

Fire Protection Inspector 25-Year Retirement Plan For Tier 6 Members (6FP-25)

Tier 6



NYC EMPLOYEES'
RETIREMENT SYSTEM

September 2024

This brochure describes the obligations and benefits of the Fire Protection Inspector 25-Year Plan for Tier 6 members (6FP-25 Plan). This plan allows participants to retire after rendering at least 25 years of Allowable Service, regardless of age. The 6FP-25 Plan is available ONLY to Fire Protection Inspector (FPI) Members. An FPI Member is a NYCERS member employed by the City of New York or the New York City Fire Department in a title whose duties are those of an FPI, Associate FPI, or a supervisor of those employees.

PARTICIPATION

Participation in the 6FP-25 Plan may be **optional or mandatory**.

Anyone who was a Tier 6 member before April 20, 2024, who was also an FPI Member on April 20, 2024, has the option to become a participant in the 6FP-25 Plan by filing Election Form #179 by **December 16, 2024**.

Anyone who was a Tier 6 member before April 20, 2024, who subsequently becomes employed as an FPI Member after April 20, 2024, has an option to join the 6FP-25 Plan. These participants will be sent Election Form #179 after which they will have 180 days to elect into the 6FP-25 Plan.

ONCE AN ELECTION TO PARTICIPATE IN THE 6FP-25 PLAN IS FILED WITH NYCERS, IT MAY NOT BE REVOKED.

Any FPI who becomes a Tier 6 NYCERS member on or after April 20, 2024 is mandated into participation in the 6FP-25 Plan. However, if they are older than age 25 upon becoming an FPI member of NYCERS, they will have an option to not participate in the 6FP-25 Plan. These participants will be sent Opt-Out Form #180, after which they will have 180 days to opt out of the 6FP-25 Plan.

ONCE AN ELECTION TO OPT OUT OF THE 6FP-25 PLAN IS FILED WITH NYCERS, IT MAY NOT BE REVOKED.

If a participant opts out of the 6FP-25 Plan, they will be placed in the Tier 6 Basic Plan. Participants

who cease to be employed as an FPI Member will no longer be able to participate in the 6FP-25 Plan. However, if they become an FPI Member at a later date, they will be required to resume participation in the 6FP-25 Plan.

BASIC MEMBER CONTRIBUTIONS (BMCs)

Participants in the 6FP-25 Plan who joined NYCERS between April 1, 2012 and March 31, 2013, are required to contribute BMCs equal to 3% of pensionable gross wages until the new contribution structure took effect on April 1, 2013. Beginning April 1, 2013, the BMC rate for all 6FP-25 Plan members is dependent upon annual wages* earned during a **plan year** according to the schedule in the table below.

Annual Wages Earned During Plan Year	BMCs Rate
Up to \$45,000	3%
\$45,001 to \$55,000	3.5%
\$55,001 to \$75,000	4.5%
\$75,001 to \$100,000	5.75%
Greater than \$100,000	6%

If a member joined NYCERS prior to November 20, 2015, a **plan year** was defined as the period from April 1st to March 31st. During the first three plan years of membership (or the first three plan years beginning 4/1/13 if the member joined NYCERS between 4/1/12 and 3/31/13), NYCERS uses a projection of their annual wages to determine their BMC rate (Projected Wage Method).



For the member’s fourth plan year and each plan year thereafter, NYCERS uses their gross wages earned two plan years prior to determine their BMC rate (Actual Wage Method). Chapter 510 of the Laws of 2015, signed on November 20, 2015, changed the plan year definition to a calendar year (1/1 to 12/31). For that reason, if the member’s membership date falls between 4/1/12 and 3/31/14, the Actual Wage Method will be applied for the plan year 1/1/17-12/31/17. See the last page for a chart illustrating the application of each method based on hypothetical wages.

BMCs are held in the Member Contribution Accumulation Fund (MCAF) and must be contributed until the member separates from City service or retires. BMCs are not required on **non-pensionable** earnings (see wage exclusions in Final Average Salary section).

* Chapter 56 of the Laws of 2022 (Budget Bill: Part SS), effective April 01, 2022, excludes pensionable earnings above the annual base wages, such as overtime payments, for purposes of calculating Basic Member Contribution (BMC) rates for the period of 4/1/22 through 12/31/24.

ADDITIONAL MEMBER CONTRIBUTIONS (AMCs)

As a member of the 6FP-25 Plan, participants are also required to contribute Additional Member Contributions (AMCs) of their gross wages, excluding **non-pensionable** earnings (see Final Average Salary section). The AMCs rate is determined by a member’s BMCs rate, not to exceed a total of 9.25%, according to the schedule in the following table:

BMCs Rate	AMCs Rate
3%	6.25%
3.5%	5.75%
4.5%	4.75%
5.75%	3.5%
6%	3.25%

AMCs are maintained in the Retirement Reserve Fund (RRF). Payment of AMCs is required until April 20, 2025 or 30 years of Allowable Service, whichever is later.

BMCs and AMCs are Federal tax-deferred, meaning that a member does not pay Federal taxes on the contributions, only New York State and local taxes. Note, however, that contributions made while on Union Leave are **not** Federal tax-deferred.

Please note: If participants were previously enrolled in another special plan, AMCs may still be required under the previous plan(s).

DEFICITS

Failure to pay any of the required contributions will result in a deficit in either the Member Contribution Accumulation Fund (BMCs) or the Retirement Reserve Fund (AMCs). If the deficit is identified prior to retirement, NYCERS will notify the member so they can resolve the deficit.

If there is an unresolved deficit at retirement in either the MCAF or RRF account, NYCERS will notify the member of the choice to either pay the deficit in full or apply an actuarial reduction (a lifetime reduction to their pension based on their deficit amount) to resolve the deficit. Unpaid deficits may also impact disability and death benefits.

Participants who cease to be employed as an FPI Member, and withdraw their AMCs (and accrued interest), and later become a 6FP-25 participant again, will be required to repay the AMCs refunded to them including 5% per-annum statutory interest.

LOANS

6FP-25 Plan participants may borrow up to 75% of the BMCs held in the MCAF account and up to 75% of the AMCs held in the RRF account. Any loans taken are subject to the terms and conditions applicable to Tier 6 members. Please consult [Loans Brochure #911](#) for additional information.



REFUNDS

Plan participants who have rendered less than 10 years of Credited Service and who leave City service may apply for a refund of BMCs, plus accrued interest, effectively terminating their membership. Members with between 5 and 10 years of Credited Service must also waive their right to a Vested Retirement Benefit. Refunds will be reduced by the present value of any loan. Refunds of BMCs are not possible for members with 10 or more years of Credited Service, except in cases of a participant's death.

Participants who cease to hold an FPI-covered title for any reason whatsoever, and who have rendered less than 15 years of Allowable Service, have the option of withdrawing their AMCs, plus accrued interest and minus the present value of any loan. AMCs may also be withdrawn if a participant with less than 15 years of Allowable Service in an FPI title changes titles to a non-FPI covered title and remains in City service. In this case, after receiving the refund of AMCs the participant will no longer be entitled to a benefit under the 6FP-25 Plan, but may be entitled to a benefit from the Tier 6 Basic Plan (assuming service requirements have been met). Refunds of AMCs are not possible for participants with 15 or more years of Allowable Service in an FPI title.

A participant who ceases to be employed in an FPI title and withdraws their AMCs (and earned interest), and later becomes a participant again, will be charged with a deficit (including 5% per annum statutory interest) calculated as if such AMCs had never been made. Payment of a deficit can be made in a lump-sum or through payroll deductions.

Participants must be **off payroll** for 30 or more days to qualify for a refund. If their agency records indicate that they are on a leave of absence with or without pay, they are **not** eligible for a refund.

Withdrawal of BMCs or AMCs will trigger a Federal tax liability and may result in an early distribution tax penalty.

ALLOWABLE SERVICE

Allowable Service is a special term used in the 6FP-25 Plan. It is defined as service rendered in a covered title in the 6FP-25 Plan. Allowable Service in the 6FP-25 Plan also includes certain Military Service, Union Leave Service and Purchased Service for any time rendered in an FPI title before becoming a NYCERS member.

Allowable Service **does not** include other public service rendered in New York State or New York City, e.g., service rendered in a clerical position in another agency.

Only Allowable Service can be used to qualify for service or vested retirement.

BUY-BACK

6FP-25 Plan members may purchase previous public service rendered anywhere in New York City or New York State, but only previous FPI service will count as Allowable Service. The cost is 6% of the wages earned during the period they are buying back, plus 5% interest compounded annually from the date of their previous service until the date of payment.

6FP-25 Plan members will also be charged AMCs, plus interest, for prior service rendered in a special plan title.

MILITARY BUY-BACK

Federal and state laws allow members to purchase service credit for time spent in U.S. Military service – the Uniformed Services Employment and Reemployment Rights Act (USERRA) and Article 20 of the New York State Retirement and Social Security Law (RSSL), respectively. Under Article 20, the cost is 6% *times* the number of years of military service being purchased *times* the salary they earned during the 12 months prior to the date of their application. Under USERRA, the cost is the equivalent of the contributions required if they had never left for military service. No interest is charged on military buy-back.



VESTED RETIREMENT BENEFIT

If participants leave City service with at least five years of Allowable Service, but less than 25 years of Allowable Service, and their contributions have not been returned to them, they are entitled to a Vested Retirement Benefit that becomes payable at age 63.

The Vested Retirement Benefit is computed as follows:

$2\% \text{ times Final Average Salary (FAS) times the number of years of Allowable Service.}$

SERVICE RETIREMENT BENEFIT

Participants in the 6FP-25 Plan are eligible to receive a Service Retirement Benefit upon attaining 25 or more years of Allowable Service, regardless of age. The Service Retirement Benefit is calculated using the following formula:

- 50% of FAS for the first 25 years of Allowable Service, **plus**
- 2% of FAS for each additional year of Allowable Service, up to a maximum of 30 years of such service.

A member must file a service retirement application at least 30 days, but no more than 90 days, before their effective retirement date, and they must be a participant of the 6FP-25 Plan on the day before their effective retirement date.

When a member files their service retirement application, NYCERS strongly encourages them to select an “Interim Option” on the application. This precautionary measure enables the member to leave some form of pension payment to a beneficiary should they die before a final option selection is made and their pension is finalized.

UNDERLYING PLAN

Retirement Under 63/5 Plan:

Participants in the 6FP-25 Plan, including vested members who have left City service, who joined NYCERS on or after April 1, 2012, may retire from the 63/5 Plan whether or not the Participant

has satisfied the 25-year service requirement. All requirements and benefits of the 63/5 Plan will apply, including, except in the case of vested members, the ability to retire prior to age 63 with a benefit reduction.

FINAL AVERAGE SALARY (FAS)

FAS is defined as the average of wages earned by a member during any continuous period of employment for which the member was credited with three years of service. However, wages earned during any year used in an FAS calculation cannot exceed the average of the previous four years by more than 10%.

If a participant has less than seven years of service, any year without actual earnings will be calculated using projected salaries, in order to apply the earnings limitations.

Some wages are excluded from the FAS calculation. The Tier 6 definition of wages includes an “overtime ceiling,” which limits overtime compensation for pension purposes according to the Consumer Price Index. Any overtime compensation earned in excess of the overtime ceiling is excluded from the FAS calculation. Overtime compensation is compensation paid at a rate greater than the standard rate.

The definition of wages also excludes:

1. Wages in excess of the annual salary paid to the Governor of the State of New York;
2. Lump-sum payments for deferred compensation, sick leave, accumulated vacation or other credits for time not worked;
3. Any form of termination pay;
4. Any additional compensation paid in anticipation of retirement; and
5. In the case of employees who receive wages from three or more employers in a 12-month period, the wages paid by the third and each successive employer.



ORDINARY DISABILITY RETIREMENT

As a 6FP-25 Plan member, participants are eligible for an Ordinary Disability Retirement Benefit at any age if they have 10 or more years of Credited Service and NYCERS' Medical Board determines that they are physically or mentally incapacitated to perform their job duties and were so incapacitated at the time that they ceased performance of their duties.

If they have less than 10 years of Credited Service, they are eligible to receive a Disability Retirement Benefit if NYCERS' Medical Board determines that they are physically or mentally incapacitated to perform their job duties AND their disability is the result of an accidental injury sustained in the performance of their duties, and not caused by their own willful negligence.

The Disability Retirement Benefit is equal to the greater of:

- $\frac{1}{3}$ of the member's FAS; **OR**
- 1 $\frac{2}{3}$ % *times* FAS *times* years of Credited Service; **OR**
- If they are eligible for a service retirement, their Service Retirement Benefit.

SURVIVOR BENEFITS

In the event of a member's death prior to retirement, their NYCERS membership entitles their beneficiaries to a death benefit. There are two primary types of death benefits – Ordinary Death Benefits and Accidental Death Benefits.

An Ordinary Death Benefit (ODB) is a lump-sum benefit payable to the member's beneficiary/beneficiaries if they die while in active service, before retirement, whether or not death occurs as the result of an accident sustained on the job.

An ODB will be paid only if:

- a) The member was being paid on payroll at the time of their death;

OR

- b) They were off payroll or they were on an

authorized leave without pay at the time of their death; **AND**

1. They were on payroll, in service, and paid within the last 12 months before death; **AND**
2. They were not gainfully employed since last on the payroll; **AND**
3. They had credit for one or more years of continuous service since they last entered the service of their employer.

OR

c) Effective October 1, 2000, the member was on an authorized leave of absence without pay for medical reasons which has continuously been in effect since the member was last paid on the payroll, provided the member was in service and last paid on the payroll within the four-year period prior to the member's death.

The ODB payable is a multiplication of the member's yearly salary as indicated below:

- If they have at least one, but less than two years of service, a lump-sum benefit equal to one year's current salary
- If they have at least two, but less than three years of service, a lump-sum benefit equal to two times current salary
- If they have at least three years of service, a lump-sum benefit equal to three times current salary.

The benefit is reduced for each year a member remains in active service beyond age 60.

Their beneficiary/beneficiaries will also receive a refund of their BMCs plus earned interest, and a refund of their AMCs if they rendered less than 15 years of Allowable Service, plus earned interest.

If the member has at least 10 years of Credited Service, is awaiting payability of a Vested Retirement Benefit, and dies prior to age 63, their beneficiaries will receive a lump-sum death benefit based on 50% of the ODB that would have been payable if the member had died on their last day in active service, plus the refund of their BMCs



plus interest. If they die prior to having 15 years of Allowable Service and attaining age 63, AMCs plus interest will be refunded as well.

If the member did not render 10 or more years of Credited Service, only the return of their contributions in the MCAF and RRF, plus interest, will be payable to the member’s Estate.

An Accidental Death Benefit (ADB) is payable to Eligible Beneficiaries, who are defined in law, if NYCERS’ Medical Board determines that the member’s death was the result of an accident sustained in the performance of their duty, not caused by their own negligence, or while in military service.

The annual benefit equals 50% of the wages the member earned during their last year of service, or their annual wage rate if they had less than one year of service. Their BMCs are not refunded to their beneficiaries, but their AMCs will be refunded if they died prior to attaining 15 years of Allowable Service.

Projected Wage Method (First 3 Plan Years Only)			
	1st Plan Year	2nd Plan Year	3rd Plan Year
Projected Annual Salary	\$70,000	\$70,000	\$70,000
Rate Based on Projected Annual Salary	4.5%	4.5%	4.5%
Actual Wages Earned in Plan Year	\$72,000	\$72,500	\$76,000
Contributions Made in Plan Year	\$3,240 (4.5% of \$72,000)	\$3,263 (4.5% of \$72,500)	\$3,420 (4.5% of \$76,000)
Actual Wage Method (4th Plan Year and Thereafter)			
	4th Plan Year	5th Plan Year	
Actual Wages Earned in Plan Year	\$80,000	\$82,500	
Rate Based on Actual Wages Earned Two Plan Years Prior to the Current Plan Year	4.5%	5.75%	
Contributions Made in Plan Year	\$3,600 (4.5% of \$80,000)	\$4,744 (5.75% of \$82,500)	

