

# Leaving Active City Service

Tiers 3, 4, 6 and 22-Year Plans



NYC EMPLOYEES'  
RETIREMENT SYSTEM

July 2024

This brochure provides important, time-sensitive information about your New York City Employees' Retirement System (NYCERS) membership if you should leave New York City (City) service or take a leave of absence longer than 30 days. Please carefully read all questions that are applicable to you and take prompt action.

**Non-Members:** You may want to consider becoming a NYCERS member before leaving City service. By becoming a member, you preserve your right to membership in the current tier, which may be beneficial if you return to public service in New York State/City in the future. To join NYCERS or to learn more about the benefits of being a NYCERS member, visit [nycers.org/join](https://nycers.org/join).

## MANAGE YOUR NYCERS PENSION ACCOUNT ONLINE!

After you leave City service, your secure MyNYCERS account is the easiest way to manage your pension account and access NYCERS services. View and upload documents, view account balances, submit and track the status of your service requests, and much more!

Visit [nycers.org](https://nycers.org) to register for your MyNYCERS account and start managing your pension account online!

## What if I have an outstanding loan?

Whether you have left active City service or you are on an approved leave of absence, if you fail to make a payment on an outstanding loan for more than 90 days, your loan will be considered a Non-Performing Loan and placed in default. This means that:

- If you return to active service, you will not be eligible to take out another loan until you have paid the outstanding balance of your Non-Performing Loan **in full**.
- Your Non-Performing Loan will be considered a taxable distribution that is subject to Federal income taxes. There is an additional 10% early distribution tax penalty for members who are under the age of 59½.
- Your Non-Performing Loan will no longer be insured against your death. If a beneficiary is due to receive a benefit, the amount of that benefit will be reduced by the amount of the outstanding loan.
- If you are entitled to a retirement benefit, it will be reduced by the unpaid loan balance and any applicable interest that has accrued.

## Avoiding Default

You can avoid the consequences of default by:

- Paying the entire outstanding balance of your loan; Continuing to make payments on a monthly basis; or
- Applying for a suspension of loan payments if you are on approved leave/military leave.

If you leave City service with an outstanding loan, NYCERS will send you a loan payment coupon offering the two payment options above. If you choose to make monthly payments, you will receive a loan payment coupon each month until your balance is paid in full – as long as you continue



making payments. The easiest way to make a payment is online, via your MyNYCERS account. As an alternative, you may submit your check or money order made payable to NYCERS with the loan payment coupon.

If you are on an approved leave of absence and can provide documentation of your approved leave from your employer, you may suspend your loan payments for up to one year. However, your loan repayment schedule cannot exceed the maximum five-year repayment schedule specified by IRS regulations. Contact NYCERS' Call Center at 347-643-3000 to take advantage of this special consideration. During the suspension of loan payments, interest will continue to accrue at a rate of 6%.

If you are called to Active Military Duty, your loan payments will be suspended while you are on Military Duty if you provide a letter from your commanding officer, on official letterhead, stating that you are currently on Active Military Duty. If you chose a repayment schedule of less than five years, the repayment schedule will be extended for the same amount of time you were on Active Military Duty, but it cannot exceed the five-year limitation specified by IRS regulations. During the suspension of your loan payments, interest will continue to accrue at a rate of 6%.

### **Reduction of Retirement/Death Benefit**

An unpaid outstanding loan balance at retirement will reduce your retirement benefit, and may also reduce any death benefit payable to your beneficiary/beneficiaries. The amount of the reduction is based on:

- Loan reduction factors released at the beginning of each calendar year, which take into account one's age at retirement; and/or
- The amount of the outstanding loan – the higher the amount, the greater the reduction.

For example, if your beneficiary is entitled to receive a benefit of \$100,000 and you have an outstanding loan amount of \$20,000 at the time of your death, the survivor benefit would be reduced to \$80,000.

For more information, please see NYCERS' [Loan Default Fact Sheet #710](#), available at [nycers.org](https://www.nycers.org).

### **What if I want a refund?**

#### **Basic Member Contributions (BMCs)**

Members may become eligible for a refund of their Basic Member Contributions if they have not been employed by the City for at least 30 days and meet the eligibility requirements explained below.

If you have less than five years of Credited Service, you may apply for a refund of your BMCs, which effectively terminates your membership. This means you will not be eligible for any future benefits from NYCERS.

If you have between 5 and 10 years of Credited Service, you may apply for a refund of your BMCs, which also terminates your membership and makes you ineligible for any future benefits from NYCERS. Because you have attained the minimum service requirement to vest, you must submit a [Waiver of Right to a Vested Retirement Benefit \(Form #341\)](#). You may apply online if you have a MyNYCERS account.

If you have 10 or more years of Credited Service, you are not eligible for a refund of your BMCs. Please file a [Notice of Intention to File for a Tier 3, 4, 6 or 22-Year Plan Vested Retirement Benefit \(Form #254\)](#), which enables NYCERS to maintain communications with you after you have left City service.



## Additional Member Contributions (AMCs)

Members in special retirement plans that require participants to make Additional Member Contributions may become eligible for a refund of all of (or a portion of) their AMCs upon leaving City service. Members contemplating this refund should meet with a NYCERS Customer Service representative to understand the ramifications.

## Taxability

Your refund will be wholly or partially subject to Federal income taxes. In addition, if you are under the age of 59½ you will also be subject to the 10% early distribution penalty tax assessed by the IRS. Exceptions to this penalty may apply, especially if you leave City service during or after the year in which you attain age 55. You may also avoid taxation and this penalty by rolling over your refund into a Traditional IRA or Employer Plan, for example, a 401(k) Plan. NYCERS cannot advise you on these matters. Please consult your personal tax advisor.

## What if I want to purchase (buy back) previous service?

You may purchase and be credited with full-time or part-time public service previously rendered in New York City or New York State. **You must purchase previous service before your membership is terminated, which will occur five years after you have left City service if you are not vested.**

## Filing an Application

Generally, only active members (on active payroll or on an approved leave of absence) may apply to purchase previous service. Active members may apply online via their secure MyNYCERS account, or by submitting an [Application to Purchase Credit for Service Rendered Prior to Membership Date in NYCERS \(Form #241\)](#).

### Exceptions to this general rule:

- Members who have left City service with at least two years of Membership Service may apply for a buy back after leaving City service but may purchase **only** enough credit to reach the minimum service required to vest or apply for ordinary disability.
- Members who are laid off for economic reasons will be deemed to be on payroll for an additional 90 days from the date of the layoff in order to purchase service. If you file a buyback application within 90 days of being laid off, you may purchase as much previous service as you wish. If you file after the 90-day period, you may buy back **only** enough service to vest or to apply for ordinary disability. A layoff letter from your employer must accompany your application.

NOTE: In all tiers, purchasing previous service will generally increase your retirement benefit. However, purchased service will NOT increase your retirement benefit under your current plan if:

- You are in a special plan that requires “Allowable Service” and the service you wish to buy back is not creditable, such as in the Tier 4 and Tier 6 Transit 25/55 Plan. (Read your plan brochure to find out if your service is Allowable or Credited). However, if you cannot meet the service requirements under your current plan, you may purchase service in order to retire under your underlying plan.
- You are in a plan that limits your retirement benefit calculation to a maximum number of years and you have already attained that number of years, or the amount of previous service you wish to buy back will bring your total Credited Service to more than the maximum number of years.



## Payment Methods

If you are on active payroll, you can make buy back payments through payroll deductions. If you are not receiving a paycheck or if you are applying to purchase service under one of the general exceptions listed above, you must make a lump-sum buy back payment using either personal funds or a rollover from the NYC Deferred Compensation Plan or an Individual Retirement Account. If you did not complete full payment of a buyback claim you initiated while on active payroll, you can pay off the balance in a lump sum and receive credit for the service – as long as you complete the purchase before making a Final Option Selection at retirement. Payment can be made online through your [MyNYCERS](#) account.

NOTE: Interest will continue to accrue on any unpaid buy back balance. Therefore, the longer you wait to make a lump-sum payment, the higher the payoff amount will be.

If you return to active service without completing the full buy back payment, payroll deductions should automatically resume. **If they do not, please contact NYCERS' Call Center immediately** – additional interest may have accrued on your unpaid balance and NYCERS may need to revise your total outstanding balance.

## Military Leave

If you have left City service for active duty in the U.S. military, you may be able to purchase that time, provided you meet certain criteria. Under Federal law (the Uniformed Services Employment and Reemployment Rights Act, or USERRA), members/employees must apply to return to a City position within 14 days after termination of military duty if their military service lasted between 31 and 180 days, or must apply within 90 days after termination if their military service lasted more than 180 days. Note: Some agencies allow employees to return for reemployment in a timeframe greater than that allowed under USERRA.

State law (Article 20 of the New York State Retirement and Social Security Law) does not contain the same requirement, but requires that members have at least five years of Credited Service to apply for Military Buy-Back, and must apply to purchase military service while on active payroll or on an approved leave of absence.

Each law has different provisions for granting service, and you are entitled to receive credit under the law that provides you with the greatest benefit. Under all provisions, military service must have been satisfactorily completed and an honorable discharge must have been granted.

For additional information, please refer to [Military Buy-Back \(Brochure #902\)](#), NYCERS' Tier 4 62/5 and Tier 6 63/5 Summary Plan Description booklets and/or your plan brochure, all of which are available at [nycers.org](http://nycers.org). If you are eligible to purchase credit for your military service, submit NYCERS' [Application to Purchase Credit for Military Service \(Form #244\)](#).

## Authorized Child Care Leave

Only members of the uniformed force of the New York City Department of Correction may apply to purchase service credit for an authorized child care leave. If eligible, members must file [Application to Purchase Service for Child Care Leave \(Form #246\)](#) within 90 days of termination of the child care leave, and pay the contributions that would have otherwise been required if not for the childcare leave, plus interest at a rate of 5%. Eligible members may purchase up to one year of service credit for each period of childcare leave.



Note: Effective December 8, 2023, Uniformed Correction Force members in the 22-Year Plan (CF-22 and CF-22E) are eligible to purchase credit for periods of childcare leave without pay as outlined above.

### **What if I am vested in my retirement plan?**

Many retirement plans contain vesting provisions, which allow you to receive a retirement benefit in the future even if you leave City service before you are eligible to retire. You are vested when you have accumulated the minimum service requirements specified in your retirement plan. For most plans you must have at least five years of service to be vested. However, there are two types of service credit – Credited Service and Allowable Service – and the type you need to be vested in your plan depends on the provisions of that plan.

To learn more about the vesting requirements under your Tier and Plan, visit [nycers.org/plan-descriptions](https://nycers.org/plan-descriptions) and select your plan.

If you are eligible to vest, file a [Notice of Intention to File for a Tier 3, 4, 6 or 22-Year Plan Vested Retirement Benefit \(Form #254\)](#) upon leaving City service so that NYCERS can continue to communicate with you and provide important information about your membership.

NOTE: Members of the Tier 3 Uniformed Correction Force 20-Year Plan (CO-20); Tier 4 Sanitation 20-Year Plan (SA-20); Tier 4 and Tier 6 Triborough Bridge and Tunnel Authority 20-Year Retirement Plans (TBTA-20 and 6TB-20) are not eligible to retire with a deficit in their Additional Member Contribution accounts.

Members in Correction, Sanitation, and DA Investigator 22-Year plans (CF-22 and CF-22E, SA-22 and SA-22E, and DA-22) cannot retire with a deficit in either their Basic or, where applicable, their Additional Member Contribution accounts.

### **What if I am not vested?**

If you leave City service before you attained the minimum service requirement to vest in your plan (or underlying plan for plans that do not have a vesting provision), you may:

- Purchase only enough previous service needed to reach the minimum service requirement to vest under your plan (or underlying plan for plans that do not have a vesting provision). You must purchase the service before your membership is terminated, which will occur five years after you have left City service if you are not vested. Please refer to the **“What if I want to buy back service?”** section on page 3 for more information; **OR**
- Leave your contributions on deposit. If you do not return to public service in a NYCERS-eligible position within five years from the date of your separation from City service, your membership will be terminated as required by law, and you may apply for a refund of your contributions as noted below; **OR**
- Apply online via your MyNYCERS account for a refund of your contributions, plus the 5% interest that accrued up to the date your membership was terminated. If you select this option, your membership will be terminated and you will not be entitled to any future benefits from NYCERS. Please refer to the **“What if I want a refund?”** question on Page 2 for more information.





**What if I transfer to an agency covered by NYCERS?**

Tell your new employer that you are a NYCERS member and have the employer provide NYCERS with an [Agency's Employee Status Change Notification \(Form #234\)](#), or contact NYCERS' Call Center after you have received your first paycheck from your new City agency. This will ensure that any payroll deductions such as required pension contributions, loan payments or buy-back deductions continue to be taken from your paycheck.

**What if I transfer to a New York City or New York State Agency not covered by NYCERS?**

You may be able to transfer your membership from NYCERS to one of the other New York City or New York State public employee retirement systems:

- New York City Police Pension Fund
- New York City Teachers' Retirement System
- New York City Fire Pension Fund
- New York City Board of Education Retirement System
- New York State Teachers' Retirement System
- New York State and Local Employees' Retirement System
- New York State and Local Police and Fire Retirement System

NYCERS cannot advise whether or not a transfer will be beneficial to you and strongly recommends that you contact your new retirement system to verify eligibility to transfer your NYCERS membership, and to find out how it may impact any future retirement benefits **before** you initiate a transfer.

**What is a Required Minimum Distribution (RMD) and am I eligible?**

Required Minimum Distribution (RMD) is an IRS requirement that applies to certain retirement accounts, including NYCERS retirement accounts, when an individual reaches a certain age.

Generally, RMD rules can affect the following individuals:

- A vested NYCERS member who is no longer in City service who will be eligible to retire once they reach the eligible age.
- A vested NYCERS member who is no longer in City service who is presently eligible to retire, but has not yet applied for retirement.
- A member who has a terminated membership and has not collected a refund of contributions.
- A beneficiary that is entitled to a lump sum or continuing benefit.

If you are eligible for an RMD, you must take timely action to begin receiving your distribution and avoid IRS-imposed tax penalties.

For more information, please see the [Required Minimum Distribution \(RMD\) FAQs \(Fact Sheet #758\)](#), available at [nycers.org](http://nycers.org)

**What if I die after I leave City service?**

In the event of your death, your beneficiary/beneficiaries may be entitled to a survivor benefit. The type and amount of the benefit will depend on when your death occurs and the amount of service with which you have been credited.



**Tier 3, 4 and 6 Vested Members with 10 or more years of Credited Service**

An Ordinary Death Benefit (ODB) is payable to your beneficiary/beneficiaries if you die while on active payroll.

A refund of your Basic Member Contributions (BMCs) and, for special plan participants, possibly a refund of your Additional Member Contributions (AMCs), including interest, will also be payable to your beneficiary/beneficiaries.

**Uniformed Correction Force, Uniformed Sanitation Force, and 22-Year Plan Members:**

An ODB is payable to the beneficiary/beneficiaries of members who die in active service. To be eligible, members must have been in service for at least 90 days. A refund of BMCs and AMCs, including interest, is also payable.

**Death Benefit for ALL Tier 3, 4 and 6 Vested Members with 10 or more years of Credited Service**

If you have 10 or more years of Credited Service and die before your Payability Date (the date you would have been eligible for a vested retirement benefit), a lump-sum death benefit will be paid to your beneficiary/beneficiaries (or Estate). The death benefit amount is based on 50% of the ODB that would have been payable had you died on your last day in active service. A refund of your BMCs and, for special plan participants, possibly a refund of your AMCs, including interest, will also be payable to your beneficiary/beneficiaries. If you did not render 10 or more years of Credited Service, a refund of your BMCs and, for special plan participants, possibly a refund of your AMCs, including interest, will be payable to your Estate.

**What if I want to change my beneficiaries?**

Although you have left City service, your last beneficiary designation remains on file with NYCERS and will govern who is eligible to receive a death benefit, if any. If you wish to change your last designation on file, you may do so online via your MyNYCERS account or by submitting a Designation of Primary and Contingent Beneficiary – Tier 3, Tier 4, and Tier 6 (Form #134), at any time prior to your Payability Date.

**Am I eligible to receive health benefits after leaving City Service?**

NYCERS does not administer health benefits. For most New York City employees, your health care coverage is administered by the Office of Labor Relations (OLR). Please contact OLR at 212-513-0470 or visit their website, [nyc.gov/olr](http://nyc.gov/olr) for information about health benefits.

Transit Authority Employees: Contact your Employee Benefits department at 646-376-0123 for additional information on health care coverage.

MTA Bridges and Tunnels Employees: Contact your Employee Benefits department at 646-252-7935 for additional information on health care coverage.

**What if I move to a new address?**

Regardless of your payroll or employment status, maintaining a current address is essential so that you can continue to receive important communications from NYCERS about your membership. If you have moved to a new address, log in to your MyNYCERS account at [nycers.org](http://nycers.org) and submit your new address online, or file a paper [Change of Address \(Form #290\)](#).



## How do I contact NYCERS?

### MyNYCERS Member Portal

The easiest way to reach NYCERS is by logging in to your MyNYCERS account and submitting a Service Request. MyNYCERS also provides several self-service tools including Terry, NYCERS' Virtual Agent that can answer general questions about your NYCERS membership; a retirement benefit calculator; and knowledge articles covering topics such as disability and service retirement, loans, buyback, and more.

### Forms and Correspondence Mailing Address\*

30-30 47<sup>th</sup> Avenue, Suite 1010  
Long Island City, NY 11101

\*You can also upload documents quickly and securely via your MyNYCERS account.

### Call Center

NYCERS' Call Center is open Monday through Friday, 8 a.m. – 5 p.m. except holidays.

(347) 643-3000 – Call Center

(877) 669-2377 (If calling from outside the NYC area)

(347) 643-3501 TTY (hearing impaired)

### Walk-in Center

NYCERS' Walk-in Center is located on the Mezzanine level at 340 Jay Street in downtown Brooklyn, and is open Monday through Friday, 8 a.m. – 5 p.m., except holidays.

