



## CHOOSING A PENSION PLAN: A GUIDE FOR NEW MEMBERS

New York State law mandates participation in a retirement system for full-time members of the instructional staff. New staff members have 30 days from the effective date of their appointment to choose a retirement program, and the choice is irrevocable. If no choice is filed within 30 days, the law mandates that the member be assigned to the New York City Teachers' Retirement System (TRS).

Full-time instructional staff members must choose between the New York City Teachers' Retirement System (TRS) and the Optional Retirement Program (ORP). Those who elect the Optional Retirement Program must choose investment options through either Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) or through the alternate funding vehicles offered by Guardian or MetLife. More information may be obtained from your college HR Office.

Adjuncts employed by CUNY are only eligible for membership in TRS and may join at their option. Additional information on choosing a pension plan is available from Jared Herst, PSC Coordinator of Pension and Welfare Benefits, at (212) 354-1252, or [jherst@pscmail.org](mailto:jherst@pscmail.org). This chart, which compares the two systems, may assist new members in choosing their pension plan.

### CUNY's Pension Options

System	New York City Teachers' Retirement System (TRS)	Optional Retirement Program
<b>Type of Basic Retirement Plan</b>	<b>Defined benefit plan:</b> Benefits are based on age, Final Average Salary* (FAS) and years of employment.  *Final Average Salary (FAS): Average of your highest five consecutive annual salaries with certain limitations.	<b>Defined contribution plan:</b> Benefits are based on the amounts contributed by the employer and employee and earnings of the employee's choice of investments.
<b>Vesting</b>	After ten years of total credited service.	After 366 days of continuous full-time employment. (Immediate if employee has a pre-existing, vested TIAA-CREF Retirement Annuity (RA) or Group Retirement Annuity (GRA) contract.)
<b>Retirement Age</b>	<b>Age 63:</b> Immediate, unreduced benefits. <b>Ages 55 to 62:</b> Immediate, reduced benefits at 6.5% per year between those ages.	<b>No age limitation:</b> A member may choose to retire and begin annuity income after vesting without a reduction in benefits.
<b>NYC Retirement Health Benefits</b>	Full-time CUNY employees with 10 years of credited service, age 55 or old and receiving a pension. Health insurance premiums are deducted from employees' basic pension payouts in retirement.	A member with at least 15 years of pensionable, continuous, full-time CUNY service and who is at least age 62. <b>Note:</b> As of 9/1/05, if you are a health-benefits-eligible retiree, you are required to maintain \$50,000 in reserve, with TIAA-CREF, in order to pay for retiree health insurance premiums. Additional reserve amounts may be required depending on the health plan you select or to cover future insurance rate increases.

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<b>Retirement Allowances</b>	<p><b>For members who join TRS after 3/31/2012:</b>  <b>Less than 20 years of service:</b> 1.67% x FAS x years of service.  <b>20 years of service:</b> 1.75% x FAS x years of service.  <b>More than 20 years of service:</b> 1.75% x FAS x years of service (for first 20 years) + 2% FAS for each year of total service credit above 20.</p>	Retirement benefits are based on total accumulations, age at retirement, and the income options selected.																				
<b>Contribution Rates</b>	<p>Employee pays 3% of regular compensation on a federally tax-deferred basis through 3/31/2013. Thereafter, the contribution rate varies for the remainder of service, dependent upon an employee's salary:</p> <table> <tr> <td>--\$45,000 or less:</td> <td>3.00%</td> </tr> <tr> <td>--More than \$45,000 to \$55,000:</td> <td>3.50%</td> </tr> <tr> <td>--More than \$55,000 to \$75,000:</td> <td>4.50%</td> </tr> <tr> <td>--More than \$75,000 to \$100,000:</td> <td>5.75%</td> </tr> <tr> <td>--More than \$100,000:</td> <td>6.00%</td> </tr> </table> <p>Employer contributes a lump-sum annually to TRS.</p>	--\$45,000 or less:	3.00%	--More than \$45,000 to \$55,000:	3.50%	--More than \$55,000 to \$75,000:	4.50%	--More than \$75,000 to \$100,000:	5.75%	--More than \$100,000:	6.00%	<p>Employee pays 3% of regular compensation on a federally tax-deferred basis through 3/31/2013. Thereafter, the contribution rate varies for the remainder of service, dependent upon an employee's salary:</p> <table> <tr> <td>--\$45,000 or less:</td> <td>3.00%</td> </tr> <tr> <td>--More than \$45,000 to \$55,000:</td> <td>3.50%</td> </tr> <tr> <td>--More than \$55,000 to \$75,000:</td> <td>4.50%</td> </tr> <tr> <td>--More than \$75,000 to \$100,000:</td> <td>5.75%</td> </tr> <tr> <td>--More than \$100,000:</td> <td>6.00%</td> </tr> </table> <p>Employer pays 8% of salary for first seven years of employment and 10% thereafter until the remainder of the employee's service.</p>	--\$45,000 or less:	3.00%	--More than \$45,000 to \$55,000:	3.50%	--More than \$55,000 to \$75,000:	4.50%	--More than \$75,000 to \$100,000:	5.75%	--More than \$100,000:	6.00%
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<b>Tax-Deferred Annuity (TDA)</b>	<p>Voluntary TRS TDA 403(b) is available for members of TRS basic retirement plan.</p> <p><b>Note that other tax-deferred retirement investment options are also available. For more information, contact your campus HR benefits officer or reach out to Jared Herst at PSC-CUNY.</b></p>	Voluntary TIAA-CREF TDA 403(b) is available.																				
<b>Retirement Disability Benefits</b>	<p><b>Ordinary Disability benefits:</b> 10 or more years of service credit required.  <b>Accident Disability Benefits:</b> No minimum service requirement.</p>	A member who has been certified disabled and retires may receive annuity payments and city-provided health benefits after 10 years of full-time service.																				
<b>Death Benefit: Beneficiar(ies) of <u>Active</u> Employees in Basic Pension</b>	Member contribution accumulation (member contributions + interest) + death benefit equal to one year's salary for one year of service, two years' salary for two years of service and three years' salary for three or more. Reductions may be applicable depending on age.	Total accumulations in a member's basic retirement plan.																				
<b>Loans</b>	Yes, to the maximum allowable by law from a member's contributions to basic retirement plan, TDA, 457(b) and 401(k) plans.	Yes, to the maximum allowable by law from a member's basic retirement plan, TDA, 457(b) and 401(k) plans.																				

\*The preceding is for informational purposes only. It is a preliminary interpretation of 2012 Tier VI legislation & subject to change.

