

Frequently Asked Questions (FAQ): Service Retirement

How does the retirement process begin?

The first thing you need to do is discuss your retirement with your employer and inform them of the day you want to stop working. While you may consider yourself retired on that day, you are generally not retired until you have gone off the city payroll. For most non-managerial employees, that means after you have exhausted all accumulated leave time.

Managerial employees are generally paid their accumulated time in a lump sum, so you can stop working and retire the next day!

In general, the day after your last day on the payroll, including any leave without pay, will be your retirement date, which is the date you should put on your NYCERS service retirement application. The IRS requires a bona fide termination from public service with no prearranged agreement to return to public service. Your retirement date must be on or after your termination or “cease” date. Therefore, if you are on an approved leave without pay, you must contact your employer to determine your retirement date and provide a letter from your agency along with your retirement application.

Be sure you know the requirements within your plan for filing a retirement application.

To get a better idea of the retirement process, see [Filing for Retirement Brochure #891](#) in NYCERS’ retirement kit or at nycers.org.

How is my pension payment calculated?

The amount of your retirement benefit is based on the Tier and Plan you are in, as well as some, or all, of the following factors:

- Your required contributions, additional contributions, and/or Increased-Take-Home-Pay (ITHP) (Tiers 1 and 2 only)
- Your years of service
- Your Final Salary, Final Average Salary (FAS), Final Compensation or Average Compensation

Please refer to your plan brochure or Summary Plan Description (SPD) on NYCERS’ website at nycers.org for more information.

How is my Final Salary (Tier 1 members and Tier 2 DA Investigators) calculated?

If you joined NYCERS before July 1, 1973 and are a member of the Uniformed Correction Force or Uniformed Sanitation Force, your Final Salary is the annual rate of salary earnable

on the day before your retirement date. Otherwise, your Final Salary is the earned or earnable salary in the year before retirement or the average of the annual compensation earned during any three calendar years.

For Tier 1 members who joined NYCERS after June 17, 1971 and Tier 2 DA Investigators, any year used in the calculation of the Final Salary cannot exceed the average of the previous year's or two years' wages by more than 20%. Any amount in the excess of the 20% is not used in this calculation.

NYCERS will look at every paycheck for each year used in your Final Salary calculation and determine where the money was earned, not paid.

How is my Final Average Salary (FAS) calculated?

Your Final Average Salary (FAS)* is the average of the wages earned in the 36 months (60 months for Tier 3 CF-22E and SA-22E Plan participants retiring with an Enhanced Disability Benefit (EDB)) prior to your retirement; or, the average of the wages earned in any three consecutive calendar years (five consecutive calendar years for Tier 3 CF-22E and SA-22E Plan participants retiring with an EDB) that provide the highest average wage. However, there are some important things to consider:

For Tier 2 members – any year used in the calculation of the FAS cannot exceed the average of the previous two years' wages by 20%. Any amount in the excess of the 20% is not used in this calculation. Tier 2 members may refer to [Calculating Your Final Average Salary Brochure #928](#) on nycers.org to see how your FAS is calculated.

For Tier 3 members (excluding CF-22E and SA-22E Plan participants retiring with an EDB)* and Tier 4 members – any year used in the calculation cannot exceed the average of the previous two years' wages by 10%. Any amount in the excess of the 10% is not used in this calculation. If you are retiring with disability benefits and less than five years of service as a Tier 3 22-Year Plan participant, any year without actual earnings will be calculated using projected salaries, in order to fill in any missing years of service. Tier 4 members may refer to [Calculating Your Final Average Salary Brochure #929](#) on nycers.org to see how your FAS is calculated.

For Tier 3 CF-22E and SA-22E Plan participants retiring with an EDB and Tier 6 members* – any year used in the calculation cannot exceed the average of the previous four years' wages by 10%. Any amount in the excess of the 10% is not used in this calculation. If you are retiring with an EDB and less than five years of service as a Tier 3 CF-22E or SA-22E Plan participant, or you are retiring as a Service/Vested member with less than seven years of service as a Tier 6 member, any year without actual earnings will be calculated using projected salaries, in order to fill in any missing years of service.

NYCERS will look at every paycheck for each year used in your FAS calculation and determine where the money was earned, not paid.

* **Note:** Prior to April 20, 2024, the FAS for Tier 3 22-Year Plans and Tier 6 members was defined as the average of wages earned in the 60 months prior to your retirement; or, the average of the wages earned in any five consecutive calendar years that provide the highest average wage. Any year used in the calculation cannot exceed the average of the previous

four years' wages by 10%. Any amount in the excess of the 10% is not used in this calculation. If you are retiring as a Vested member with less than nine years of service prior to April 20, 2024, your FAS will include projected earnings to fill in any missing years of service.

How is my Final Compensation calculated?

Your Final Compensation is the average compensation earned during the five-year period immediately preceding your retirement, or any consecutive five calendar year period before your retirement that would provide you with the greatest average compensation.

NYCERS will look at every paycheck for each year used in your Average Compensation calculation and determine where the money was earned, not paid.

How is my Average Compensation calculated?

Your Average Compensation is the average compensation earned from the completion of 20 years of service to your retirement date.

NYCERS will look at every paycheck for each year used in your Average Compensation calculation and determine where the money was earned, not paid.

What is an advance payment (or partial payment) and how is it determined?

An advance payment, or a partial payment, is a reduced pension benefit paid to you until NYCERS can calculate your final pension based on the retirement option you select. The amount of your advance payment depends on your Tier and Plan. See [Advance Payment Brochure #892](#) in NYCERS' retirement kit or at nycers.org for more details on how your advance payment is calculated.

How long before I receive a check?

If you retire on the 1st or the 2nd of the month, you will receive an advance payment at the end of the month in which you retire.

Example: If you retire on January 2, your first advance payment will be around January 31.

If you retire on the 3rd or later, you will receive an advance payment at the end of the following month.

Example: If you retire on January 3, your first advance payment will be around February 28.

See [Pension Payment Calendar Fact Sheet #713](#) or visit nycers.org/payment-calendar for this year's pension payment schedule.

No advance (partial) payment will be sent to you until NYCERS has a copy of your birth certificate or other valid birthdate evidence on file.

How long before I receive an option package?

The option package is the ultimate result of processing your retirement application, and the waiting period differs. Usually it takes about six to eight months after your last day

paid. However, if there is an unusually large number of retirement applications filed at one time, such as during an Early Retirement Incentive, or if NYCERS has difficulty gathering information, it may take longer.

When will I receive my first full pension check?

You will receive your first full pension check, which will include any appropriate retroactive adjustments, approximately two months after NYCERS receives your retirement option selection. If NYCERS has an unusually large number of retirement applications filed at one time, the process may take longer.

If I have an outstanding loan at retirement, how will it affect my pension?

If you have an outstanding loan at retirement, your pension will be reduced actuarially based on your age at retirement, except for 22-Year Plan participants who cannot retire with an outstanding loan balance. This reduction is for the life of the pension, unless you pay it off in a lump sum payment after retirement. By doing so, you will increase future monthly pension checks as of the date NYCERS receives your payment in full, and your retirement benefit will revert to what it would have been had it never been reduced by the actuarial reduction. Tiers 3, 4 and 6 members may refer to [Loan Reduction Factors for Retirements Fact Sheet #714](#) at nycers.org for an example of this year's outstanding loan reduction amounts.

Please note that if you have an outstanding loan at retirement, it may also be subject to tax consequences.

Can I pay off my loan before retirement?

Yes, all loans can be partially or fully paid before retirement to reduce or eliminate your outstanding loan balance. Payment must be made before you select a retirement option.

What are excess contributions (Tiers 1 and 2 only)?

For Tiers 1 and 2 members only, excess contributions are accumulated contributions including interest credited to your member account after you have met the minimum required years of qualifying service for your plan. Excess contributions begin to accumulate January 1 after the year you have met the minimum required years of service for your retirement plan.

You may apply for a refund of excess contributions at any time before your retirement date by logging in to your MyNYCERS account at mynycers.org. However, please note that being able to withdraw your excess does not mean you have met the required amount needed in your account to avoid a deficit. Refunds may be subject to Federal taxation.

If you decide to leave your excess contributions in your account, it will result in a greater pension.

Why would I have a deficit if I was paying into the system?

A deficit may occur because of a loan, withdrawal, transfer, or Social Security offset (Tier 1 and 2 members only). If there is an unresolved deficit at retirement, NYCERS will notify you

and give you a choice to either pay the deficit in full or, if your Plan allows, apply an actuarial reduction (a lifetime reduction to your pension based on your deficit amount) to resolve the deficit. Certain special plans do not allow you to retire with an Additional Member Contribution (AMC) deficit.

To find out if you have a deficit before retirement, log in to your MyNYCERS account at mynycers.org and click “Contact NYCERS” in the menu, then look for the “Start” button to complete a Service Request.

What happens to my sick time and annual leave when I retire?

In most cases, you will receive a lump sum (managerial) or be paid through biweekly paychecks (non-managerial); however, NYCERS has no control over this distribution. Please contact your Human Resources or Personnel division to discuss sick time and annual leave concerns.

What happens to my health insurance when I retire?

NYCERS does not administer health insurance. You should speak to your Human Resources or Personnel division with questions regarding health insurance. You may also contact one of the following with any health benefit questions:

NYC Office of Labor Relations:

(212) 513-0470

NYC Transit Authority and MTA Bridges & Tunnels:

(646) 376-0123

What happens when I purchase service (buy back) at, or right before, retirement?

You will receive a cost letter in approximately four to six weeks after applying online with your secure MyNYCERS account at mynycers.org (or after submitting [Application to Purchase Credit for Service Form #241](#) and [Departmental Certificate of Service Form #242](#)). Service is added to your total service only after payment is received. You must file for buyback before your retirement date. Refer to [Buyback Brochure #901](#) at nycers.org for more information.

Depending on if your option letter is generated before or after you pay, your option letter may or may not include the purchased service. If you receive your option package and your purchased service is not included, please contact NYCERS so a new option letter can be generated to include that information.

What happens if I retire before my new contract is settled?

If you retire before your contract is settled with the City, your retirement allowance will reflect your current compensation. However, once the contract is approved, NYCERS will automatically revise your retirement allowance and pay any retroactive payments owed to you. If you do not receive your revised retirement allowance within eight months of receiving your option letter, please contact NYCERS.

How do I have my pension checks go directly to the bank?

You may elect to have your pension payments directly deposited into your individual or joint savings or checking account by logging in to your MyNYCERS account at mynycers.org or filing [Authorization for Electronic Fund Transfer \(EFT\) of Monthly Retirement Allowance Form #380](#). Your EFT will be processed within 60 days of your application. More than 60% of NYCERS' retirees choose EFT. It is the fastest, easiest and safest way to receive your pension check.