

COMPREHENSIVE PRE-RETIREMENT PLANNING SEMINAR

TIER 4 & 6 EMPLOYEES

\$ Metropolitan Transportation Authority

1

RETIREMENT READINESS PRESENTATION

2

BENEFIT OF A LIFETIME

Your pension plan is a defined benefit plan meaning that a specific benefit is provided at retirement in amounts that are paid based on a percentage of your compensation.

3

BENEFIT OF A LIFETIME

Your monthly retirement benefit is paid for your life and the live(s) of your beneficiary(ies), if you elect an option.

4

RETIREMENT ELIGIBILITY

Participants must meet retirement eligibility in order to collect retirement benefits.

Eligibility means that you have satisfied both the years of service and the retirement age for your tier and plan.

5

RETIREMENT ELIGIBILITY

Below are the age and years of service requirements associated with an unreduced service retirement benefit.

Retirement Plan	Minimum Age	Minimum Years of Service
Operating 25/55 Plan(s)	55	25
62/5 Admin Plan	62	5*
55/25 Admin Plan	55	25
57/5 Admin Plan	57	5*
63/5 Admin Plan	63	5*

** 10 years of Credited Service is required for retiree health benefits.*

6

CALCULATING YOUR RETIREMENT BENEFIT_TIER 4

The calculation is as follows:

- Members with less than 20 years of Credited Service – $1\frac{2}{3}\%$ for each year
- Members with 20-30 years of Credited Service – 2% for each year
- Members with more than 30 years of Credited Service – 2% for each year up to 30 years, PLUS 1.5% for each year in excess of 30 years

7

CALCULATING YOUR RETIREMENT BENEFIT – TIER 6

- For a Participant with less than 20 years of Credited Service:
1.67% times Final Average Salary (FAS) times years of Credited Service
- For a Participant with 20 or more years of Credited Service:
35% of FAS for the first 20 years of Credited Service; plus
2% times each year of Credited Service in excess of 20

8

EARLY SERVICE RETIREMENT

Members may be eligible to receive payment under the **62/5** Admin Plan Service Retirement Benefit before reaching age 62 and as early as age 55 but the benefit is subject to a lifetime reduction.

Age Payment Begins	Percent of Benefit Reduction
61	6.%
60	12%
59	15%
58	18%
57	21%
56	24%
55	27%

9

EARLY SERVICE RETIREMENT

Members may be eligible to receive payment under the **63/5** Admin Plan Service Retirement Benefit before reaching age 62 and as early as age 55 but the benefit is subject to a lifetime reduction.

Age Payment Begins	Percent of Benefit Reduction
62	6.5%
61	13%
60	19.5%
59	26%
58	32.5%
57	39%
56	45.5%
55	52%

10

EARLY SERVICE RETIREMENT

Age Reduction Calculation - Tier 4

FAS \$100,000

Years of Credited/Allowable Service: 25

Formula Rate: 2%

$$2\% \times 100,000 = \$2,000$$

$$\$2,000.00 \times 25 = \$50,000/12 = \$4,167.00$$

Age Reduction Factor 27% based on age 55

$$\text{Reduction } \$50,000 \times 27\% = 36,500/12 = \$3,041.67$$

$$\text{Annual Pension of } \$50,000 - \$36,500 = \$13,500 \text{ (annual reduction)}$$

11

EARLY SERVICE RETIREMENT

Age Reduction Calculation – Tier 6

FAS \$100,000

Years of Credited/Allowable Service: 25

Formula Rate: 35% for first 20 years and 2% over 20 years

$$35\% \times 100,000 = \$35,000$$

$$2\% \times 100,000 = \$2,000 \times 5 = \$10,000$$

$$\$35,000 + \$10,000 = \$45,000/12 = \$3,750$$

Age Reduction Factor 52% based on age 55

$$\text{Reduction } \$45,000 \times 52\% = \$23,400/12 = \$1,950$$

$$\text{Annual Pension of } \$45,000 - \$23,400 = \$21,600 \text{ (annual reduction)}$$

12

VESTING

Vesting refers to your right to receive plan benefits, even if you terminate employment before you are eligible for payment of a service retirement benefit.

13

REVIEW OF CREDITED SERVICE

Have you heard of a Service Summary Report?

Have you made a request for Service Summary?

14

CHECKING SERVICE TIME

Why should you review your Service Summary Report?

To ensure that your service time is correctly reflected on the report, you should question any missing or unresolved periods of time.

15

MISSING PERIODS “LOSS TIME”

After reviewing your Service Summary Report, and if the missing period(s) relates to Workers' Compensation and/or Short-Term Disability* and you have received payments you should make a request to pay your deficiency. This is applicable to operating employees only.

***Short-Term Disability buy back is for MaBSTOA employees only**

16

CREDITED SERVICE

Service credit is not given for leave of absences without pay (other than for military service and union release). Service credit is not earned for the following types of leave:

- Family Medical Leave (FMLA) without pay
- Paid Family Leave (PFL)
- Sick Leave without pay
- Suspension
- Absent without Leave (AWOL)
- Strike

17

PURCHASED SERVICE

Purchased service is not the same as “Membership Reinstatement Service.”

Purchased service allows members to purchase retirement service credit for service performed before becoming a participant.

18

MEMBERSHIP REINSTATEMENT

If you had a prior pension plan membership, you may be eligible to restore your original membership date and tier.

A change in membership date or tier may result in significant changes in your retirement benefit and contribution rate.

19

MILITARY SERVICE

There are various laws and plan provisions that allow members to purchase service credit for time spent on active duty in the U.S. military.

- Article 20 of the New York State RSSL
- Uniformed Service Employment & Reemployment Rights Act of 1994 (USERRA)

20

MILITARY SERVICE (USERRA)

To receive credit for time spent on active military duty, you had to be:

- Employed by MaBSTOA or NYCT and,
- Granted a military leave of absence and,
- Served in active duty and apply for MaBSTOA or NYCT position reinstatement and,
- Pay contributions that would have been due during military leave of absence and,
- A member of MaBSTOA Pension Plan or NYCERS at the time you entered Military Service.

21

MILITARY SERVICE (ARTICLE 20)

Under Article 20 members may purchase up to three years of military service, if you were honorably discharged.

You must have five years of pensionable service to purchase time under Article 20.

22

RETIREMENT BENEFIT

Your retirement benefit is made up of three components:

- Credited Service
- Final Average Salary (FAS)
- Your age, required amount, plan, tier and certain other factors.

23

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

24

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

Birth Evidence is needed at retirement. You need to provide your original birth certificate or any other documentation to support your date of birth before your first pension check can be mailed.

If you are selecting a Joint & Survivor retirement option, you also need birth evidence for your spouse or whomever you select to receive the continuation of benefit.

25

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

Tier 4, your **Final Average Salary** (FAS) is based on any three consecutive calendar years or the final 36 months immediately preceding your retirement date.

Two separate calculations are performed to ensure that you receive the greater of the two benefit.

In order to determine your FAS, a five-year review of your earnings will be performed because each of the years used in your FAS cannot be greater than the average of the previous two years by 10%.

26

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

Tier 6, your **Final Average Salary** (FAS) is based your final 60 months (5 years) immediately preceding your retirement date.

In order to determine your FAS, a nine-year review of your earnings will be performed because each of the years used in your FAS cannot be greater than the average of the previous four years by 10%.

Your FAS contains many factors and excludes certain wages **plus** there is an annual overtime cap on your wages.

27

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

Retirement Options

Joint & Survivor options take your life expectancy, as well as, your beneficiary's into consideration. If there is a significant age gap between you and your beneficiary's age, the reduction in your retirement benefit will be greater.

Once you have designated a beneficiary and your option is in force, you cannot change your beneficiary, unless you have selected either the 5-year or 10-year Certain Options.

28

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

Loans at Retirement

An outstanding loan at retirement will permanently reduce your retirement benefit for the rest of your life. This reduction is age driven plus it becomes a taxable event and a 1099 will be issued to you.

You could avoid the taxability by rolling over the funds into another tax shelter plan [401(k)/457 or IRA].

29

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

Taxes

As a retiree, only Federal taxes are withheld from your pension check, as long as, you live in New York State. If you live elsewhere, you will be subject to state taxes of your residence, unless the state where you live does not have state taxes.

30

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

First Pension Payment

If your retirement date falls at the end of the month, your first pension check will be mailed at the end of the following month.

It is best to retire during the last week of the month, the wait time for your first check will be about 4 weeks.

31

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

Monthly Pension Payment Distribution

Pension checks are mailed 2 business days before the end of the month, generally around the 28th of the month.

Electronic Funds Transfer (EFT) direct deposits are made on the last business day of the month.

32

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

Cost-of-Living-Adjustment (COLA)

Your pension will be adjusted annually for COLA depending on your age and the number of years since you have retired.

There is a waiting period:

- Age 62 retired at least 5 years
- Age 55 retired at least 10 years
- Disability Retirement retired at least 5 years

33

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

Post-Retirement Death Benefit (PRDB)

A PRDB benefit will be provided to your designated beneficiary regardless of whether you have selected a retirement option. The benefit will be paid upon your death, if you qualify.

The PRDB is payable as follows:

- If death occur in 1st year of retirement 50%*
- If death occur in 2nd year of retirement 25%*
- If death occur in the 3rd year and thereafter, 10%*

34

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

Pension Verification Audit

To prevent fraud, periodically, you will be asked to complete an affidavit to verify that you are still alive. Failure to respond will result in the suspension of your retirement benefit until you have complied.

35

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

Qualified Domestic Relations Order

Under the equitable distribution laws of the State of New York, pension benefits are considered a marital asset. As a result, the Supreme Court of the State of New York may assign a portion of your current and/or future pension benefits to an ex-spouse under a Domestic Relations Order.

By law, MaBSTOA Pension Plan or NYCERS is bound to comply with the order of the court.

36

WHAT YOU SHOULD KNOW BEFORE RETIREMENT

Qualified Domestic Relations Order (QDRO)

New York State Estate Powers of Trust Law (EPTL) provides that if you are married and you change your beneficiary after 1992 to someone other than your spouse, your spouse retains a right to a portion of your death benefits.

37

THE ROAD TO RETIREMENT

1. MaBSTOA employees contact the Business Service Center (BSC) 90 - 120 days in anticipation of retirement date to request updated Service Summary and Pension Estimate.
2. NYCERS members contact NYCERS 90 - 120 days in anticipation of retirement date to request updated Service Summary and Pension Estimate.
3. Notify your manager or timekeeper between 60-90 days in advance of your intent to retire for your terminal leave report.

38

THE ROAD TO RETIREMENT

4. MaBSTOA employees to file your retirement application, contact the BSC to request retirement appointment.
5. NYCERS members to file your retirement application, file it directly with NYCERS once you have your terminal leave report.

39

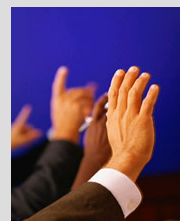
??? QUESTIONS???



Contact:
MTA Consolidated Pensions

Telephone
Office Hours

1-646-376-0123
8:30AM to 5:00PM
Monday thru Friday



40