

# BERS WORDS

A publication of the New York City Board of Education Retirement System

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Spring 2018

## Pension Payment Calendar

Check Mailed		Direct Deposit		Check Mailed		Direct Deposit	
<b>May</b>	May 29	May 31		<b>September</b>	Sept. 26	Oct. 1	
<b>June</b>	Jun. 27	July 2		<b>October</b>	Oct. 29	Oct. 31	
<b>July</b>	July 27	July 31		<b>November</b>	Nov. 28	Nov. 30	
<b>August</b>	Aug. 29	Aug. 31		<b>December</b>	Dec. 27	Dec. 31	

## Outstanding Loans at Retirement

If you have an outstanding pension loan and you would like to retire, please be aware that any outstanding loan balance must be satisfied prior to retiring. You have two options on repaying an outstanding loan at retirement:


1. You may make a lump sum payment in the full amount of the outstanding loan balance. To make a lump sum payment, contact BERS to request a lump sum payment amount and the payment due date.
2. You may elect to have the outstanding loan balance deducted from your ASF or MCAF account, which represents your accumulated contributions. If you choose this option, you will have no out-of-pocket expense; however, the amount of your pension benefit will be reduced. The reduction to your pension benefit is a permanent reduction and continues for as long as you receive pension payments. At any time after retirement, you have the option of repaying the original loan balance which was outstanding at retirement; this repayment will increase your pension effective on the day that the loan is repaid.

If you have an outstanding pension loan and choose to retire without paying this loan off, the balance of the loan will be considered a distribution. You will receive a 1099R for the taxable portion of the distribution. This amount will also be reported as income to the Internal Revenue Service. You may have to pay income tax on the distribution amount.

If you have an outstanding TDA loan at retirement, and you elect TDA Deferral status, you may maintain an outstanding loan balance(s) and avoid a taxable distribution. In this case, you would be required to make monthly loan payments directly to BERS. A request for direct payment coupons must be made to BERS within 60 days of leaving service.

However, if at retirement you elect to withdraw or to annuitize your TDA, your outstanding TDA loan balance will be considered a distribution for tax purposes. In that case, BERS will issue a 1099R for the taxable amount of the distribution.

It is best to repay any outstanding loans while you are still working, so that you will be able to collect maximum benefits at the time of your retirement.

	<ul style="list-style-type: none"><li>• Review your finances</li><li>• Make a budget</li><li>• Join the BERS TDA Program</li><li>• Increase your BERS TDA contributions</li><li>• Visit the BERS web site</li></ul>	<ul style="list-style-type: none"><li>• Review your Tier SPD</li><li>• Prepare or review your Will, Power of Attorney and your Health Care Proxy</li><li>• Gather all of your important documents in a safe location</li></ul>	<ul style="list-style-type: none"><li>• Tell a responsible party where your important documents may be located</li><li>• Shred and discard useless documents.</li><li>• Update online passwords.</li></ul>
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We would like to hear from you. Please send comments regarding our newsletter, or any specific concern to The Editor, **BERS WORDS, Board of Education Retirement System, 65 Court Street, 16th Floor, Brooklyn, N.Y. 11201**. Or E-mail your comments to [Brespon@bers.nyc.gov](mailto:Brespon@bers.nyc.gov).

## Updating Beneficiary Information

It is important that you keep your beneficiary designations up to date. When you receive your semiannual Statement of Accounts, you will see that the last page includes a list of your current beneficiaries. If there are errors on the list, or if you wish to change your beneficiaries, please fill out a new Designation of Beneficiary form and send it to BERS with your notarized signature. Note that there are separate forms for pension beneficiaries and for TDA beneficiaries. All forms are available on our web site, [www.bers.nyc.gov](http://www.bers.nyc.gov).

If any of your beneficiaries change their address, change their name, or predecease you, you must fill out a new Designation of Beneficiary form. If we do not have your beneficiaries' correct and up-to-date contact information, we may not be able to contact them. This means that your beneficiaries may not be able to collect the benefits that you worked so hard to provide,

and that your beneficiaries are entitled to. In some cases, your beneficiaries may not even be aware that they are eligible for death benefits.

If you named your spouse as a beneficiary, then later divorced on or after July 7, 2008, but would like your former spouse to continue to be your beneficiary, you must submit a new Designation of Beneficiary form after the date of your divorce. If you do not submit an updated Designation of Beneficiary form after the date of your divorce, then your estate will automatically become your beneficiary regardless of the fact that you would like to have your ex-spouse receive your death benefit.

Please note that when a BERS member dies, interest ceases on their accounts as of the date of death.

## Holiday Schedule

We would like to inform our members that our offices will be open for regular business hours, 9:00 am to 5:00 pm on the listed holidays. If you are unable to get to BERS because of your regular work schedule, we encourage you to take advantage of these opportunities which are holidays for most of BERS' membership. We will be open with limited services due to the holidays.

<b>June 15, 2018</b>	Eid al fitr
<b>September 10, 2018</b>	Rosh Hashanah
<b>September 11, 2018</b>	Rosh Hashanah
<b>September 19, 2018</b>	Yom Kippur
<b>November 6, 2018</b>	Election Day

## BERS Financial Reports Issued

BERS' financial report, officially known as the Comprehensive Annual Financial Report (CAFR), was issued for fiscal year 2017 and is available on the BERS website. The FY2017 CAFR showcases the combining results for the Qualified Pension Plan (QPP Program) and the Tax Deferred Annuity Program (TDA Program). An unqualified opinion was issued by Marks Paneth, LLP, the BERS' independent auditors recruited by the City of New York, regarding the combining financial statements for the fiscal year ended June 30, 2017. This opinion indicates that the combining financial statements issued by BERS present fairly, in all material respects, the net position of the fiduciary as of June 30, 2017 and 2016 and the changes in the fiduciary net position for the years then ended, in conformity with Generally Accepted Accounting Principles.

In addition, we are proud to announce that BERS has been awarded the Certificate of Excellence in Financial Reporting

by Government Finance Officers Association (GFOA). This is the thirtieth consecutive year that BERS is a recipient of this prestigious national award. The Certificate of Achievement recognizes conformance with the highest standard for preparation of state and local government financial reports. Thank you to all the staff of the Actuary, the Comptroller, and BERS who worked closely on preparation of these reports.

During 2017, BERS' assets crossed the \$6 billion milestone and BERS' staff serviced approximately 60 thousand members. The QPP's net position restricted for benefits was set at \$4.10 billion while the TDA's net position restricted for benefits was \$1.80 billion for the year ended June 30, 2017.

For more detailed information about the main drivers of the increase in BERS' net position, we invite you to visit our website [www.bers.nyc.gov](http://www.bers.nyc.gov).

# BERS Financial Reports Issued Continued

## QPP Fiduciary Net Position—June 30, 2017 and 2016 (In thousands)

	2017	2016
<b>Assets:</b>		
Cash	\$ 3,232	\$ 327
Receivables	155,750	166,060
Investments, at fair value	5,323,614	4,526,973
Collateral from securities lending	374,943	477,623
Other assets	160,453	124,031
<b>Total assets</b>	<b>\$ 6,026,992</b>	<b>\$ 5,295,014</b>

	2017	2016
<b>Liabilities:</b>		
Accounts payable	\$ 13,884	\$ 6,907
Payable for investments purchased	92,173	103,213
Accrued benefits payable	9,943	7,357
Due to the TDA Program from the System	1,436,478	1,283,481
Payables for securities lending	374,943	477,623
<b>Total liabilities</b>	<b>\$ 1,927,421</b>	<b>\$ 1,878,581</b>

**Net position Restricted for benefits**      **\$ 4,099,571**      **\$ 3,416,433**

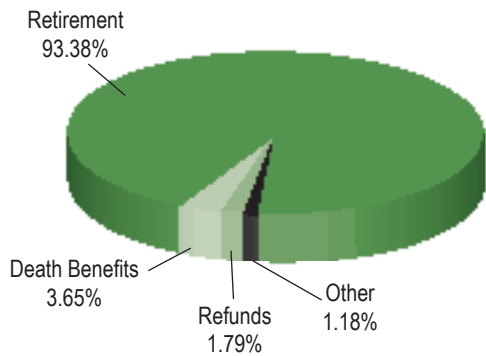
## TDA Program Fiduciary Net Position—June 30, 2017 and 2016 (In thousands)

	2017	2016
<b>Assets:</b>		
Cash	\$ 105	\$ 205
Receivables	42,281	40,455
Investments, at fair value	457,248	409,776
TDA Program's interest in the Fixed Funds	1,436,478	1,283,481
Collateral from securities lending	5,917	15,642
Other assets	0	0
<b>Total assets</b>	<b>\$ 1,942,029</b>	<b>\$ 1,749,559</b>

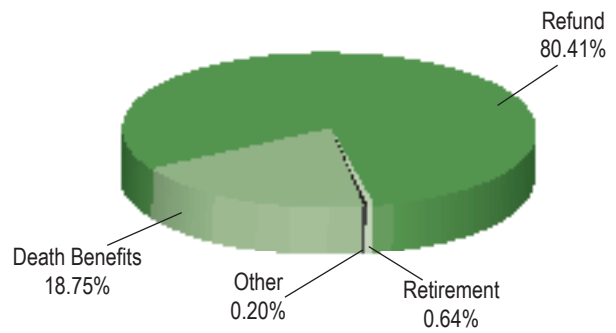
	2017	2017
<b>Liabilities:</b>		
Accounts payable	\$ 0	\$ 0
Other liability	128,452	96,156
Payable for investments purchased	1,435	902
Accrued benefits payable	6,537	6,783
Payables for securities lending	5,917	15,642
<b>Total liabilities</b>	<b>\$ 142,341</b>	<b>\$ 119,483</b>

**Net position Restricted for benefits**      **\$ 1,799,688**      **\$ 1,630,076**

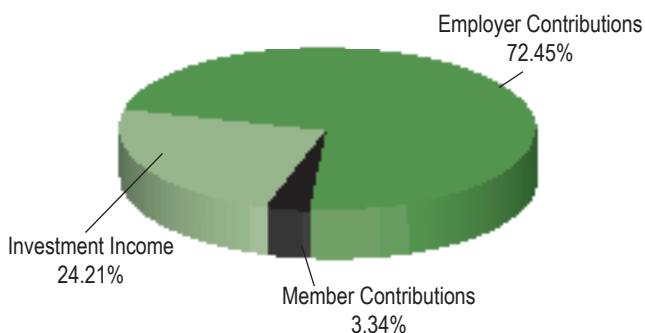
### QPP Benefit Payment Category



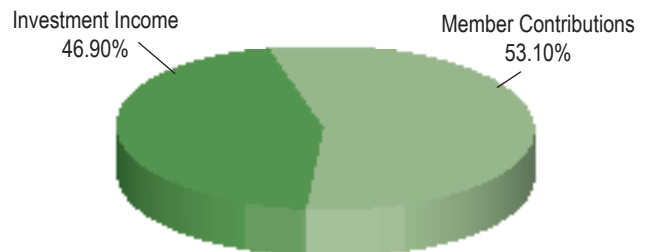
### TDA Benefit Payment Category



### QPP Funding Sources



### TDA Funding Sources



## Questions and Answers

**Q. May certain payments paid after severance from employment be included in includible compensation?**

- A. Separating employees often receive payments of bonuses, accumulated unused sick or vacation pay, or taxable payments of non-qualified deferred compensation. Participants are permitted to defer such amounts under a Section 403(b) plan if (1) the payments would have to be paid to the employee had the employee continued to work; (2) the payments are made within a limited period after severance from employment (within the later of 2½ months after severance from employment with the employer maintaining the plan or the end of the limitation year that includes the date of severance from employment with the employer maintaining the plan); and (3) the deferral election is made before the amounts are paid.

Deferral during this limited period applies to regular pay (i.e., salary, bonuses, overtime, commissions), unused sick, vacation or other leave, or taxable payments due under non-qualified deferred compensation plans. However, these amounts must meet the three criteria for deferral outlined above. Severance from employment means the date on which an employee ceases to be employed by the employer maintaining the plan.

**Q. How does BERS determine the different distribution codes that are used for the 1099-Rs?**

- A. BERS determines the distribution code based on the information we have. Distribution codes are set by the IRS. They communicate the taxability of the funds distributed to the recipients. Based on criteria such as age, work status and others, BERS determines which codes to use. For more information, please visit [www.IRS.gov](http://www.IRS.gov).

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