



Board of Education Retirement System

Securing your financial future today

Fall 2024



ENSURE YOUR RETIREMENT ACCOUNT CONTINUES TO WORK FOR YOU

If your employment has ended and you have fewer than 5 years of credited service, it's important to understand how the "5-Year and Out" policy impacts your retirement account. As a non-vested member, you can leave your contributions in your account, which will continue to earn interest for up to 5 years after your employment ends.

However, if you do not return to active service within those 5 years, your account will stop earning interest, and your membership with BERS will end. While you will not lose your contributions, you'll need to take action by either:

1. Applying for a Refund: Complete a Withdrawal of Accumulated Deductions form, available for download on our website or by calling our office. This will allow you to withdraw your contributions. Please note that there may be tax implications associated with this option.

2. Rolling over Your Contributions: You can also choose to roll over your contributions to an established IRA, preserving your retirement savings and potentially avoiding immediate tax consequences.

If you've accepted another position with the City or State of New York and are now eligible for membership in another public retirement system, be sure to apply to transfer your membership service credit and contributions within 5 years of your resignation date. Failing to do so as a non-vested member will mean that after 5 years, you will only be eligible to apply for a refund of your contributions, not a transfer.

Taking action before your account stops earning interest is key to making the most of your retirement savings. For more information or to request assistance, visit our website or contact our office. ■



HOLIDAY CLOSURES

The BERS Call Center and Walk-In Center will be closed for the following holidays:

Rosh Hashana: Thursday, October 3rd and Friday, October 4th

Italian Heritage Day/Indigenous Peoples' Day: Monday, October 14th

Diwali: Friday, November 1st

Veteran's Day: Monday, November 11th

Thanksgiving Holiday: Thursday, November 28th and Friday, November 29th

Christmas Holiday: Tuesday, December 24th and Wednesday, December 25th

WELCOME NEWLY AUTO ENROLLED MEMBERS!



On December 8, 2023, New York Governor Kathy Hochul signed into law Chapter 721 of the Laws of 2023 ("Chapter 721"). This law, which took effect on July 1, 2024, provides that certain employees eligible for BERS membership will be automatically enrolled in BERS unless they opt out within 90 days. The 90 day opt out period ended on September 30th, 2024 for employees who were active on payroll as of July 1st and working in a BERS eligible title.

In the months leading up to the opt out deadline, you received correspondence from both your employer and BERS highlighting all the benefits of a BERS membership. But what exactly is BERS and what do we do for our members?

BERS is one of the five public pension funds of New York City. The benefits that BERS provides include service retirement benefits, disability retirement benefits, death benefits, and a tax-deferred annuity (TDA) program. BERS provides a defined benefit plan to eligible employees of the NYC Department of Education under Section 401 (a) of the Internal Revenue Code. A defined benefit plan is a type of retirement plan that specifies the type of benefit to be paid. The benefit payable is calculated using a set formula based on years of credited service and final average salary.

BERS' membership consists primarily of employees of the New York City Public Schools (NYCPS) who are not eligible to join the New York City Teachers' Retirement System (TRS). This includes school lunch helpers, staff nurses, occupational and physical therapist, custodian engineers, substitute teachers, and many other job titles.

In addition, BERS provides coverage to employees of the School Construction Authority, School Crossing Guards employed by the NYPD, employees of certain charter schools, as well as employees of BERS.

BERS also serves a small number of members, known as "transferred contributors," who formerly worked in BERS-eligible titles but then accepted a job with a different City agency, and who chose to leave their retirement accounts at BERS.

The BERS Qualified Pension Plan (QPP) is the primary program administered by BERS. Every BERS member is a participant in the BERS QPP, which is a defined-benefit pension plan qualified under Section 401(a) of the Internal Revenue Code.

Membership in the BERS QPP includes a number of valuable rights, including:

1. the right to a service retirement benefit, after accruing a certain amount of credited service and reaching a certain age;
2. the right to an accidental or ordinary disability retirement benefit, for members who meet the criteria and are approved by the BERS Medical Board;
3. the right to designate beneficiaries to receive a lump sum death benefit, after accruing a certain amount of credited service; and
4. the right to an annuity payable to the member's eligible beneficiaries in the case of accidental death.

(CONT'D)

Additionally, while BERS does not administer a health benefits program, New York City's retiree health insurance program is restricted only to retirees of the five New York City retirement systems, including BERS, who meet certain eligibility criteria. Therefore, an employee who does not join one of the five New York City retirement systems will not be eligible for the City's retiree health insurance program.

The BERS Tax Deferred Annuity (TDA) Program is a secondary program administered by BERS. It is a defined-contribution plan established under Section 403(b) of the Internal Revenue Code. The BERS TDA Program allows eligible BERS members to increase their savings in a tax-deferred plan, allowing them to save more money for retirement.

Participation in the BERS TDA Program is purely voluntary. Eligible members can request that BERS deduct a certain rate from their payroll as contributions to the BERS TDA Program and can place these contributions either in the fixed fund (which features a guaranteed rate of interest) or the variable fund (whose value changes based on investment earnings).

The BERS TDA Program is limited to employees in "education service," which is generally restricted to DOE employees, as opposed to employees in "city service," which covers other types of New York City employment.

Beneficiaries for the TDA death benefit are designated separately from beneficiaries for the BERS QPP.

In the next month, auto enrolled members will receive a welcome packet in the mail. The welcome packet will include an enrollment acknowledgement letter, a informational flyer, and the BERS Tier 6 Enrollment and Tier 6 Designation of Beneficiary forms. Although you have been automatically enrolled into the BERS Pension plan, you must complete these forms and submit them back to BERS. This will help ensure BERS has the correct contact information and your choice of designated beneficiaries.

For more information about the early stages of your membership check out our website <https://www.bers.nyc.gov/site/bers/member-services/active-members.page>. ■

It is important that you keep your contact information, and that of your beneficiaries, up to date at BERS.

In the unfortunate event that something happens to you, we will need to contact your designated beneficiaries to pay them the benefits you have worked so hard to provide. In some cases, your beneficiaries may be eligible for long-term retirement benefits that they may not be aware of. For that reason, it is crucial for you to keep BERS updated of any changes to your beneficiaries' addresses and names, and to remove or replace them if they have predeceased you.



Please consider the following checklist and be sure to make BERS aware of changes to your:

- **Name**
- **Change of address**
- **Email address**
- **Telephone numbers**
- **Beneficiary information (Pension and TDA)**
- **Marital Status**

BERS accepts forms by mail at the following address:
Board of Education Retirement System
65 Court Street, 16th Floor
Brooklyn, NY 11201

You can also submit forms to BERS by fax at (718) 935-4124 or (718) 935-3830 or by uploading your form through our BERS [DocUpload](#). Please note that BERS requires all forms to be signed and notarized prior to submission.

Our staff will help you every step of the way. If you have any questions about auto-enrollment, how to complete our forms or about BERS membership, please contact BERS. You may reach BERS by phone at (929) 305-3800, or at 800-843-5575 (if outside New York State), or by email at brespon@bers.nyc.gov. ■

WHAT IS CREDITED SERVICE?



Credited service is the pensionable time you accrue while working and getting paid by the city. Credited service matters for a number of reasons. Some of the most important include the following:

1. A minimum amount of credited service is required to vest, which is a prerequisite for receiving a service retirement benefit. The amount of credited service required to vest will depend on the member's Tier (and, in some cases, their membership date and union affiliation).
2. The amount of credited service is an important component of the service retirement benefit formula.
3. A member is not covered by the BERS ordinary death benefit unless they have a minimum of 1 year of credited service.
4. A member is not covered by the BERS vested death benefit unless they have a minimum of 10 years of credited service. (Note that Tier 1 and 2 members are not covered by the vested death benefit.)
5. A member cannot apply for ordinary disability retirement unless they have a minimum of 10 years of credited service.
6. Prior service cannot be credited unless a member has at least 2 years of membership service.
7. Military service prior to membership cannot be credited unless a member has at least 5 years of Credited Service.

Full-time employees receive service credit as long as they are active on payroll, from the date of employment to the date of retirement, termination, resignation, or death, and excluding leaves without pay and certain other unpaid statuses (also called "breaks in service").

For example, a member who joined BERS on July 1, 1999 and retired on December 31, 2008 with no breaks in service would have earned approximately 9.5 years of membership service.

Part-time employees receive service credit based on the number of hours or days worked per year.



There are three categories of part-time employment:

1. **Non-school-based part-time employment** is credited at the rate of one year of credited service per 1,827 hours worked. This classification includes, among others, part-time employees working at DOE headquarters and all part-time transferred contributors.
2. **School-based part-time employment** (excluding service as a substitute teacher) is credited at the rate of one year of credited service per 1,470 hours worked. This classification includes, among others, school lunch helpers and school crossing guards.
3. **Service as a substitute teacher** is credited at the rate of one year per 180 days worked. This classification includes per diem and per session substitute teachers. ■

THINKING OF APPLYING FOR A BERS LOAN? HERE IS WHAT YOU NEED TO KNOW

One of the benefits of a BERS membership is that members can access their money before and after retirement through loans. Members who meet the eligibility requirements can access their money with no penalties and can easily pay it back through after-tax payroll deductions or direct payments. Here are some eligibility rules to keep in mind:



Throughout a member's lifecycle, many things can happen therefore it's important to make sure you inform BERS as soon as possible of any changes to your situation

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 have tax consequences. If you believe you may have missed a payment, please contact BERS as soon as possible. If you have missed payments BERS will send you a letter to inform you of the outstanding balance, so make sure you keep your contact information up to date. ■

- You are a BERS member in active service or on an approved leave of absence with pay
- You have at least one year of membership service
- You have not taken a loan in the last 12 months
- You have no missing repayments on previous outstanding loans
- You are not in default in any BERS loan program



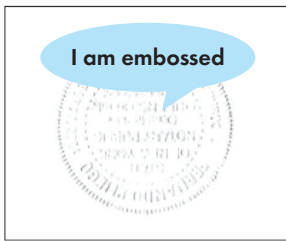
NOTARY SECTION, READ ALL ABOUT IT

As you know BERS forms require notarization. Here are a couple of ways to be sure that the Notary Public or Commissioner of Deeds completes their part correctly:

- Don't sign your form until you are in front of the Notary or Commissioner of Deeds. This will ensure the date next to your signature and the date the application is notarized match.
- Confirm that the Notary or Commissioner of Deeds has spelled your name correctly in the jurat section.
- The affixed official seal in the box must be legible and clear to read.
- The document must be signed by the notary.

Here are examples of what you will need to look out for. These errors can result in your form being rejected.

Affix official seal in the box below

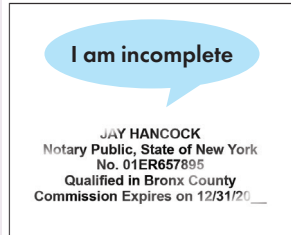


The notary must write out the following information beside the raised seal: the notary's name, the number on the seal, the County of issue, and the seal's expiration date.

This is how the Acknowledgement and jurat sections should look when they have been completed correctly.

- Matching dates
- Counties match
- Notary signs their name and stamps the seal

Affix official seal in the box below



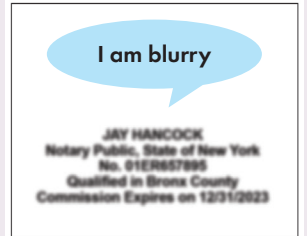
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ACKNOWLEDGEMENT

I acknowledge receipt of your letter informing me of the Internal Revenue Service (IRS) established rules regarding Required Minimum Distribution. I hereby apply to receive the Required Minimum Distribution based on the election I have chosen.

DO NOT SIGN OR DATE UNLESS IN FRONT OF A NOTARY

Signature REQUIRED John Q. Public Date 6/10/2024

State of New York County of Bronx
 On this 10th day of June in the year 20 24
 personally appeared before me the said John Q. Public
 to me known to be the individual described in and who execute the foregoing document, and he (she) duly acknowledged to me that he (she) executed the same, and the statements contained therein are true.

Jay Hancock
 Signature of Notary Public or Commissioner of Deeds

Affix official seal in the box below



WHEN YOU RETIRE, WILL YOU HAVE ENOUGH MONEY SAVED TO LIVE COMFORTABLY?

Although you might have been auto enrolled into the BERS Qualified Pension Plan (QPP) you are not auto enrolled into the BERS Tax Deferred Annuity Program (TDA) as it is voluntary, not mandatory. The TDA Program is an optional defined-contribution plan established under Section 403(b) of the internal revenue code, which essentially supplements your retirement allowance. To participate in the BERS TDA program members must be employed in a position which is in educational service.

Remember that in retirement, your income will be significantly less than it is today. During retirement, you will still have many of the same expenses you have today such as housing (mortgage or rent), utilities, health care costs, property taxes, insurance (homeowners, auto, life), transportation, and entertainment.

The TDA program is a simple and powerful way to save additional money for your retirement. We encourage you to increase your retirement income by joining or increasing your pre-tax or Roth contributions to the BERS Tax Deferred Annuity Program. Participants have a unique advantage over non-participants with benefits such as less taxable income, tax-deferred investment returns, and the ability to make Roth (after-tax) contributions. The program provides you with great flexibility in terms of

the amount you can contribute to the program, as well as how you wish to allocate your investments. The BERS TDA program offers a choice of two investment options, the Fixed Program and the Variable Program.

Eligible BERS members can request that BERS deduct a certain amount from their paychecks as TDA pre-tax and or TDA Roth (after-tax) contributions while also having the choice of requesting for these contributions to be either deposited in the Fixed program (which offers a guaranteed rate of interest set by the New York State Legislature) or the Variable program (whose value changes based on the performance of the stock market). The return on fixed investment funds is currently 7% compounded annually for UFT members and 8.25% compounded annually for all other members.

Consistent contributions made while you are working will make certain that you have sufficient funds to meet your retirement needs. As a general rule, pre-tax TDA contributions reduce your tax burden during your working years, while Roth TDA contributions reduce your tax burden in retirement.

Please note that BERS cannot provide any legal, investment, or tax advice. If you need advice as to whether investing in the variable program or whether Roth contributions would be less or more advantageous for you, you should discuss the question with your tax professional and or financial advisor. ■



Service Center

65 Court Street, 1st Floor, Brooklyn, NY 11201

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65 Court Street, 16th Floor, Brooklyn, New York 11201

Executive Office

55 Water Street, 50th Floor, New York, NY 10041

Call Center hours

Monday through Friday, 8:30 am to 4:30 pm

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Web www.nycbers.org

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