

57/5 Retirement Plan For Tier 4 Members



NYC EMPLOYEES'
RETIREMENT SYSTEM

May 2025

Tier 4

This brochure outlines the benefits of the 57/5 Retirement Plan for Tier 4 members.

Participation

Any person who becomes employed in an Eligible Position **after** June 28, 1995 and becomes a Tier 4 member must participate in the 57/5 Plan.

An Eligible Position is any position in City service except for the following:

1. Any Transit Authority member eligible to participate in the Transit 25/55 Plan
2. Any position in the uniformed forces of the Department of Correction and the Department of Sanitation
3. The positions of Bridge and 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 Triborough Bridge and Tunnel Authority
4. Any position in the Division of Housing and Community Renewal
5. Any position in the unified court system
6. Any teaching position with the City University of New York
7. Any Investigator employed in a District Attorney's office

While not specifically excluded from the definition of Eligible Position, Tier 4 members who become employed in certain special occupational titles (e.g., Emergency Medical Technicians, Deputy Sheriffs, etc.) may be compelled to participate in special retirement plans (e.g., EMT 25-Year Plan, Deputy Sheriff 25-Year Plan, etc.) available to such titles. However, if a participant in one of these special retirement plans ceases to be employed in a special occupational title, they may be placed in the 57/5 Plan if they are employed in an Eligible Position.

Employees with a Tier 4 membership in existence prior to June 28, 1995 who:

- were not employed in an Eligible Position on June 28, 1995, and
- become employed in an Eligible Position after June 28, 1995

will have 90 days from the date of the letter advising them of the option to elect the 57/5 Plan, which is sent shortly after their appointment to an Eligible Position or, in the case of a transfer of membership, shortly after the transfer arrives at NYCERS. Any election to participate in the 57/5 Plan shall be irrevocable.

Contributions

Participants in the 57/5 Plan are required to make contributions as described below. These contributions earn interest at a rate of 5%, compounded annually, and are Federal tax-deferred, meaning that participants do not pay Federal taxes on the contributions, only New York State and local taxes. Note, however, that contributions made while on Union Leave are **not** Federal tax-deferred.

Basic Member Contributions (BMCs):

Tier 4 members are required to contribute 3% of their gross wages until the earlier of attaining 10 years of Credited Service or upon reaching their tenth anniversary of membership, but no earlier than October 1, 2000. These contributions are referred to as Basic Member Contributions (BMCs) and they are held in the Member Contribution Accumulation Fund (MCAF).

Additional Member Contributions (AMCs):

Participants in the 57/5 Plan are also required to contribute Additional Member Contributions (AMCs) for **all** Credited Service until they attain



30 years of Credited Service according to the following schedule:

- 1.85% of gross wages for all Credited Service rendered on or after December 2, 2001
- 2.85% of gross wages for all Credited Service rendered on or after January 1, 1998 and prior to December 2, 2001
- 4.35% of gross wages for all Credited Service rendered prior to January 1, 1998

The only exception to this rule applies to 57/5 Plan participants who were participants of the Transit 25/55 Plan prior to participating in the 57/5 Plan. Such participants are not required to pay AMCs for any service rendered while they were a participant in the Transit 25/55 Plan.

In addition to the BMCs and AMCs described above, participants employed in “Physically Taxing Positions*” must contribute an additional 1.98% of gross wages on **all** Physically Taxing Service. The only exception to this is exclusive to 57/5 Plan participants who are in one of the carpenter titles listed below.

Carpenter	Rigger
Supervisor Carpenter	Dockbuilder
Ship Carpenter	Supervisor Dockbuilder
Supervisor Ship Carpenter	General Supervisor Dockbuilder

Pursuant to Chapter 708 of the Laws of 2023, such participants are not required to contribute 1.98% Physically Taxing AMCs if they cannot possibly accumulate 25 years of Physically Taxing Service by age 57. Such participants may cease contributing 1.98% of their gross wages on December 8, 2023 or on the date they can no longer possibly accumulate 25 years of Physically Taxing Service by age 57, whichever is later.

AMCs are maintained in the Retirement Reserve Fund (RRF), which is an account maintained separately from the MCAF account. Fifty percent of the AMCs are considered employee

contributions; the other fifty percent of the AMCs are considered employer contributions. This distinction becomes significant particularly in refunds and loans (See the Refunds and Loans sections of this brochure).

*A Physically Taxing Position is a position in City service included in the official List of Physically Taxing Positions established and maintained by the NYC Office of Labor Relations. 57/5 Plan participants employed in such positions are required to contribute more for the right to retire as early as age 50 provided they have 25 years of Physically Taxing Service. See [Physically Taxing Positions Fact Sheet #712](#) for more information and the Official List of Physically Taxing Positions.

Deficits

Failure to pay any of the required contributions will result in a deficit in the MCAF (for BMCs) and/or RRF (for AMCs). 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 either the MCAF or RRF, 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

In addition to the ability to borrow up to 75% of the BMCs held in the MCAF account, 57/5 Plan participants may borrow up to 75% of the **employee portion** (50%) of AMCs in the RRF. Any loans taken are subject to the same terms and conditions applicable to Tier 4 members. Please consult the [Loans Brochure #911](#) for additional information.

Buy-Back

57/5 Plan participants may purchase previous public service rendered anywhere in New York



City or New York State. 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.

57/5 Plan participants will also be charged AMCs, plus interest, for prior service rendered.

Military Buy-Back

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 buy-back.

Refunds

57/5 Plan participants who have rendered less than 10 years of Credited Service and who leave City service may apply for a refund of BMCs and the **employee portion** (50%) of AMCs, plus accrued interest at a rate of 5% compounded annually, effectively terminating their membership. Participants 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 participants with 10 or more years of Credited Service.

Other than a refund issued to a participant with less than 10 years of Credited Service, refunds of the employee portion (50%) of AMCs are permissible in the event of:

1. The death of the participant
2. The service retirement of the participant

at age 62 or later, provided that such participant was in active service for a total of at least six months out of each of the two 12-month periods immediately preceding their retirement for service

3. The disability retirement of the participant
4. The transfer of a participant to another public employee retirement system in New York State, other than the Board of Education Retirement System

For participants in Physically Taxing Positions, including participants who ceased paying 1.98% Physically Taxing AMCs under Chapter 708 of the Laws of 2023 (see the AMCs section), the **employee portion** (50%) of the 1.98% AMCs will be refunded if they have credit for 25 or more years of Physically Taxing Service and they are at least age 55 when they retire for service, provided that they were in active service for a total of at least six months out of each of the two 12-month periods immediately preceding their retirement for service. A refund of the **employee portion** (50%) of the 1.98% AMCs is also permissible if such participants are at least age 62 when they retire for service, provided that they were in active service for a total of at least six months out of each of the two 12-month periods immediately preceding their retirement for service.

Vested Retirement Benefit

Vesting is about a member's right to receive future benefits from NYCERS even if they leave City service. A member is vested when they have met the minimum service requirements of their plan.

Participants in the 57/5 Plan who have five or more years of Credited Service, at least two years of which are Membership Service, are entitled to receive a Vested Retirement Benefit at age 57.

Participants employed in Physically Taxing Positions are eligible to receive a Vested



Retirement Benefit at age 50 if they have 25 or more years of Physically Taxing Service at the time they separate from City service.

The Vested Retirement Benefit is computed in the same manner as the Service Retirement Benefit specified below.

Service Retirement

Participants in the 57/5 Plan who have five or more years of Credited Service, at least two years of which are Membership Service, are eligible to receive a Service Retirement Benefit at age 57.

Participants employed in Physically Taxing Positions are eligible to receive a Service Retirement Benefit as early as age 50 if they have at least 25 years of Physically Taxing Service.

The Service Retirement Benefit payable under the 57/5 Plan is calculated as follows:

- **For a Participant with less than 20 years of Credited Service:**
1 $\frac{2}{3}$ % *times* Final Average Salary* (FAS) *times* years of Credited Service
- **For a Participant with between 25 and 30 years of Credited Service:**
2% *times* FAS *times* years of Credited Service
- **For a Participant with more than 30 years of Credited Service:**
2% *times* FAS *times* 30 years of Credited Service, **plus**
1.5% *times* FAS *times* years of Credited Service in excess of 30.

*Final Average Salary 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. See [Brochure #929](#) for a detailed explanation.

Disability Retirement

Tier 4 members are eligible for an Ordinary Disability Retirement Benefit at any age if they have 10 or more years of Credited Service and NYCERS' Medical Board determines that they are physically or mentally incapacitated to perform their job duties and were so incapacitated at the time that they ceased performance of their duties.

If they have less than 10 years of Credited Service, they are eligible to receive a Disability Retirement Benefit if NYCERS' Medical Board determines that they are physically or mentally incapacitated to perform their job duties AND their disability is the result of an accidental injury sustained in the performance of their duties, and not caused by their own willful negligence.

The Disability Retirement Benefit is equal to the greater of:

- $\frac{1}{3}$ of the member's FAS; **or**
- 1 $\frac{2}{3}$ % *times* FAS *times* years of Credited Service
- or**
- If they are eligible for a service retirement, their Service Retirement Benefit.

Survivor Benefits

In the event of a participant's death prior to retirement, their NYCERS membership entitles their beneficiaries to a death benefit. There are two primary types of death benefits – Ordinary Death Benefits and Accidental Death Benefits.

An Ordinary Death Benefit (ODB) is a lump-sum benefit payable to the participant's beneficiary/beneficiaries if they die while in active service, before retirement, whether or not death occurs as the result of an accident sustained on the job.

An ODB will be paid only if:

a) The participant was being paid on payroll at the time of their death;

or

b) They were off payroll or they were on an authorized leave without pay at the time of their death; **and**

1. They were on payroll, in service, and paid within the last 12 months before death; **and**

2. They were not gainfully employed since last on the payroll; **and**

3. They had credit for one or more years of continuous service since they last entered the service of their employer.

or

c) Effective October 1, 2000, the participant was on an authorized leave of absence without pay for medical reasons which has continuously been in effect since the participant was last paid on the payroll, provided the participant was in service and last paid on the payroll within the four-year period prior to the participant's death.

The ODB payable is a multiplication of the participant's yearly salary as indicated below:

- If they have at least one, but less than two years of service, a lump-sum benefit equal to one year's current salary
- If they have at least two, but less than three years of service, a lump-sum benefit equal to two times current salary
- If they have at least three years of service, a lump-sum benefit equal to three times current salary.

The benefit is reduced for each year a participant remains in active service beyond age 60.

Their beneficiary/beneficiaries will also receive a refund of their BMCs plus earned interest, and a refund of the employee share (50%) of their AMCs, plus earned interest.

If the participant has at least 10 years of Credited Service, is awaiting payability of a Vested Retirement Benefit, and dies prior to age 57 (or age 50 if they were employed in a Physically Taxing Position with 25 or more years of Physically Taxing Service), their beneficiaries will receive a lump-sum death benefit based on 50% of the ODB that would have been payable if the participant had died on their last day in active service, plus the refund of their BMCs and the employee share (50%) of their AMCs plus interest.

If the participant did not render 10 or more years of Credited Service, only the return of their BMCs and the employee share (50%) of their AMCs, plus interest, will be payable to the participant's Estate.

An Accidental Death Benefit (ADB) is payable to Eligible Beneficiaries, who are defined in law, if NYCERS' Medical Board determines that the member's death was the result of an accident sustained in the performance of their duty, not caused by their own negligence, or while in military service.

The annual benefit equals 50% of the wages the participant earned during their last year of service, or their annual wage rate if they had less than one year of service. Their BMCs are not refunded to their beneficiaries, but the employee share (50%) of their AMCs will be refunded plus interest.