only Allowable Service can be used to qualify for service retirement.

Buyback

T25/55 Plan participants may purchase previous public service rendered anywhere in New York City or New York State, but only previous service rendered in a TOF position will count as Allowable Service. Purchasing service could be beneficial for anyone **not** eligible to meet the qualifying age and service requirements for this plan. The cost is 3% of the wages earned during the period they are buying back, plus 5% interest compounded annually from the date of their previous service until the date of payment.

Military Buyback

Federal and state laws allow members to purchase service credit for time spent in U.S. Military service – the Uniformed Services Employment and Reemployment Rights Act (USERRA) and Article 20 of the New York State Retirement and Social Security Law (RSSL), respectively. Under Article 20, the cost is 3% *times* the number of years of military service being purchased *times* the salary they earned during the 12 months prior to the date of their application. Under USERRA, the cost is the equivalent of the contributions required if they had never left for military service. No interest is charged on military buyback.

Refunds

Refund of AMCs:

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

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

- ▶ Be a current or former member of the Transport Workers Union, Local 100 with an RRF balance on December 16, 2005, **or**
- ▶ Be a current or former member of the Amalgamated Transit Union with an RRF balance on December 28, 2005.

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

Refund of BMCs:

T25/55 Plan participants who have rendered less than 10 years of Credited Service and who leave City service may apply for a refund of BMCs, plus accrued interest, effectively terminating their membership. Members with between five and 10 years of Credited Service must also waive their right to a Vested Retirement Benefit. Refunds will be reduced by the present value of any loan. Refunds of BMCs are not possible for members with 10 or more years of Credited Service, except in the cases of a participant's death.

Withdrawal of either BMCs or AMCs will trigger a federal tax liability and may result in a tax penalty.

Vesting

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

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

Credited Service

Most public service rendered in New York City or New York State is considered credited service for the purpose of calculating your retirement benefit. Credited Service includes: Membership Service, Transferred Service, Purchased Service (Buyback), Military Service, Membership Reinstatement, Union Leave Service and Part-time Service. Below is a listing of the different types of Credited Service, followed by a brief explanation of each.

Membership Service – Paid full-time or part-time service on the payroll of a Participating Employer rendered after joining NYCERS, including certain military service. Transferred Service also counts as Membership Service for purposes of establishing eligibility and calculating benefits.

Transferred Service – Service credited while a member of another public employee retirement system in New York City or New York State which has not been terminated and which is transferred to NYCERS.

Purchased Service (Buyback) – Previous full-time or part-time public service rendered in the employ of a public entity anywhere in New York City or New York State that has been fully paid for and credited.

Military Service – Service rendered in active military duty which has been purchased pursuant to Federal or state law.

Membership Reinstatement – Service credited after the restoration of a previous membership in a public employee retirement system in New York City or New York State which had been terminated.

Union Leave Service – Service rendered while on an authorized leave of absence without pay to conduct labor relations activity on behalf of a public employee union.

Part-Time Service – Service (Membership, Purchased and/or Transferred) equal to less than 1,827 hours in a calendar year.

Service Retirement

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

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

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

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

The average of wages earned during any three consecutive calendar years, **or**

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

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

For additional details on FAS please refer to [Calculating Your Final Average Salary Brochure #929](#).

Retirement From Underlying Plan

Retirement from Underlying 62/5 Plan:

Participants in the Transit 25/55 Plan who do not meet the requirements of 25 years of Allowable Service may retire from the Basic 62/5 Plan, assuming service requirements have been met for the underlying plan. All requirements and benefits of the Basic 62/5 Plan will apply, except the ability to retire prior to age 62 with a benefit reduction.