# TRS Membership for CUNY Employees

Teachers' Retirement System
of the City of New York

# TRS Membership for CUNY Employees

Contents


**Congratulations** 1

**TRS BENEFITS** 2

- Qualified Pension Plan 2
- Tax-Deferred Annuity Program 3
- Loans 4
- Death Benefits 4
- Disability Protection 4

**TRS MEMBER SERVICES** 5

- Website 5
- Member Services Center 5
- Publications 5
- Account Statements 5
- Educational Programs 5

**SUMMARY COMPARISON CHART: TRS and ORP** 6-7

**FREQUENTLY ASKED QUESTIONS** 8

- *What CUNY titles are eligible for TRS membership?* 8
- *What are the differences between a defined-benefit plan and a defined-contribution plan?* 9
- *How do I enroll in TRS?* 10
- *What happens after I enroll in TRS?* 10
- *What tier would I be in when I join TRS?* 11
- *What is prior service credit, and how can it help me?* 11
- *How do I enroll in the Tax-Deferred Annuity (TDA) Program?* 12
- *What are TRS' Passport Funds?* 12
- *Can I transfer my membership from another retirement system to TRS?* 13
- *Am I eligible to participate in the Age 55 Retirement Program?* 13

# Congratulations!

TRS congratulates you on your City University of New York (CUNY) appointment. As a CUNY employee, you have the opportunity to build a secure financial future by joining a pension system.

- ***If you are a full-time CUNY employee***, you have 30 days from your appointment date to join either TRS or the Optional Retirement Program (ORP), which is offered by the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). If you do not make a selection within that period, membership in TRS would then be mandatory. Please note that, once you enroll in one pension system, you cannot switch to the other.
- ***If you are an adjunct CUNY instructor***, you have the option of joining TRS at any time; however, you are not eligible to join the ORP.

This booklet provides an overview of TRS benefits and services. Also included is a chart summarizing the benefits offered by TRS and the ORP, as well as the different eligibility requirements for retiree coverage under the New York City Health Benefits Program (NYCHBP). At the back of the booklet, you'll find the answers to several questions about the "nuts and bolts" of TRS membership.

TRS members belong to one of four tiers established by New York State law. We describe here the benefits and plan features that apply to Tier IV, which generally covers all employees who become members of TRS after August 31, 1983.

The Teachers' Retirement System of the City of New York (TRS) is a public pension fund that provides New York City educators with retirement, disability, and death benefits. TRS was established in 1917 and has since grown into one of the largest pension systems in the United States, serving more than 178,000 in-service members, retirees, and beneficiaries.

The foundation of TRS is our Qualified Pension Plan—a defined-benefit plan that offers members the security of a guaranteed pension. TRS members may also participate in our optional Tax-Deferred Annuity (TDA) Program. A defined-contribution plan, the TDA Program allows members to save additional funds for retirement on a tax-deferred basis.

TRS membership is available to educators who work for the Department of Education of the City of New York (DOE), the City University of New York (CUNY), and participating New York City Charter Schools. We are committed to providing these dedicated educators with exceptional levels of service.

*You will be able to receive a guaranteed retirement allowance after you attain five years of Total Service Credit and meet age requirements.*

## TRS BENEFITS

As a TRS member, you can take advantage of the following benefits:

- You will be eligible to receive a guaranteed retirement allowance under the Qualified Pension Plan (QPP) after you attain five years of Total Service Credit and meet applicable age requirements.
- You may participate in TRS' optional Tax-Deferred Annuity (TDA) Program.
- You will become eligible to take loans against accumulations in your TRS accounts.
- You may provide a death benefit for beneficiaries.
- You may qualify for disability retirement benefits if you become physically and/or mentally incapable of performing your work duties.

### Qualified Pension Plan

All TRS members participate in the QPP, a defined-benefit retirement plan administered under Section 401(a) of the Internal Revenue Code. As a defined-benefit plan, the QPP offers the security of a guaranteed pension, regardless of how the financial markets perform—a guarantee that is becoming increasingly rare.

As a Tier IV member of TRS, you are required to contribute 3% of your gross earnings toward your QPP account until you have 10 years of membership or credited service; at that time, you are no longer required to make contributions. Your QPP contributions are deducted from your paychecks and deposited into your Member Contributions Accumulation Fund (MCAF) account. Your contributions earn 5% interest annually and, along with contributions from CUNY, will help fund your retirement allowance when you are eligible.

You may be eligible to purchase credit for certain types of service, including service that you rendered before you became a TRS member; this could enable you to stop making QPP contributions before you have 10 years of TRS membership.

You are vested when you complete five years of Total Service Credit, which means you will be eligible to receive a monthly retirement allowance after you retire and meet applicable age requirements. The amount of your retirement allowance is based on your Total Service Credit, your age, and your Final Average Salary (FAS). (Your FAS is generally the average of your three highest consecutive annual salaries, with some restrictions.)

## Tax-Deferred Annuity Program

Your TRS retirement allowance under the QPP will certainly create a solid financial foundation for your retirement, and Social Security income will be an important supplement. However, most people will require additional funds during retirement. TRS therefore offers you the opportunity to build personal savings through the TDA Program.

The TDA Program, established under Section 403(b) of the Internal Revenue Code, is an optional investment plan open to all members. Taxes are deferred on your TDA contributions and their investment return until they are later received as income; this results in lower current taxes and faster savings accumulation. TDA contributions are made through payroll deductions, so saving is automatic and convenient.

TRS offers you six investment options—the Passport Funds—for your TDA account. You may select the combination of investment options that best suits your financial goals, and, as your financial objectives evolve, you can change your investment mix, gradually or quickly, depending on the conversion periods you choose.

At retirement, you may elect TDA Deferral status to further delay receiving your TDA funds (which may provide certain tax advantages). Alternatively, you may withdraw your TDA funds or begin receiving them as an annuity separate from your QPP retirement allowance.

The TDA Program allows you to name beneficiaries to receive your TDA funds in the event of your death. In addition, your beneficiaries may be eligible (under certain circumstances) to defer distribution of TDA death benefits by establishing a TDA account with TRS.

*Taxes are deferred on your TDA contributions and their investment return until they are later received as income, resulting in lower current taxes and faster savings accumulation.*

*You may take a QPP loan if you have one year of membership service and a TDA loan after one year of TDA participation.*

## Loans

Since you may need to access your funds while you are still in active service, TRS offers the opportunity to take loans under both the QPP and the TDA Program. Within a 12-month period, Tier IV members may take one QPP loan; TDA participants may also take one TDA loan. For a QPP loan, in-service Tier IV members need just one year of membership service. To be eligible for a TDA loan, members need only one year of TDA participation.

You may borrow as much as $50,000; your maximum will depend on the amount of your TRS funds and the amount of any balances outstanding on TRS loans and other employer-sponsored loan programs (such as the City of New York and New York State Deferred Compensation Plans). If you only need a small loan, you can borrow as little as $1,000; in some cases, the minimum loan may be as low as $250.

## Death Benefits

You are eligible for death benefit coverage beginning one year after last joining TRS. If you die while still in active service, TRS would provide any benefits payable to your designated beneficiaries. We encourage you to review your designations periodically, especially after major changes in your life (*e.g.*, marriage, birth of a child, divorce, or death of a beneficiary). If you do not designate any beneficiaries, any benefits due would be paid to your estate, instead of directly to your loved ones or other intended recipients.

If you separate from service before retirement and maintain your TRS membership, your designated beneficiaries may be entitled to receive death benefits in the event of your death. TRS also provides death benefit coverage after you retire.

## Disability Protection

Disability retirement coverage is available to in-service members and members on an official leave of absence. To be eligible for an ordinary disability retirement, you must generally have at least 10 years of Total Service Credit, and TRS' Medical Board must determine that you are disabled. The Total Service Credit requirement would be waived if you were determined to be disabled as a natural and proximate result of an accident that was sustained in the performance of your duties in active service, and that was not caused by your own willful negligence. A lump-sum disability benefit is also available for certain terminally ill members.

## TRS MEMBER SERVICES

When you join TRS, you will have a variety of resources to help you get the most of your TRS membership.

### Website

By visiting our website at www.trs.nyc.ny.us, you can obtain important information and securely manage your TRS accounts. For example, you can access your account information, apply for loans, and learn monthly unit values and investment returns for TRS' Passport Funds.

### Member Services Center

You can speak to a Member Services Representative in person by visiting TRS' Walk-In Center at 55 Water Street, which is easily accessible by public transportation. If you prefer, you can speak to a representative during business hours by calling TRS toll-free at 1 (888) 8-NYC-TRS. By calling this phone number, you can also obtain important information about your TRS membership at any time.

Member Services Representatives are available at the Walk-In Center or the Call Center Monday to Friday (except New York City holidays) from 8:30 a.m. to 5:00 p.m.

### Publications

To keep you up to date on benefits and services, TRS sends you a newsletter—*In-Service News*—three times a year. In addition, we publish an assortment of publications on topics related to your TRS membership.

### Account Statements

You will periodically receive statements providing information about your TRS accounts, your Total Service Credit, and your designated beneficiaries.

### Educational Programs

TRS offers educational programs to our members throughout the year in our training facility at 55 Water Street.

*Our Member Services Representatives are available to help you over the phone or in person.*

# SUMMARY COMPARISON CHART: TRS and ORP

*(as of 10/08)*

TRS and the ORP both provide members with comprehensive retirement benefits. However, the pension systems differ in several ways. The following chart highlights the major differences between the two; it also summarizes the eligibility requirements for coverage under the New York City Health Benefits Program (NYCHBP) for members who retire under TRS and the ORP.

| Feature | TRS Tier IV Membership (joined TRS after 8/31/83) | ORP Tier V Membership (joined ORP after 7/17/92) |
|---|---|---|
| **Retirement Plans** | Defined-benefit plan: Qualified Pension Plan (QPP)<br>and<br>Optional defined-contribution plan: Tax-Deferred Annuity (TDA) Program. | Defined-contribution plan: Retirement Annuity (RA) contracts<br>and<br>Optional defined-contribution plan: Group Supplemental Retirement Annuity (GSRA) contracts. |
| **Vesting Requirements** | Five years of Total Service Credit. | 366 days of continuous employment or immediately if you have an existing vested TIAA-CREF contract. |
| **Retirement Age** | Age 62 for immediate, unreduced benefits.<br>Age 55-61 for immediate, reduced benefits or immediate and unreduced benefits if you have 30 or more years of Total Service Credit. | No minimum retirement age to begin collecting retirement income. However, a minimum retirement age may affect eligibility for other benefits. |
| **Employee Contributions** | 3% of your gross salary for the first 10 years of membership or credited service.<br>No contributions after 10 years of membership or credited service.<br>Contributions deposited into Member Contributions Accumulation Fund (MCAF) account and earn 5% interest per year. | 3% of your base salary for the first 10 years of membership.<br>Effective 4/1/08: 2% of your base salary after 10 years of membership.<br>Effective 4/1/09: 1% of your base salary after 10 years of membership.<br>Effective 4/1/10: No contributions after 10 years of membership.<br>Contributions deposited into your account with TIAA-CREF or another eligible investment vehicle. Investment returns depend on the performance of your investment elections. |
| **Employer Contributions** | Actuarially-determined amount needed to fund benefits for all plan members. | 8% of your base salary for the first 7 years of CUNY employment.<br>10% of your base salary after 7 years of CUNY employment.<br>13% of your base salary after 10 years of CUNY employment. |
| **Retirement Benefits** | *Less than 20 years of credited service:* 1.67% of Final Average Salary (FAS) multiplied by years of Total Service Credit.<br>*20 or more years of credited service:* 2.0% of FAS multiplied by years of Total Service Credit for the first 30 years, plus 1.5% of FAS for each year of Total Service Credit above 30. | Based on your annuity accumulations, age at retirement, and the income option you select. |
| **Retirement Health** | Coverage under the New York City Health Benefits Program (NYCHBP) if you have at least 10 years of credited service, have been employed by the City immediately prior to retirement and worked a minimum of 20 hours per week, and receive a retirement allowance from TRS. | Coverage under the NYCHBP if you are age 62 or over, have separated from CUNY service with 15 years of continuous full-time CUNY service, and receive a retirement allowance from the ORP. (If you retire before age 62, different requirements apply.) |

| | | |
|---|---|---|
| **Benefits** | | You are required to maintain $50,000 in reserve with TIAA-CREF in order to fund retiree health insurance premiums. Additional reserve amounts may be required depending on the health plan you select or to cover future insurance rate increases. |
| **Disability Retirement Benefits** | *Ordinary Disability:* The greater of 1/3 of FAS or 1/60 of FAS multiplied by years of Total Service Credit if you are deemed physically or mentally incapable of performing your work duties and have at least 10 years of Total Service Credit.<br>*Accident Disability:* 2/3 of FAS, if you are deemed disabled as a natural and proximate result of an accident that was sustained in the performance of your duties and not caused by your own willful negligence.<br>*Lump-Sum Disability Benefit:* Optional single payment made in lieu of a monthly pension, if you have been diagnosed with a terminal illness and have a life expectancy of one year or less. If you elect this option, no death benefits would be paid. | *Any Disability:* The value of your account paid as an annuity. If you are certified disabled and have at least 10 years of full-time service, you would be eligible for health benefits.<br>*Terminal Illness:* Active employees diagnosed with a terminal illness can make a withdrawal prior to reaching normal retirement age. |
| **In-Service Ordinary Death Benefits** | *Less than one year of Total Service Credit:* The balance in your MCAF account paid to your designated beneficiaries.<br>*One or more years of Total Service Credit:* Amount above plus one year's salary multiplied by years of Total Service Credit, to a maximum of three years' salary. Benefit payable reduced if in service past age 60. | The value of your account paid to your designated beneficiaries. |
| **Post-Retirement Death Benefits** | A death benefit due if member elected to provide for beneficiaries. | A death benefit due if member elected to provide for beneficiaries. |
| **Loans** | One QPP loan within a 12-month period, provided you have at least 1 year of service. | Loans permitted from RA, subject to limitations. |
| **Access to Funds if Separating from Service Before Retirement** | *If vested:* Monthly benefit at retirement age. If you have less than 10 years of Total Service Credit, you may withdraw or directly roll over the funds in your QPP account in lieu of a monthly benefit.<br>*If not vested:* You may withdraw or directly roll over the funds in your QPP account. | *If vested:* Annuity payable when you retire at any age. Withdrawal amounts are determined by your age and years of service with CUNY. If you are a retiree eligible for health benefits, you are required to maintain $50,000 in reserve with TIAA-CREF in order to fund retiree health insurance premiums. Additional reserve amounts may be required depending on the health plan you select or to cover future insurance rate increases.<br>*If not vested:* Employee contributions, plus or minus any investment return, are refunded. |
| **Portability** | QPP funds may be directly rolled over to a Section 401(a) plan or rolled over to an Individual Retirement Account (IRA).<br>TRS membership (including tier status, Total Service Credit, and pension reserves) is transferable to the following public retirement systems: New York City Board of Education Retirement System; New York City Employees' Retirement System; New York State and Local Employees' Retirement System; and New York State Teachers' Retirement System. | TIAA-CREF accounts may be maintained if you become employed by any other college, school, or nonprofit organization that offers TIAA-CREF to its employees. Member contributions and any additional investment options are subject to the plan rules of your employer. |

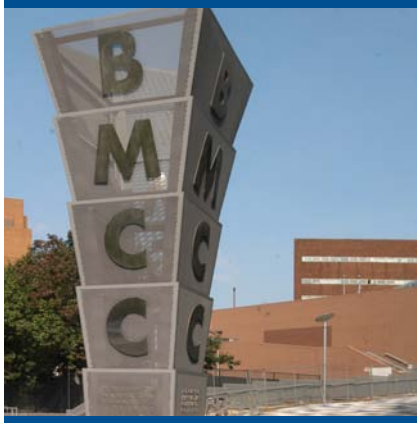
## FREQUENTLY ASKED QUESTIONS

The answers to the questions below provide information to help you understand various aspects of TRS membership.

### *What CUNY titles are eligible for TRS membership?*

Below is a partial list of eligible titles; please contact your Benefits Representative for a complete list. For some of these titles, membership is optional; for others, membership is mandatory if you do not join the ORP.

- Professor
- Associate Professor
- Assistant Professor
- Adjunct Professor
- Adjunct Associate Professor
- Adjunct Assistant Professor
- Adjunct Lecturer
- Non-Teaching Adjunct (I-V)
- Lecturer
- Associate Registrar
- Assistant Registrar
- College Physician
- Higher Education Officer
- Higher Education Associate
- Higher Education Assistant
- CLIP Teachers*
- Senior College Laboratory Technician
- College Laboratory Technician
- Adjunct College Laboratory Technician
- Chief College Laboratory Technician



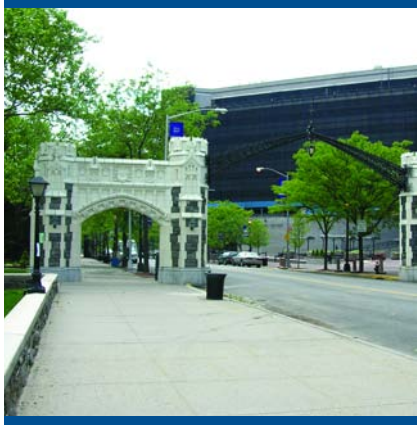

** Continuing Education Teachers in the CUNY Language Immersion Program (CLIP Teachers) must be appointed to a position that will continue for a period of more than 6 months and be required to teach a minimum of 20 hours per week to be eligible for TRS membership.*

Note: If you are employed by the CUNY Research Foundation, you would not be eligible for TRS membership.

*What are the differences between a defined-benefit plan and a defined-contribution plan?*

In general, a defined-benefit plan is a retirement plan in which your benefit is guaranteed and not affected by economic factors, such as investment returns. Typically, your pension is based on your salary and years of service, and is paid monthly. Benefits are payable for your lifetime and may sometimes continue for the lifetime of your beneficiary. The money to fund a defined-benefit plan comes from the employee, the employer, or both. The amount that must be contributed is usually based on actuarial assumptions and calculations. Contributions are invested by the plan, and the plan (not the participant) bears any investment risk. TRS' QPP is a defined-benefit plan.

In a defined-contribution plan, your benefit is based on the contributions you make and their investment returns; there is no guarantee of a fixed monthly benefit at retirement. Generally, you decide how much money to contribute to the plan (within certain limits) and how your contributions will be invested. You also assume any investment risk. In some plans, your employer may contribute a specified amount, which is often based on your salary or the amount of your contributions. TRS' optional TDA Program is a defined-contribution plan administered under Section 403(b) of the Internal Revenue Code (IRC); employers do not contribute to TRS members' TDA accounts. The ORP is also a defined-contribution plan, but is administered under Section 401(a) of the IRC; CUNY makes contributions to ORP participants' plan accounts.



### *How do I enroll in TRS?*

To enroll in TRS, you need to file a "Tiers III/IV Enrollment Application" (code EN10) with TRS, even if your membership is mandatory. Along with this application, you must include proof of your date of birth and a "Designation of QPP Beneficiary Form" (code EN6). In some cases, you may be required to submit documentation verifying your employment. (Please see the "Tiers III/IV Enrollment Application" for more information.)

Your college will inform us if your TRS membership is mandatory (*i.e.*, you do not select the ORP within 30 days of your appointment date). Your TRS membership begins on your appointment date.

If your TRS membership is optional, you must submit a Notice of Appointment, on official letterhead from your college, with your TRS enrollment application. If you do not submit this document, TRS would contact your employer to obtain it. Your enrollment cannot be considered final without this verification; however, your membership rights would be secured as of the date TRS receives your enrollment application.

### *What happens after I enroll in TRS?*

Once your membership is established, TRS will create a QPP account in your name and assign you a six-digit TRS membership number. Your QPP contributions will be deducted from each paycheck and listed as "TRS 414H STD" on your pay stub. TRS will also send you a letter confirming your membership and beneficiary designations.

All new members receive a Welcome Kit, which contains various forms and publications about TRS benefits and services.

### *What tier would I be in when I join TRS?*

All new TRS members begin in Tier IV. However, TRS members who lost membership rights with TRS or any other New York City or New York State retirement system may be eligible for reinstatement to their previous membership and (if applicable) their previous tier status.

### *What is prior service credit, and how can it help me?*

Prior service is any creditable service rendered with a New York City and/or a New York State public employer before joining TRS that was not transferred to TRS. You may request to purchase credit for eligible prior service by filing a "Record of Prior and/or Transferred Service Form" (code SB146) with TRS. This form is included in your Welcome Kit; it is also available upon request from our Member Services Center or through our website. When filing the form with TRS, you are encouraged to submit supporting documentation of your service. TRS would verify the service claim and send you a Cost Letter indicating the cost and the available payment options for the service credit.

By purchasing your eligible prior service credit, you can increase your Total Service Credit with TRS. Total Service Credit is a factor in the eligibility for, and amount of, retirement benefits. In addition, as a Tier IV member, you stop paying 3% QPP contributions when you have a total of 10 years of membership or credited service. (Note: You can obtain estimates of the cost to purchase credit for eligible prior service by accessing our website.)

### *How do I enroll in the Tax-Deferred Annuity (TDA) Program?*

You may enroll at any time by accessing our website or by filing a "TDA Enrollment Form" (code TD1), which is included in the Welcome Kit sent to new members. You must also designate your TDA beneficiaries by filing a "Designation of TDA Beneficiary Form" (code EN8).

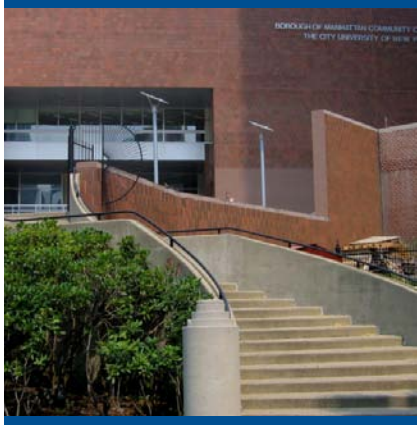
### *What are TRS' Passport Funds?*

The Passport Funds are available to all members participating in TRS' TDA Program. The Passport Funds provide six investment choices:

- Fixed Return Fund
- Diversified Equity Fund
- Stable-Value Fund
- International Equity Fund
- Inflation Protection Fund
- Socially Responsive Equity Fund

The Fixed Return Fund provides a fixed rate of return, determined by the New York State Legislature in accordance with applicable laws. The annual net rate is currently 8.25%. The returns on the five other funds—known as the variable-return Passport Funds—fluctuate monthly.

As a TDA participant, you can change your Passport Fund investment mix on a quarterly basis, and you can choose to have the investment changes take place over periods of 3, 6, 9, or 12 months.



### *Can I transfer my membership from another retirement system to TRS?*

You may transfer your membership from the following eligible retirement systems: the New York City Board of Education Retirement System (BERS); the New York City Employees' Retirement System (NYCERS); the New York State Teachers' Retirement System (NYSTRS); and the New York State and Local Employees' Retirement System.

You would need to file a "Tiers III/IV Enrollment Application" (code EN10) with TRS and notify your previous retirement system. Your previous retirement system is responsible for transferring your service credit and member accumulations to TRS.

Initially, you would be enrolled in TRS as a Tier IV member, even if you were a Tier I, II, or III member in your previous retirement system. TRS would make any necessary adjustments to your tier status after your transfer is completed.

### *Am I eligible to participate in the Age 55 Retirement Program?*

CUNY employees are not eligible to participate in this program unless they are also employed in an eligible position with the Department of Education (DOE) or participating New York City Charter School. (The Age 55 Retirement Program, established by New York State law in 2008, permits eligible participants to retire with unreduced benefits as early as age 55 upon meeting certain service credit criteria.)

*This publication should not be solely relied upon, as it is based on currently available information that is subject to change. TRS suggests that you consult with an attorney and/or a tax advisor if you have any specific legal or tax questions concerning the information contained herein. If you have any questions about the Optional Retirement Program, contact your employer's Human Resources or Benefits Representative, the Professional Staff Congress, or TIAA-CREF. In all cases, the specific provisions of the governing laws, rules, and regulations prevail.*

*Photographs courtesy of the Office of Marketing and Communications, City University of New York.*

Teachers' Retirement System of the City of New York

55 Water Street, New York, NY 10041
www.trs.nyc.ny.us / 1 (888) 8-NYC-TRS

**October 2008**