

Please refer to your specific Summary Plan Definition (SPD) booklet for further information on your Tier plan.

Accidental Death Benefit

An annuity payable to the eligible beneficiary(ies) of a member who died in active service, or in vested deferred status, as a result of (a) an accident sustained in the performance of their duties, or (b) a qualifying World Trade Center condition. See also [Beneficiary](#), [Death Benefit](#).

Active Service

(when applied to BERS membership)

Paid service rendered on the payroll of the Department of Education or any other covered employer, or while a transferred contributor; active service does not include being on a noncontributory leave of absence without pay or in retirement.

Additional Member Contributions (AMC)

Contributions made to Early Retirement programs, in addition to regular member contributions.

Actuarial Calculations

Mathematical and statistical calculations that pertain to annuity payments and benefits payments, using risk factors such as life expectancy and other demographic data.

Actuary

A professional who performs actuarial calculations. The NYC Office of the Actuary provides actuarial information and services for the five major actuarially-funded New York City Retirement Systems, including BERS.

Alternate Payee

A former spouse of a member entitled to receive a portion of the member's retirement benefits under a court order known as a domestic relations order (DRO).

American Clearing House (ACH)

An association of banks that exchange checks and electronic funds transfers with one another. BERS can only issue Electronic Funds Transfer (EFT) payments to organizations that participate in the ACH.

Annuity

A sum of money (variable or fixed) paid out monthly or at other regular intervals.

Annuity Reserve Fund (ARF) (Tier 1 & Tier 2 members only)

The account to which the Annuity Savings Fund is transferred at retirement.

Annuity Savings Fund (ASF)

The account in which the employee contributions of Tier 1 and 2 members accumulate and earn interest.

Arrears

Unpaid contributions that are owed for a period of membership service. If arrears are not fully paid off before retirement, the outstanding balance will result in a reduction to the retirement benefit.

Beneficiary

The person or entity who will receive death benefits and/or any other moneys payable after a member's death. The lump-sum death benefit is payable to the designated beneficiary, meaning anyone the member designates by filing a Designation of Beneficiary form. The accidental death benefit is payable to the eligible beneficiary, who is determined by law. The option annuity is payable to the option beneficiary after the member's death, irrevocably designated by the member at the time of retirement. See also [Accidental Death Benefit](#), [Death Benefit](#), [Designated Beneficiary](#), [Eligible Beneficiary](#), [Option](#), and [Option Beneficiary](#).

Catch-Up Contributions

Additional contributions that TDA participants can make to the BERS TDA program, above and beyond the standard goal amount. Age-based catch-up contributions apply to all members aged 50 or older. Service-based catch-up contributions apply to members who have been employed by the DOE for at least 15 years, and whose combined TDA and 401(k) contributions during their employment average less than \$5,000 annually. Service-based catch-up contributions are subject to a \$15,000 lifetime cap. See also [Goal Amount](#).

Certified Contribution Rate (CCR)

The percentage of gross pay that BERS withholds for the regular employee contributions of Tier 1 and 2 members. The CCR for a particular Tier 1 or 2 member depends on the tier, participation in Plan A/C or B/D, and the age at which the member joined BERS.

Cost of Living Adjustment (COLA)

An increase made to pension payments based on the cost of living index, which is a gauge of prices of services used and goods bought by the standard consumer. See also [Cost of Living Index](#).

Compound Interest

Interest paid on both the principal and the accrued interest (that is, interest on interest); such interest can be compounded annually, semi-annually, or at other regular intervals.

Contingent Beneficiary

A secondary beneficiary who would receive a death benefit should the primary beneficiary die before the member.

Contributions

Payments made to fund the retirement benefits provided by BERS, including service retirement, disability retirement, and death benefits. Members of BERS make QPP contributions based on their tier and their participation in an early retirement program, if applicable. These contributions are calculated as a fixed percentage of salary, and deducted through salary withholdings. The employer also makes QPP contributions each year, in an amount certified by the NYC Office of the Actuary. TDA contributions are made only by participating members, in an amount chosen by each member, and are entirely voluntary.

Cost of Living Index

Gauges the prices of services used and goods bought by the standard consumer; these figures then provide the basis for annual adjustments made to Social Security payments, pension payments and more. See also [Cost of Living Adjustment \(COLA\)](#).

Covered Employment

In addition to employment with the New York City Department of Education, this includes employment with the New York City School Construction Authority, the Office of the Special Commissioner of Investigation, certain charter schools, BERS, or as a School Crossing Guard employed by the New York City Police Department. Covered employment makes an employee eligible for BERS membership.

Creditable Service

Employment that can count toward retirement credit and toward the calculation of the retirement benefit. See also [Credited Service](#).



Credited Service

Employment that has been counted toward retirement credit and toward the calculation of the retirement benefit. There are many different kinds of credited service; see also [Membership Service](#), [Prior Service](#), [Military Service During Membership](#), [Military Service Prior to Membership](#), [Reinstated Service](#), and [Transferred in Service](#).

Death Benefit

A lump-sum payment to the designated beneficiaries of a covered member. The designated beneficiaries will receive (a) an ordinary death benefit if the member died in active service with at least one year of service credit; or (b) a vested death benefit if the member died as a deferred vested member with at least 10 years of service credit; or (c) a post-retirement death benefit if the member died in retirement and was in Tier 2, 4 or 6. Additionally, if the deceased member had a balance in their TDA account, this balance will be paid out to a separately designated set of beneficiaries. See also [Beneficiary And Designated Beneficiary](#).

Deemed Distribution

A report to the IRS of a defaulted loan. The IRS will treat the unpaid balance of the defaulted loan as income for tax purposes. Also, if a loan has not been fully paid off 5 years after issuance, the unpaid balance must be reported as a deemed distribution. See also [Default](#).

Default

Failure to make scheduled payments on a loan. BERS considers a loan defaulted when no payments have been received in 90 days. When a loan has been placed in default, the outstanding balance will be scheduled for a deemed distribution, meaning that it will be reported to the IRS as income. See also [Deemed Distribution](#).

Deferred Retirement

Retirement after a period of separation from active service. A member who leaves active service after vesting, but before attaining the age required to receive a benefit, is entitled to receive a deferred retirement benefit upon reaching the retirement age for their tier (and early retirement program, if applicable). See also [Vesting](#).

Deficit

An insufficient balance in a contribution account (such as the MCAF or AMC account). See also [Arrears](#).



Designated Beneficiary

The beneficiary (or beneficiaries) who will be paid a lump-sum death benefit (ordinary death benefit, vested death benefit, post-retirement death benefit, and/or TDA death benefit) in the event of the member's death. The member can change their designated beneficiary(ies) for lump-sum death benefits at any time by filing a Designation of Beneficiary form. A designated beneficiary is usually a person, but may be an entity, such as a trust. See also [Death Benefit](#).

Disability Retirement

Retirement from active service after becoming disabled. A member who has 10 or more years of credited service may file for ordinary disability retirement (ODR), and this application will be granted on a finding that the member is permanently disabled for the performance of duty, regardless of the cause of the disability. A member who was injured in a work-related accident may file for accident disability retirement (ADR), regardless of the length of credited service, and this application will be granted on a finding that (a) the member is permanently disabled for the performance of duty, (b) the member suffered a work-related accident, and (c) this accident resulted in the member's disability. See also [Service Retirement](#).

Distribution

Any withdrawal from a pension plan or tax-deferred retirement account. See also [Refund](#).

Domestic Relations Order (DRO)

A court order that instructs a retirement system to pay a portion of a member's retirement benefits to a former spouse, known as an alternate payee. BERS may receive a DRO directed to a member's QPP account, TDA account, or both. When a DRO is directed to the QPP account, it generally orders BERS to pay the alternate payee a portion of the member's pension, usually effective when the member retires. When a DRO is directed to the TDA account, it generally orders BERS to pay the alternate payee a lump sum from the member's TDA, usually effective upon request. See also [Alternate Payee](#).

Early Retirement Programs

Programs that allow the member to retire at an earlier age, but which require payment of Additional Member Contributions (AMC). These programs include the 57/5 early retirement program (Tier 4 only), the 55/25 early retirement programs (Tiers 2 and 4), the 55/25 early retirement programs for UFT members (Tiers 2 and 4), the Automotive early retirement programs (Tiers 4 and 6), and the Special Officers early retirement programs (Tiers 2, 4, and 6).

Earnable Salary

Regular annual wages, not including any additional compensation, such as overtime pay.

Earned Salary

Actual wages earned during a specified period of time.

Effective Date Of Retirement

The actual date on which one's retirement begins. No service can be credited after the effective date of retirement. In cases of deferred retirement, this date may be retroactive.

Electronic Funds Transfer (EFT)

The deposit of a payment directly into a bank account. BERS can only issue EFT payments to financial institutions that participate in the American Clearing House (ACH).

Eligible Beneficiary

The beneficiary who will be paid an accidental death benefit in the event the member dies as a result of a work-related accident. The eligible beneficiary is not designated by the member, but determined by law. This will be the surviving spouse, if living; otherwise any surviving children under age 25; otherwise to dependent parents; otherwise any other qualifying dependent; otherwise the designated beneficiary. See also [Accidental Death Benefit](#).

Escalation

Incremental increases in the amount of benefit payable.

Final Average Salary (FAS)

An important component of your pension calculation. The FAS formula is different for each tier, but in general it is calculated by averaging your earnings during your highest-earning consecutive years of credited service (not necessarily your last years), with some limits applied for members who received significant pay increases during this period.

Federal Insurance Contributions Act (FICA)

A federal law that requires employers to withhold a percentage of wages and make payments to fund Social Security and Medicare.

Final Compensation

An important component of a Tier 1 or 2 pension calculation; defined as the greater average of earnable salary either during the five-year period immediately preceding retirement, or during any consecutive five-year period chosen by the member.

Fixed Return Fund

One of two options for investing TDA contributions (and ASF and ITHP contributions, for Tier 1 and 2 members). The Fixed Return Fund guarantees investment earnings at a fixed interest rate of return. The fixed interest rate is 7% per year for members represented by the United Federation of Teachers (UFT) and 8.25% per year for all other members. See also [Variable Annuity Fund](#).

Five-Year Out Rule

Under the applicable law, a member who leaves covered employment before vesting will lose all membership rights 5 years after the last day of active service. This means that all interest on BERS accounts will stop, and the member has no rights to any BERS retirement benefits other than to can apply for a refund of all contributions and earnings. If the member returns to active service and joins BERS or another retirement system, the service can be reinstated. See also [Vesting](#).

Goal Amount

The maximum dollar amount that a TDA participant can contribute to the BERS TDA Program in a calendar year. The goal amount is announced by the IRS in autumn of each year, and takes effect on January 1 of the following year. The goal amount is combined between all TDA and 401(k) programs a member may contribute to. However, contributions to 457 programs are tallied separately. See also [Catch-Up Contributions](#).

Hardship Distribution

A distribution of TDA funds to a member who is less than 59½ years old and remains in service, but who has suffered one of the following hardships: medical expenses for self, spouse, or dependents; purchase of a primary residence; tuition for post-secondary education; danger of eviction; burial or funeral expenses for a parent, spouse, child, or dependent; repair of damage to principal residence casualty loss; or expenses or losses related to a federally declared FEMA disaster area. A hardship distribution may not exceed the amount of the hardship itself, and can include only TDA contributions (not interest or earnings) .

Insurance Premium

A fee paid for insurance protection. BERS includes an insurance premium when calculating each loan payment schedule. When a member dies with an outstanding loan that is insured, the beneficiaries will receive the full death benefit amount. Note that a defaulted loan is no longer insured; when a member dies with an outstanding loan that is uninsured, the beneficiaries will receive a death benefit reduced by the amount of the unpaid loan balance. See also [Default](#).

Increased Take Home Pay (ITHP) Fund

An account in which optional contributions, made by the employer on behalf of a Tier 1 or 2 member, accumulate and earn interest.

ITHP Reserve Fund

The fund to which the ITHP Fund is transferred at retirement.

Liquidate

To fully pay off a loan.

Member Contributions Accumulation Fund (MCAF)

The account in which the regular employee contributions of Tier 4 and 6 members accumulate and earn interest.

Membership Service

Service credit accrued after the date of membership.

Military Service During Membership

Service in the armed forces of the United States or the State of New York, performed while a member of BERS. If the member goes off their employer's payroll during a period of military service during membership, the member can purchase service credit for this military service by making the contributions that they would have made had they remained in active service during the same period.

Military Service Prior to Membership

Service in the armed forces of the United States performed before the date of membership in BERS. A member may purchase up to 3 years of military service prior to membership, at a cost that depends on the member's tier.

Minimum Required Amount

A contribution amount necessary to receive unreduced benefits under Tier 1 - Plan A or Tier 2 - Plan C.



New York City Or State Public Employee Retirement Systems

The 7 retirement plans for employees in New York public service. Besides BERS, this includes the New York City Employees' Retirement System (NYCERS), the Teachers' Retirement System of the City of New York (TRS), the New York City Police Pension Fund (PPF), the New York City Fire Department Pension Fund (FDPF), the New York State and Local Employees' Retirement System (NYSLRS), and the New York State Teachers' Retirement System (NYSTRS).

New York Public Service

Any employment with the State of New York, or with any county, town, village, school district, special district, or public authority within the State, or with the City of New York, including the Department of Education.

Option

At the time of retirement, a member may choose either to receive the maximum retirement allowance, or to select an option that reduces the retirement allowance but offers continued coverage for an option beneficiary of the member's choice. The available options depend on the member's tier. Thirty days after the first pension payment has been issued, the option chosen at retirement cannot be changed, and, except in the case of the 5- and 10-Year Certain options, the beneficiary cannot be changed, either. See also option [Beneficiary](#).

Option Beneficiary

The beneficiary who will be paid an annuity in the event of a retired member's death. The option beneficiary is designated by the member at the time of retirement, and cannot be changed once thirty days have elapsed after the first pension payment has been issued, except in the case of the 5- and 10- Year Certain options. See also [Option](#).

Payable

Money which can or must be paid to someone (such as benefits).

Prior Service

Service credit for employment with the City or State of New York before the date of membership in BERS. A BERS member can purchase prior service for employment if the employment in question would have made the member eligible to join BERS or any one of the other New York City or State public employee retirement systems. The cost of prior service depends on the member's tier.

Prorate

To assess, divide, and distribute proportionally.

Qualified Pension Plan (QPP)

The plan that receives a BERS member's retirement contributions and issues their pension payments after they retire. The term "qualified" indicates that the BERS QPP follows the requirements of Section 401 (a) of the Internal Revenue Code.

Reduced Escalation

Growth in the amount of benefit payable at a smaller percentage with each increase.

Refund

A payment of QPP or TDA contributions, and/or interest and earnings on these contributions. BERS may issue a QPP refund under various circumstances, including overpayment of contributions, termination of membership, etc. BERS may issue a TDA refund on request to any TDA participant who is 59½ years of age, separated from service or approved for a hardship distribution. A refund of pre-tax funds will be reported to the IRS as income. It may be possible to roll over a refund to another retirement account, such as an Individual Retirement Account (IRA), in order to continue to enjoy the tax advantages. See also [Hardship Distributions, Required Minimum Distributions, And Rollover](#).

Required Minimum Distributions (RMDs)

Mandatory refunds that participants in the BERS TDA Program who are retired or otherwise separated from service must receive each year once they reach a certain age. As of January 1, 2023, that age is 73. On January 1, 2033, it will increase to 75. RMDs cannot be rolled over. Roth contributions and earnings are not subject to RMDs during the member's lifetime. See also [Refund](#).

Rescind

To take back, withdraw, cancel (such as an application).

Reinstated Service

Service credit accrued under a previously terminated membership, either at BERS or at another New York City or State public employee retirement system, which has been reinstated and is now credited to the member's account. See also [Tier Reinstatement](#).

Retirement Allowance

The actual benefit payable to the retiree.

Retroactive

Calculated with an effective date in the past. May refer to payments, contributions, the effective retirement date, etc.

Rollover

A transfer of retirement funds, usually from the BERS QPP or TDA to an Individual Retirement Account (IRA). A member can only request a rollover of funds if the member is already eligible to receive a refund of the same funds. Pre-tax funds can only be transferred to a pre-tax account. Roth funds can only be transferred to a Roth account. Post-tax funds (e.g., a lump sum used to purchase prior service) cannot be rolled over, and can only be distributed (though they are not subject to taxes). See also [Refund](#).

Roth Contributions

Starting January 1, 2024, BERS will permit TDA participants to make contributions on a Roth basis. Roth contributions are taxed when they are made. Roth contributions are not subject to federal or New York State tax when paid out to the member, since this tax has already been withheld at the time the contribution was made. Any earnings on Roth contributions are entirely free from federal and New York state tax when paid out to the member, as long as the first refund takes place in the fifth year from the member's first Roth contribution or later.

Retirement and Social Security Law (RSSL)

The New York State RSSL is the legislation governing the pension contributions, retirement calculations, loans, refunds,

death benefits, and other retirement-related rights and responsibilities of certain public employees, including BERS members.

Service Rendered

Employment engaged in, work performed.

Service Retirement

Retirement from active service after accruing the amount of service credit and reaching the age specified by the member's tier (and/or early retirement program, if any). For example, a Tier 6 member is entitled to retire at age 63 with 5 years of credited service. See also [Disability Retirement](#).

Social Security Quarters

Refers to the credits earned under the Federal Insurance Contributions Act (FICA). Each quarter represents 3 months of covered employment. A worker born after 1928 must have at least 40 quarters of work in covered employment (i.e., 10 years) to apply for a Social Security old age pension. For Social Security purposes, "employment" includes most work that is subject to the Social Security payroll tax.



Tax-Deferred Annuity (TDA) Program

The BERS TDA Program, governed by Section 403(b) of the Internal Revenue Code, is a program that allows eligible BERS members employed by the Department of Education (DOE) to set aside additional savings for their retirement. Pre-tax contributions to the BERS TDA Program accumulate earnings on a tax-deferred basis, and are not taxed until withdrawn. As of January 1, 2024, eligible BERS members may also make Roth contributions to the BERS TDA Program. See also [Roth Contributions](#).

1099-R

A statement sent to taxpayers and to the Internal Revenue Service by the pension administrator, reporting all retirement-related income (including pensions, refunds, defaulted loans, and death benefits).



Tier

A group of members, based on their date of membership. Members in each tier have different rights and responsibilities. Tier 1 covers members who joined before 06/30/1973. Tier 2 covers members who joined between 07/01/1973 and 07/26/1976. Tier 4 covers members who joined between 07/27/1976 and 03/31/2012. Tier 6 covers members who joined on or after 04/01/2012.

Tier Reinstatement

Members who once belonged to BERS or another New York City or State public employee retirement system, left their covered employment and received a refund of their retirement contributions, and later rejoined a New York City or State public employee retirement system, are eligible to apply to reinstate their original membership date and tier rights by repaying all withdrawn contributions with interest. A member may apply for a reinstatement even if the original membership was in the same tier as the current membership; this will give the member the benefit of the original membership date for most legal purposes. See also [Reinstated Service](#).

Transferred Contributor (of BERS)

A BERS member who left education service and started another City job that would ordinarily make them eligible for NYCERS or NYC TRS membership, but who filed an application to remain a BERS member. A member can only file for transferred contributor status if the new job begins no more than sixty days after the prior job ends. A BERS transferred contributor cannot participate in the BERS TDA Program, but continues to earn interest on existing contributions. NYCERS and NYC TRS also have their own transferred contributors. See also [Transfer Between Retirement Systems](#).

Transfer Between Retirement Systems

When a member of one retirement system leaves their original job and joins another retirement system, the member can, and usually should, request a transfer to the second retirement system. The first retirement service then sends all contributions and interest accumulated in the member's accounts, together with an accounting of all credited service, to the second retirement system. This is usually advantageous because all credited service is now in one place. Transfers can happen between any two New York City or State public employee retirement systems. See also [Transferred Contributor](#), [Transferred In Service](#).

Transferred In Service

Service credit transferred to BERS from another retirement system.

Variable Annuity Fund

One of two options for investing TDA contributions (and ASF and ITHP contributions, for Tier 1 and 2 members). The Variable Annuity Fund seeks escalating growth through diversified and managed investments, but does not guarantee earnings nor an assured rate of return, since its returns hinge on the fluctuations of its investments' value. In addition to earnings and losses reflected in the variable unit value, variable fund accounts earn a 4% increase to the number of units per year (referred to as the "variable explosion"). See also [Fixed Return Fund](#).

Vesting

Acquiring the right to receive the benefits specified by a particular retirement program after having completed a certain amount of credited service. At this time, all BERS members vest with 5 years of credited service.