



Board of
Education
Retirement
System

Securing your financial future today

Fall 2023



ROTH, ROTH, BABY

You heard it here first, starting in 2024, BERS will allow Members who are participating in the TDA program to make contributions on a Roth basis. Unlike pre-tax TDA contributions, Roth contributions are taxed when they are made. This means that your TDA Contribution will be calculated and deducted from your net income amount, not your gross income (as pre-tax contributions are). When you make pre-tax contributions, your savings are not taxed now (when you, as an active worker, may be in a higher tax bracket), but upon withdrawal in retirement (when you will likely be in a lower tax bracket). When you make Roth contributions, these contributions are taxed when they are earned, but with proper planning the earnings may be entirely tax-free.

Your Roth contributions are not subject to federal or New York State tax when paid out to you, since this tax has already been withheld at the time the contribution was made. Any earnings on your Roth contributions are entirely free from federal and New York State tax when paid out to you, if the refund takes place in the fifth year from your first Roth contribution or later. For example, if you make your first Roth contribution on March 1, 2024, your Roth earnings will be free from federal or New York State tax if paid out on or after January 1, 2029. However, if you receive a refund of your Roth earnings before that date,

then these earnings will be subject to federal and New York State tax.

Your Roth contributions to the BERS TDA will be invested in the same way as your pre-tax contributions. The fixed interest rate, the variable incremental increase, and the variable unit value are all the same for Roth contributions as for pre-tax contributions. The maximum contribution amount for 2024 is the lesser of 85% of your gross compensation or \$23,000. Members aged 50 or older are eligible to contribute an additional \$7,500 above the \$23,000 limit in 2024. This maximum includes both Pre-tax and Roth contributions.

Members can sign up for Roth contributions by submitting a TDA Investment Change form and filling in a value greater than 0 in the box "Roth ___%." Each quarter, members can change the way their future contributions and past contributions are invested between the Fixed and Variable Programs by filing a TDA Investment Change form with BERS or by logging into the Member Self Service Portal and making the change. Contributions can be split between the Fixed Program and the Variable Program in whole number multiples of 5%. Consider saving more today, to ensure that you retire on a solid foundation! ■

UNDERSTANDING HOW PART-TIME SERVICE IS CALCULATED



Part-time Service (past or present) is service rendered while you were employed by the Department of Education or by another covered employer. BERS will prorate credit for past or present part-time service based on one year's worth of service credit if any of the following work schedules apply to you:

- a) you worked 1827 hours during the calendar year; or
- b) you worked 1470 hours during the calendar year in a nonteaching job whose duties are regularly scheduled to be performed only during the school year; or¹
- c) you worked 180 days or 1170 hours as a substitute teacher

So, if any of (a) through (c) applies to you and your job, BERS will prorate credit toward your retirement for your part-time service. Regardless of the number of hours or days you may have worked, you cannot receive more than one year's worth of credit in any calendar year. So even if you worked more than 1827 hours during a calendar year, you would nonetheless receive only one year's worth of service credit for that year (as in work schedule (a) above). Further, the maximum number of hours that will be credited as part-time service is 35 hours in any weekly pay period and 70 hours in any biweekly pay period. ■

LOAN REPAYMENT

One of the benefits of a BERS membership is that members can access their money before retirement through tax-deferred loans. Members who meet the eligibility requirements can access their money before retirement with no penalties and can easily pay it back through after-tax payroll deductions or direct payments. Throughout a member's lifecycle, many things can happen, such as changing job titles or even agencies. Therefore it's important to make sure you inform BERS as soon as possible of any changes to your employment that could cause a gap in your repayment schedule. If loan repayments are not received within 90 days, your loan can go into default and will be distributed. Distributed loans can cause a reduction in pension or have

tax consequences. If you believe you may have missed a payment please contact BERS as soon as possible. If you have missed a payment BERS will send you a letter to let you know, so make sure you keep your contact information up to date. ■



A NEW AFFORDABLE WAY TO TRAVEL



Subway, Express Bus, UBER, Lyft... how about traveling NYC by boat? That's right the NYC Ferry operated by City Experiences aims to provide a new, affordable way to travel between waterfront communities throughout New York City. The six routes span over 60 nautical miles of waterways and will connect New Yorkers and visitors to the city's waterfront communities – including neighborhoods, job centers, and parks.



Schedules can be found in the NYC Ferry app and are available for download through the website at www.ferry.nyc. Departure schedules can also be found at every landing. Tickets are available for purchase through ticket machines and all transfers within the NYC Ferry system are free and valid for 120 minutes once you start your one-way trip. Round-trip journeys do not qualify for free transfers. Children under the height of 44 inches can ride for

free when accompanied by an adult and stroller parking is available as well. Bikes are also welcome on the ferry. NYC Ferries can accommodate approximately 8-10 bicycles and riders who bring a suitcase-sized folding bike can keep their bike with them while traveling. Additional perks include on-board concessions and charging stations throughout the Ferry! Enjoy the fresh breeze and check out the NYC Ferry route today! Winter schedules are now available. ■

EMPLOYEE INCENTIVES

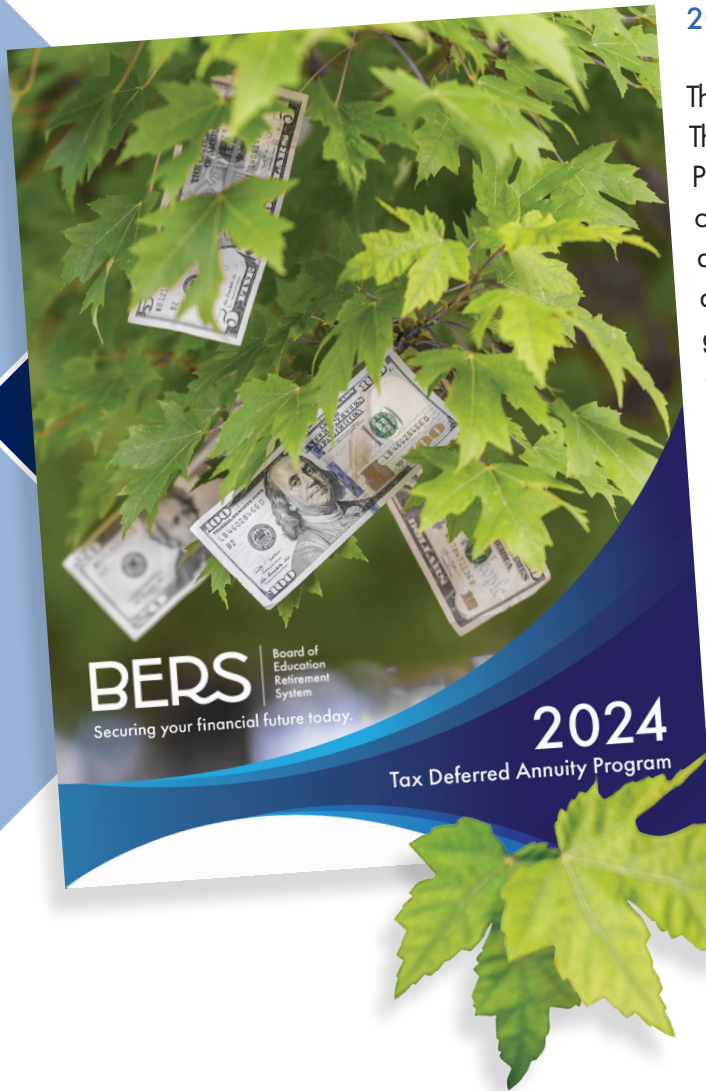
In addition to retirement and health benefits, working for the city has additional perks for employees of the Department of Education. Employees can enter the Info Hub (<https://infohub.nyced.org/nyc-doe-roles/human-resources/employee-incentives-and-discounts>) and check out all the incentives the city has to offer. Some incentives include deals and discounts for gyms like Blink Fitness, Gold's Gym, and Equinox. There are also incentives for Yoga and Spa and wellness gift cards. With holiday shopping underway you can also check out retail discounts at J. Crew, Samsung, and Skechers. Other incentives include deals and discounts at theme parks, travel, restaurants, and cellular service. Check out the hub for more information on how you can sign up and enjoy these benefits today. ■



2024 TDA BROCHURE IS NOW AVAILABLE

The BERS TDA Brochure is now available on the BERS website! The TDA program offers a supplement to your Qualified Pension Plan (QPP) benefits. TDA investors have a unique advantage over non-participants with features such as less taxable income, a Saver's Tax Credit, tax-deferred investment returns, and the ability to make Roth contributions. A Saver's Tax Credit will be given to eligible TDA contributors. The Saver's Tax Credit is a federal income tax credit for investing in a retirement plan, such as the BERS TDA Program. The amount of credit you are entitled to is based upon your contribution amount and credit rate. Your Adjusted Gross Income (AGI) is the basis for the credit rate, which ranges from 10% to 50% of your contribution amount. The Saver's Tax Credit is in addition to any deduction or exclusion allowed for your contributions.

The TDA program provides members great flexibility in terms of the amount they can contribute to the program, as well as how they wish to allocate their investments. The return on fixed investment funds is currently 7% for UFT Members and 8.25% for all other members. The return on variable investment funds is based on stock market fluctuations. Making investment changes are easy. Simply log in to the MSS portal to change your 2024 elections. You can also submit a 2024 TDA Investment Change form which is available on the BERS [website](#). ■



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