



MaBSTOA Pension Plan

Manhattan and Bronx Surface Transit Operating Authority

62/5-Administrative Retirement Plan for Tier 4 Members

OVERVIEW

This document summarizes the key Tier 4 provisions of the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA) Pension Plan for members enrolled in the 62/5 Retirement Plan. This plan is for non-operating employees of MaBSTOA who joined the pension on or after July 26, 1976 but prior to June 29, 1995, and who did not elect to participate in the 55/25-Admin Program. In order to retire under this plan, you must be age 62 with at least five years of Credited Service. The 62/5 Plan provides for retirement as early as age 55, but it would mean a reduction in your annual retirement benefit.

CONTRIBUTIONS

Your Basic Member Contributions (BMCs) rate is 3% of wages including overtime. Your BMCs will cease on the earlier of your 10th anniversary of plan membership or the date you accumulate 10 years of credited MaBSTOA service (which can include any purchased MaBSTOA service credit and/or credit for active duty U.S. military service). These contributions are Federal tax-deferred which means that you do not pay Federal taxes on the contributions, only New York State and Local taxes. Contributions made while on Union leave are not Federal tax-deferred.

DEFICITS

The accumulative total of contributions must not be less than your required amount in order to retire with an unreduced pension. If your required amount is not met, it is considered a deficit. If a deficit is recognized prior to retirement, action will be taken to remedy it. In the event of a deficit at retirement, an actuarial reduction will be applied to your retirement benefit.

LOANS

If you are an employee in active service and in pay status with at least one year of membership, you may borrow from the MaBSTOA Pension Plan by filing a properly completed and notarized application. An outstanding loan cannot exceed 75% of the contributions (with interest) last posted to your pension account. In addition, the maximum allowable outstanding loan amount cannot exceed \$50,000.

Your account balance must have at least \$1,334 to be eligible to borrow. The minimum amount of any loan is \$1,000 and once a loan has been issued, it cannot be cancelled. Only one pension loan may be issued in any 12-month period. The maximum number of outstanding loans allowed within a 12-month period is TWO. This includes loans from the pension plan and 401(k) and/or 457 deferred compensation plans. Your account will remain intact and will continue to accrue interest on the full balance.

REFUNDS

62/5 Retirement Plan members who separate with at least five years but less than 10 years of Credited Service may apply for a refund of BMCs including any accrued interest. However, a refund will not be processed until a form is submitted to the MaBSTOA Pension Plan waiving any rights to a vested retirement benefit. This step is necessary because Tier 4 members who leave MaBSTOA service with at least five years of Credited Service have the right to a vested retirement benefit.

Note: Withdrawal of BMCs will trigger Federal tax liability and may result in a tax penalty.



MaBSTOA Pension Plan

Manhattan and Bronx Surface Transit Operating Authority

62/5-Administrative Retirement Plan for Tier 4 Members (Continued)

VESTED RETIREMENT BENEFIT

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. Members of the 62/5 Plan are eligible to vest in their retirement benefit provided they have at least five years of Credited Service with at least two of those years qualifying as membership service. Under the 62/5 Plan, the vested benefit is payable at age 62. A vested retirement benefit is computed in the same manner as a service retirement benefit.

SERVICE RETIREMENT

A member must be at least age 62 and have five or more years of Credited Service of which two years is membership service to be eligible to receive a service retirement benefit. Plan amendment allows you to retire, as early as age 55 however, your retirement benefit will be reduced. The chart in the Tier Equity (Early Retirement) section lists the lifetime benefit reduction.

Service Retirement Benefit Calculation	
Credited Service	Formula
Less than 20 years	1.67% <i>times</i> Final Average Salary <i>times</i> years of Credited Service
20 to 30 years	2% <i>times</i> Final Average Salary <i>times</i> years of Credited Service
More than 30 years	2% <i>times</i> Final Average Salary <i>times</i> 30 years of Credited Service plus 1.5% <i>times</i> Final Average Salary <i>times</i> years of Credited Service in excess of 30 years.

The Final Average Salary (FAS) is defined as the average of wages earned by a member during any three consecutive calendar years or the 36 months immediately preceding the member's retirement date whichever is greater. However, wages earned during any year used in an FAS calculation cannot exceed the average of the previous two years by more than 10%.

TIER EQUITY (EARLY RETIREMENT)

Under a law usually referred to as "Tier Equity," members in the 62/5 Plan may retire earlier than age 62, but no earlier than age 55. To take advantage of Tier Equity, you must file for retirement while you are still on active payroll. Early retirement under Tier Equity carries a penalty - a permanent reduction in your retirement benefit. The reduction is based on your age when you file for retirement. The following chart shows the reduction percentage by age:

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



MaBSTOA Pension Plan

Manhattan and Bronx Surface Transit Operating Authority

62/5-Administrative Retirement Plan for Tier 4 Members (Continued)

TIER EQUITY (EARLY RETIREMENT) CONTINUED

Members who have left MaBSTOA service prior to age 55 cannot collect an early Vested Retirement Benefit with the penalty, but rather must wait until age 62 to collect. If you are a Tier 4 Member with Tier 3 Rights (joined MaBSTOA Pension Plan after July 26, 1976 but before September 1, 1983), you may be eligible to take advantage of Special Age Reduction provisions in order to collect a Vested Retirement Benefit prior to age 62.

DISABILITY RETIREMENT

As a member, you are eligible to receive a disability retirement benefit at any age, if you meet the following conditions:

- | | | |
|--|-----------|---|
| <ol style="list-style-type: none"> 1. You have 10 or more years of Credited Service and the NYCERS' Medical Board determines: 2. You are physically or mentally incapacitated from performing the duties of your job title and 3. You are so incapacitated at the time you ceased performance of your duties. | or | <ol style="list-style-type: none"> 1. You have less than 10 years of Credited Service and 2. Your disability is the result of an accidental on-duty injury (not caused by your willful neglect) sustained while a MaBSTOA member and the NYCERS' Medical Board determines: 3. You are physically or mentally incapacitated from performing the duties of your job title and 4. You are so incapacitated at the time you ceased performance of your duties. |
|--|-----------|---|

IN-SERVICE DEATH BENEFIT

If you die while a Participant in the 62/5 Plan, an In-Service Death Benefit will be paid to the beneficiary(ies) you designated and have on file with the MaBSTOA Pension Plan. In the event that a beneficiary is not designated, payment will be made to your estate. If death occurs after retirement, a Post-Retirement Death Benefit is payable.

BASIC TIER 4 BENEFITS

Participants in the 62/5 Plan are entitled to other benefits applicable to Tier 4 members besides the Vested and Service Retirement Benefits conferred by such plan. Participants should refer to the Tier 4 Summary Plan Description for additional information.