

Governor, Legislature Establish Tier 5

Law Includes 'Legislative Intent' for 55/25 Retirement Incentive in 2010

In a rare early December session, the New York State Legislature approved the creation of a new tier of public employee membership. Governor Patterson signed the bill into law Dec. 10, 2009.

Under Chapter 504 of the Laws of 2009, anyone entering New

York State service on or after Jan. 1, 2010, will belong to Tier 5. However, the rules of Tier 5 membership differ for NYSTRS members as compared to other public employees. Following is a comparison of the two, as well as a look at how they differ from Tier 4:

<i>Plan Provision</i>	<i>Tier 5 - NYSTRS</i>	<i>Tier 5 - ERS</i>	<i>Tier 4</i>
Vesting Eligibility	10 years of service	10 years of service	5 years of service
Employee Contribution	3.5% throughout active membership	3.0% throughout active membership	3.0% for first 10 years of membership or service
Prior Service Cost	3.5% of salary plus interest	3.0% of salary plus interest	3.0% of salary plus interest
Normal Retirement Eligibility	Age 62 with 10 years of service	Age 62 with 10 years of service	Age 62 with 5 years of service
Unreduced Retirement (prior to age 62)	At least age 57 with 30 or more years of service	None	At least age 55 with 30 or more years of service
Pension Factor	2.0% begins at 25 years of service credit	2.0% begins at 20 years of service credit	2.0% begins at 20 years of service credit
Age Reductions (prorated by month - prior to age 62)	Age 55 - .3833 Age 61 - .0667	Age 55 - .3833 Age 61 - .0667	Age 55 - .2700 Age 61 - .0600