

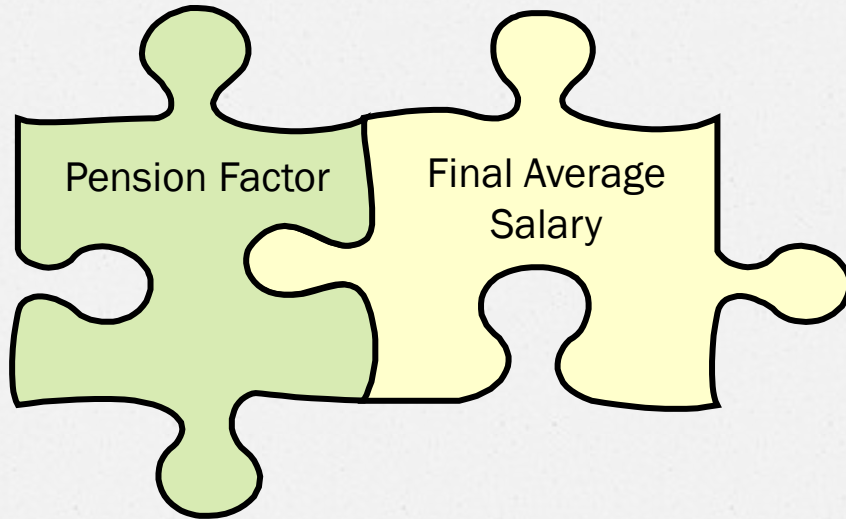


# Service & Salary

What's Includable in Your Benefit  
&  
What's Not

Annual Delegates Meeting, November 6 and 7, 2016

# Service Retirement Formula



**= Maximum Pension**

# Is It Allowable?

- |  |   |   |
|--|---|---|
| o Membership service                     | ✓ |   |
| o Prior service                          | ✓ |   |
| o Out-of-State service                   | ✓ | ✗ |
| o Transfer service                       | ✓ |   |
| o Reinstatement service                  | ✓ |   |
| o Prior subsequent service               | ✓ |   |
| o New York City subsequent service       | ✓ |   |
| o Chapter 675                            | ✓ |   |
| o Chapter 351                            | ✓ |   |
| o Prior SUNY graduate/teaching assistant | ✓ |   |
| o Work beyond 9 months in a school year  |   | ✗ |
| o Private/Parochial school service       |   | ✗ |
| o Non-member NYS service after DOM       |   | ✗ |
| o Military service                       | ✓ |   |
| o Article 19 (Tiers 1 & 2)               | ✓ |   |



# Member Service

- Service rendered after your date of membership in an eligible title with a NYSTRS-participating employer.
- Types of service reportable to the System include the following:
  - Regular teaching
  - Substitute teaching
  - Summer school
  - Coaching
  - Club advisor
- Employers include New York State public schools and BOCES (excluding New York City), as well as charter schools that have elected to participate as an employer in NYSTRS.

# Member Service

- Must generally be paid on the regular payroll.
- Can be full- or part-time work, including per diem.
- Most unclassified positions with a participating employer (e.g., Teacher, Teaching Assistant, Administrator) are eligible for membership.
- Days of service are reported by employers.
- Days of service are then converted to months of credit.
- Minimum of 20 days in one school year = 1 month.
- 9 months = 1 year.
- Maximum of 1 year credit in a school year (7/1 – 6/30).

# Prior Service

- Work as an employee of a NYS public employer prior to your date of membership in NYSTRS.
- Out-of-state public teaching prior to your NYSTRS date of membership (Tier 1).
- No cost for Tiers 1-2; cost will be calculated for Tiers 3-6.
  - Tier 3: Generally, 3% of salary received during period of service.
  - Tier 4: 3% of salary received during period of service + 5% annual interest.
  - Tier 5: 3.5% of salary received during period of service + 5% annual interest.
  - Tier 6: 6% of salary received during period of service + 5% annual interest.
- Prior Service does **NOT** change your date of membership or tier status.



# Out-of-State Prior Service

- Tier 1 - Out-of-state **public teaching** prior to your NYSTRS date of membership.
- Maximum of 10 years, and any years that place you over 35 years of service are not usable in your pension calculation.
- No cost to receive the credit.

Tier 3-6 members are not eligible for out-of-state prior service. Tier 2 members are only eligible if the service was *previously* credited under a former Tier 1 membership.

# Prior Service Facts

- To receive credit for your prior service, you must be credited with two years of member service.
- You can claim prior service at anytime; however, it is highly recommended you do so as early in your career as possible.
- Interest continues to accrue until the payment is made.  
(Since Tier 6 members pay up to 6% of salary received + 5% interest, the cost can accumulate quickly. So, purchasing prior service early on is particularly important for Tier 6 members.)
- Additional service can also get you to certain milestones faster (e.g., 5 years, 10 years, 20 years, 25 years (Tier 5) or 30 years).



To apply, you must file a  
*Prior Service Claim (PRS-2)*  
 and the applicable  
 verification form.

PRS-2 (11/12)

**NEW YORK STATE TEACHERS' RETIREMENT SYSTEM**  
 10 Corporate Woods Drive, Albany, NY 12211-2395

**PRIOR SERVICE CLAIM**

This form can also be submitted electronically by accessing your MyNYSRS account and going to the Service Credit tab.

Please review the instructions on the reverse before completing this form.

Only one claim form needs to be submitted for all types of service.

EmplID # [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] Social Security # [ ] [ ] [ ] - [ ] [ ] - [ ] [ ] [ ]

NAME (First) (Middle) (Last) FORMER NAME(S)

ADDRESS (Street) (City) (State) (Zip Code)

Is this address your PERMANENT address to be used by the system? ☐ Yes ☐ No

PHONE NUMBER: ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( )

I wish to claim credit in the New York State Teachers' Retirement System for the service listed below and any other service which I am eligible to claim. I have rendered such service prior to my current membership date and desire to have it credited when I have fulfilled the statutory requirements.

NAME OF EMPLOYER	STATE	JOB TITLE	DATES OF SERVICE

Please note: It is necessary to submit a completed Verification form unless the service indicated above was previously credited to a former membership at NYSRS or New York State & Local Retirement System. The appropriate verification form[s] (PRS-3 through PRS-3.8) can be found on our Web site ([www.nysrs.org](http://www.nysrs.org)).

1. Were you credited with the above service in another public retirement system? ☐ YES ☐ NO

2. Are you presently a member of another public retirement system? ☐ YES ☐ NO

3. If a member, or former member, please state name of system and registration ID number:

I hereby certify that I am not now receiving a benefit from another public retirement system or a benefit at any future time from another public retirement system or a benefit at any future time from the Federal Government on account of any of the above service.

**PRS-2**

Signature of Claimant Date

# PRS-3

## PRS-3.2

# PRS-3.5


(REQUIRED CERTIFICATION ON REVERSE SIDE)




Did You Know?






- o You can now file your claim for prior service through your MyNYSTRS account.

**MyNYSTRS**  
*Your Information on Your Schedule.*



**My Retirement**  
About Me  
Beneficiaries  
Benefit Profile  
Contributions  
Loans  
Service Credit  
Prior Service Claim  
Purchasable  
Cost Summary  
Purchased Service  
1099 Forms  
Logoff

**My Retirement** **My Tools** **Manage Account**

**My Service Credit — Prior Service Claim**  
**You have not submitted a prior service claim through MyNYSTRS.**  
Any hardcopy Prior Service claim submitted will not be available in MyNYSTRS.  
Prior service credit is credit members can receive for public service before their NYSTRS date of membership. Please see the "Prior Service" section of our publication *You Deserve the Credit* for more information.  
To submit a claim, click Add. **Add**  
**Verified Prior Service**  
NYSTRS has received the following prior service verification from your previous employer(s). The System must review all verification forms before a cost can be generated. Verified service will not appear on the Purchasable service page until the review is complete, which generally takes approximately three months from the receipt of all required documents.

			Status
1985 — 1987	NYS and Local Employees' Retirement System		Reviewed
1988 — 1989	NYS and Local Employees' Retirement System		Reviewed
1989 — 1990	Pine Bush Central Schools		Reviewed
2000 — 2001	Pine Bush Central Schools		Reviewed

- Once your claim is processed, your allowable service and cost will appear on your MyNYSTRS account.

- Plus, if you need an updated cost, you can now generate your own.

**MyNYSTRS**  
*Your Information on Your Schedule.*

**My Retirement** **My Tools** **Manage Account**

**My Service Credit — Cost Summary**

Below is the cost to purchase the verified service rendered prior to your NYSTRS date of membership. This cost is calculated based on 3% of the salary you received during the verified time of employment plus applicable interest.

To determine the cost, select the year(s) of service you would like to purchase at this time.

School Year	Months of Service	October Cost	Select
07/01/1985 - 06/30/1986	9	\$2,541.12	<input type="checkbox"/>
07/01/1986 - 06/30/1987	9	\$2,608.18	<input type="checkbox"/>
07/01/1988 - 06/30/1989	1	\$289.15	<input type="checkbox"/>
07/01/1989 - 06/30/1990	3	\$316.13	<input type="checkbox"/>
07/01/2000 - 06/30/2001	1	\$82.05	<input type="checkbox"/>

The total cost to purchase the service is **\$0.00** if paid by October 31, 2016.

**Need to send your payment later?**  
If you expect to send your payment by November 30, 2016:


[Click here for an updated cost](#)

Once you are satisfied with your selection click Continue.

[Continue](#)



- If you have verified prior service on file with us and use the Pension Estimator in MyNYSTRS, you can run comparative benefit estimates. These show the benefit increase you would receive if you purchase that prior service.

**MyNYSTRS**  
Your Information on Your Schedule.

My RetirementMy ToolsManage Account



**My Tools**  
Address Change  
Consultation: Book Appointment  
Loan Calculator & Online Application  
**Pension Estimator**  
PREP Seminar: Make Reservation  
Secure Messaging: Correspond With Us

**Member Search**

**My Pension Estimate — Instructions**  
[Pension Estimator FAQ](#)

**The pension estimator is not available internally.**  
Two of the biggest decisions you must make at retirement are when to retire and what benefit payment option to elect. This pension estimator can help you decide both!

We encourage you to use this tool to approximate your NYSTRS service retirement benefit using various scenarios. It will show the impact that choosing different retirement dates or payment options will have on your pension. Our [Benefit Comparison Table](#) provides the tier-specific pension factors used in benefit calculations for up to 30 years of service credit, and that will help you see the importance of achieving important service and age milestones.

Due to complexities involved with calculating certain pensions, **this estimator is currently designed only for members working full time who want a service retirement estimate.** It assumes that any outstanding loan will be paid in full prior to retirement, and that Tier 1 and 2 members with an Annuity Savings Fund will withdraw that money at retirement.

The pension estimator cannot project benefits in certain instances. Please [contact NYSTRS](#) for an estimate in any of the following cases:

- You are a part-time employee.
- You would like an estimate for a disability retirement.
- You do not expect to pay off your loan in full prior to retirement.
- You are a Tier 1 or 2 member who would like your Annuity Savings Fund to be calculated into your retirement estimate.
- You are younger than 40 or older than 77.
- You have less than five years of service credit.

Before finalizing your retirement plans, you are encouraged to schedule a [benefits consultation](#) with a NYSTRS representative who can review your membership record and provide additional guidance.

**Please Note:** When using this estimator, please use the links provided to move between pages. Please do not use your Web browser's Back button as that may log you out of the application.



# Transfer Service

- Transfers merge active memberships between NYS public retirement systems.
- Salaries and service are combined, often yielding a higher benefit as opposed to taking separate benefits from separate systems.
- Certain limitations apply. Service credit is limited by law to a maximum of one year of credit per school year.
- If you retire with less than three years of NYSTRS service credit from the date you joined NYSTRS (or less than three years of elapsed time since you initiated the transfer), your benefit calculation can be limited.
- Contact both systems prior to transferring to make sure a transfer is to your advantage.
- Transfers must be initiated with your former retirement system.





# Reinstatement Service

- Reinstatement an earlier membership (tier) in a NYS public retirement system.
- This will add service credit to your membership.
- No cost for Tiers 1-2.
- The cost for Tiers 3-6 is a one-time lump sum payment of the contributions refunded under the former membership plus 5% interest per year.
- Reinstatement is irrevocable; contact a System representative to discuss advantages or disadvantages before applying.



- To apply you must file an *Election to Reinstate* (RIS-1).

RS-1 (3/12)



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM  
10 Corporate Woods Drive, Albany, NY 12211-2395

OFFICE SERVICES ONLY

## ELECTION TO REINSTATE

FIRST NAME	M.L.	LAST	SOCIAL SECURITY NUMBER
STREET ADDRESS			EMPLID
CITY	STATE	ZIP CODE	
PHONE NUMBER			
Is this address your PERMANENT address to be used by the System? <input type="checkbox"/> Yes <input type="checkbox"/> No			

### REINSTATEMENT INFORMATION:

PLEASE CHECK ALL THAT APPLY: FORMER NYS PUBLIC RETIREMENT SYSTEM(S) <input type="checkbox"/> New York State Teachers' Retirement System <input type="checkbox"/> New York City Teachers' Retirement System <input type="checkbox"/> New York State & Local Retirement System <input type="checkbox"/> Other: _____	DATES OF SERVICE  FORMER NAMES (if applicable)  FORMER RETIREMENT SYSTEM NUMBER (if known)
---	--

Is the service you are claiming credited in any NYS public retirement system? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, name of system: _____
---

I am a current member of the New York State Teachers' Retirement System. I hereby elect reinstatement to the earliest date of membership in accordance with Sections 645 or 646 of the Retirement and Social Security Law.

I certify I have reviewed the Important Reinstatement Information provided on the reverse side of this election explaining the consequences of changing membership dates and the effects it may have on my future benefits.

This election must be signed and notarized in order to be valid.

Signature of Applicant	Married women must use their given name (Mary Smith not Mrs. John Smith)
State of _____ County of _____ On this _____ day of _____, in the year _____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.	
Signature of Notary: _____ Expiration Date: _____	

# Prior Subsequent Service

- o This credit is available to members who had an opportunity to purchase credit for prior service but, before doing so, reinstated or transferred an earlier membership date to NYSTRS. As a result, that credit (which previously had been "prior" to their membership date) is now "subsequent" to their current membership date.

# Chapter 351

Did you join the Optional Retirement Plan (ORP) after becoming a NYSTRS member?

- o If the answer is “yes” and you were denied public school service during your discontinued period, you should contact the System.
- o Chapter 351 of the Laws of 2002 allows members who have returned to employment with an employer other than the one from which they entered the ORP to receive credit for service rendered between **12/1/91** and **6/30/02**.



- To apply, you must file a *Subsequent Service Claim for Discontinued Members (for service rendered 12/1/91-6/30/02) (MAC-4)*.

MAC-4 (2/10)



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM  
10 Corporate Woods Drive, Albany, NY 12211-2395

OFFICE SERVICES ONLY

**SUBSEQUENT SERVICE CLAIM FOR  
DISCONTINUED MEMBERS**  
(FOR SERVICE RENDERED 12/1/91 – 6/30/02)

Please review the information on the reverse before completing this form.

Last Name	First	Mi	Social Security Number
Street			EmpID
City	State	Zip Code	Phone Number
Is this address your PERMANENT address to be used by the System? <input type="checkbox"/> YES <input type="checkbox"/> NO			Former Name(s)

I am currently a "discontinued" member of the NYS Teachers' Retirement System; as such, I have worked or am currently working at SUNY or a community college and contributing to the Optional Retirement Program (ORP or TAA-CREF). I wish to claim credit for the teaching service with a NYS public school or college listed below under Chapter 351 of the Laws of 2002.

NAME OF EMPLOYER	SCHOOL YEAR ENDING JUNE 30

I certify that I have reviewed the information provided on the reverse side of this claim explaining the consequences of activating my "discontinued membership" and the effects it may have on my future benefits.

Signature of Claimant

Date

# Chapter 352 (NYC Subsequent Service)

Chapter 352 allows current members to receive credit for NYC teaching service if:

- o Their City service was rendered **before** 7/1/90 but **after** their current date of membership in NYSTRS; and
- o They were not able to join the City Teachers' or Board of Education Retirement Systems.



To apply for Chapter 352, you must file a *New York City Subsequent Service Under Chapter 352 of the Laws of 2002* form (MAC-79).

MAC-79 (2/10)



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM  
10 Corporate Woods Drive, Albany, NY 12211-2395

OFFICE SERVICES ONLY

### NEW YORK CITY SUBSEQUENT SERVICE UNDER CHAPTER 352 OF THE LAWS OF 2002

Chapter 352 allows current members to receive credit for NYC teaching service if:

- Your City service was rendered **before** July 1, 1990 but **after** your current date of membership in NYSTRS.
- AND** • You were not able to join the City Teachers' or Board of Education Retirement Systems.

**TO THE MEMBER:** Please type or print in ink all items in Part 1 and 2 of this form and then forward it to the New York City Department of Education for completion of Part 3 on back of form.

**ADDRESS:** New York City Department of Education  
Division of Financial Operations  
Office of Employment Records Research  
65 Court Street - Room 1703  
Brooklyn, NY 11201

PART 1			
Date	NYC File Number		Social Security Number
First Name	MI	Last Name	EmpID
Home Address		Apt. Number	Maiden Name(s)
City	State	Zip Code	Phone Number
Employee Signature			

PART 2			
Type of Service (Check all that apply)	Dates of Employment Month, Day, Year From - To	School/Office (Location of Employment)	District/Boards
<input type="checkbox"/> Regular Teacher	-		
<input type="checkbox"/> Regular Substitute	-		
<input type="checkbox"/> Per Diem	-		
<input type="checkbox"/> Evening Community Center	-		
<input type="checkbox"/> After School Playground	-		
<input type="checkbox"/> Vacation Playground	-		
<input type="checkbox"/> Youth Board	-		
<input type="checkbox"/> Hourly School Lunch (E741)	-		
<input type="checkbox"/> Paraprofessional (E743)	-		
<input type="checkbox"/> School Aides, Guards (E744)	-		
<input type="checkbox"/> Administrative (J740 or H740)	-		
<input type="checkbox"/> Annual School Lunch	-		
<input type="checkbox"/> Hourly Admin Mechanics (E740)	-		
<input type="checkbox"/> Other (Specify)	-		

Include additional information and unique requests in the comment box below.

--

Only service performed during time periods when employee was not a member of a retirement system can be verified by the Office of Employment Records Research.

# Chapter 675 Service

- Chapter 675 of the Laws of 2006 allows members to obtain credit for service earned in another New York State public retirement system subsequent to their NYSTRS membership, even if their membership in the other system has ceased.
- To claim this credit, you must have been an active NYSTRS member on or after 6/30/06.
- You must have at least two years of NYSTRS service.



- o To apply for Chapter 675, you must file a *Claim for Service Credit Under Chapter 675 of the Laws of 2006* (MAC-80).

# Great News!

- o If your prior SUNY Graduate or Teaching Assistant service rendered from 7/1/82 - 6/30/91 was previously ineligible, this service is now allowable and is retroactive.
- o To apply:
  - o If this prior service was previously denied, call the System at 800-348-7298, Ext. 6250 (or send us a secure message through your MyNYSTRS account) and request a review.
  - o If you have never applied, file a *Prior Service Claim* form (PRS-2) and have SUNY complete a *Prior Service Verification* form (PRS-3).

# Service Not Allowable for Credit

- o Charter school service rendered prior to the school electing participation with NYSTRS.
- o Service rendered with a non-participating charter school.
- o Service rendered after your NYSTRS date of membership in a non-teaching capacity while not a member of the covering retirement system.
- o Service rendered with the Research Foundation of SUNY.
- o Private or Parochial Service.
- o Out-of-State service for Tiers 3-6.



# Military Service

- Prior: Active duty rendered prior to joining NYSTRS.
  - Chapter 41
  - Chapter 548
- Interrupting: Worked full- or part-time under contract prior to military duty.
  - Section 243
  - Federal Reemployment Act (FRA)
  - Uniformed Services Employment and Reemployment Rights Act (USERRA)
  - Chapter 326
- Verification: Submit a copy of your honorable military discharge Form DD214.

# Great News!

- Chapter 41 of the Laws of 2016 removed the specific periods of war or conflict requirements of Chapter 548 of the Laws of 2000. To qualify:
  - You must have been an active NYSTRS member on or after 5/31/16.
  - You must have at least five years of service credit since the date you last entered our System.

Total credit under this law cannot exceed three years or exceed the “net active service” indicated on the honorable military discharge Form DD214.

# Military Service Prior to Date of Membership

- Chapter 548 of the Laws of 2000 provides for the crediting of military service prior to your joining NYSTRS if rendered during specific periods of war or conflict. To be eligible, you must:
  - Be a full-time or part-time member, or a member who retired on or after 12/21/98; and
  - Have been in active military service prior to joining NYSTRS; and
  - Have at least five years of service credit since the date you last entered our System; and
  - Meet at least one of the military periods on the following list.



# Chapter 548 Military Periods

- o World War II (12/7/41 to 12/31/46)
- o Korean Conflict (6/27/50 to 1/31/55)
- o Vietnam Era (2/28/61 to 5/7/75) or

You received the Armed Forces, Navy or Marine Corps Expeditionary Medal for service in:

- o Lebanon (6/1/83 to 12/1/87)
- o Grenada (10/23/83 to 11/21/83)
- o Panama (12/20/89 to 1/31/90) or

You served in the theater of operations on or after 8/2/90, including the Persian Gulf and Iraq.

Total credit under this law cannot exceed three years or exceed the “net active service” indicated on the honorable military discharge Form DD214.

# Cost for Chapter 548 or Chapter 41 Military Service

- The cost is based on the salary earned during the 12 months of credited service in the school year preceding the claim.
  - 3% for Tiers 1-5
  - 6% for Tier 6
- The cost is good for one school year from the date of our letter.
- There is no interest charged on service granted under Chapter 548 or Chapter 41.



# Interrupting Military Service

## Section 243

- The military service must be:
  - Active service.
  - Rendered on or after 7/1/40, and must not be service voluntarily entered upon between 1/1/47 and 6/25/50.
- The claimant must:
  - Be a teacher in the public schools of New York State and a member of NYSTRS at the time of entry into military service.
  - Return to public school teaching within one year after the date of honorable discharge.
- No minimum service credit requirement.

Total credit under this law cannot exceed four years or exceed the “net active service” indicated on the honorable military discharge Form DD214.



# Cost for Service Under Section 243

- The cost is the amount the member would have contributed had the employment been continuous during the period of military service. This payment is waived for Tier 3 or 4 members called to active duty on or after 8/1/90, and prior to 1/1/93.
- If the claimant did not have an employer during such period of military service, the claimant must also pay the amount the employer would have contributed to the System had employment been continuous during such period. No interest is calculated on this portion of the member payment.
- The cost must be paid within five years of returning to public school teaching.

# FRA

- Must be an active member of the retirement system and under contract. (Per diem substitutes are not covered.)
- Must be active service as a member of the U.S. Armed Forces.
- If discharged between the start of the school year and 4/1, must return to service within 90 days of discharge. If discharged on or after 4/1, must generally return to teaching by the start of the school year.
- No cost for Tiers 1-2. Tier 3-4 members pay 3% of the contract salary they would have received.
- No minimum service credit requirement.
- Requires reemployment effective on or before 12/13/94.

Total credit under this law cannot exceed four years or exceed the “net active service” indicated on the honorable military discharge Form DD214.



# USERRA

- USERRA requires reemployment effective after 12/13/94.
- No minimum service credit requirement.
- No cost for Tiers 1-2 or for Tiers 3-4 members who stopped making mandatory contributions before entering military service. Otherwise, the cost is based on the rates below and the salary the member would have received for the school year(s) in which the military service occurred.
  - Tiers 3-4: 3%
  - Tier 5: 3.5%
  - Tier 6: 3% - 6%

Total credit under this law cannot exceed five years or exceed the “net active service” indicated on the honorable military discharge Form DD214.



# Chapter 326 of the Laws of 2005

- Must be called to active duty on or after 9/11/01 and prior to 1/1/06.
- No cost regardless of tier.
- Mandatory membership contributions for Tier 4 members are required after the military period ended if the member had not yet met the provisions of Article 19.

Total credit under this law cannot exceed four years or exceed the “net active service” indicated on the honorable military discharge Form DD214.

# Article 19 Benefit Enhancement

- Eligibility:

- Must be Tier 1 or 2.
- Must be credited with at least one month of service credit in any one school year after 7/1/92.

- Additional Credit Provided:

- $1/12$  year X total service credit at retirement to maximum additional credit of two years.

- Examples:

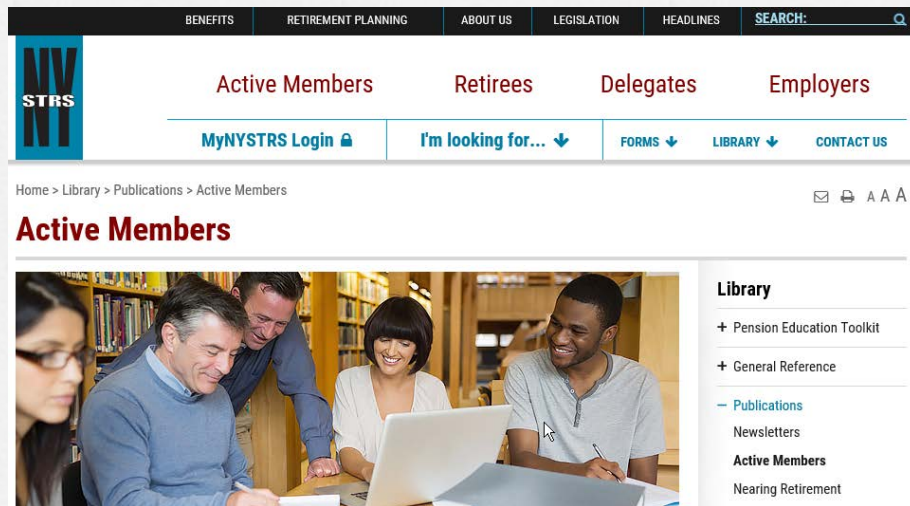
<u>Service Credit at Retirement</u>	<u>Article 19 Credit</u>
12 Years	1.0 Years
18 Years	1.5 Years
24+ Years	2.0 Years (Max.)



# For More Information

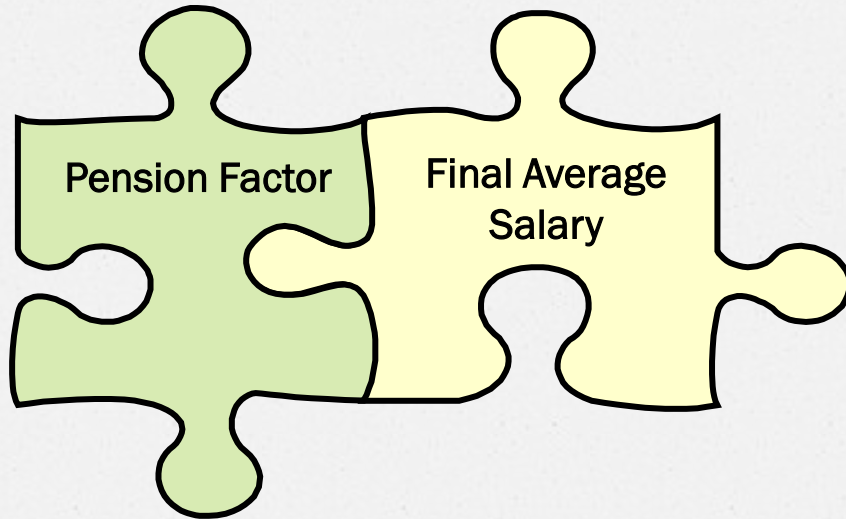
Visit the Library page on our website at NYSTRS.org and see the following publications:

- o *You Deserve the Credit*
- o *Claiming Military Service*





# Service Retirement Formula



**= Maximum Pension**

# Is It Pensionable?

Salary increases	✓	✗
Tier-specific salary limits	?	
Regular salaries	✓	✗
Transferred salaries	✓	✗
Payments for leaves	✓	✗
Leaves tied to resignation	✓	✗
Termination payments	✓	✗
Non-regular compensation	✓	✗
Non-reportable salary		✗
Consultants		✗

# Classification of Earnings

Under the Education Law, the System classifies payments that teachers and administrators receive from a school district into four categories:

- o Regular Salary
- o Termination Payments
- o Non-Regular Compensation
- o Non-Reportable Salary



# Contract Review

- o NYSTRS reviews all contracts—both collectively bargained and individual agreements.
- o The review determines regular salary, termination pay, non-regular compensation or non-reportable salary. The district is then notified of the determination so they report your salaries correctly.

What can you do to help?

Look at your *Benefit Profile* each year and make sure your salary information looks correct. If you see an error, speak to your district so it can be corrected.

# What Is The FAS?

The Final Average Salary (FAS) is the average of your three or five highest consecutive school years of regular salary earned, depending on your tier of membership.

- For most Tier 1-5 members, the FAS is a 3-year average. For some Tier 1 members, a 5-year average can be used.
- Tier 6 members use a 5-year average.
- FAS is typically the average of the last three or five school years of salary, but not always.
- Certain limits apply for includable salary and salary increases.
- When applicable, we will build an FAS with three or five school years of 100% earnings.

# Salary Limits

- o Section 401(a)(17) of the Internal Revenue Code (IRC) limits the amount of annual compensation that can be used in computing benefits for members, effective with membership dates of 7/1/96 or later.
- o The limit for the 2016-2017 school year is \$265,000.
- o Chapter 18 of the Laws of 2012 supersedes IRC section 401(a)(17) limits for Tier 6 members.
- o Any wages earned during a fiscal school year in excess of the New York State governor's annual salary (currently \$179,000) are excluded from pension calculations.



# Tier-Specific Salary Limits

Your FAS excludes yearly increases in regular salary that exceed the following limits:

- o Tier 1: 20% of the previous year's salary.
- o Tier 2: 20% of the average of the previous two years' salaries.
- o Tiers 3-5: 10% of the average of the previous two years' salaries.
- o Tier 6: 10% of the average of the previous four years' salaries.
- o Also for Tier 6: For those with multiple employers, and 200+ days of service with a single employer, pensionable salaries are limited to the two highest-grossing positions per school year.

# Regular Salary

- o Regular salary includes only payments made by the school district to a teacher or administrator for the service that is reasonably incidental to the duties of a full-time teacher or administrator.
- o The terms of the payment are generally set forth in a collective bargaining agreement or a long-standing employment agreement.
- o In addition to salary earned for full-time teaching or administrative services, regular salary may also include:
  - o Coaching
  - o Tutoring
  - o Summer School
  - o Driver Education
  - o Supervision of traditional after-school clubs
  - o Teaching or administration of educational after-school programs

# Regular Salary

Does not include compensation for...

- o Duties or services assigned on a preferential basis; or
- o Services performed outside or unrelated to the regular, fundamental components of the school district's educational program; or
- o Payments made on the eve of retirement
  - o Either in exchange for resignation or;
  - o Which would result in the inflation of the FAS.

A great source of reference is the Delegate News, such as Issue Numbers 2008-6, 2015-2, and 2016-3.



# Transferred Salaries

- Salary information included in a direct transfer of membership can increase your FAS if those salaries fall in your highest consecutive years.
- These salaries would be subject to any limitations applicable by statute.

# Payments for Leave

- Salary received while on an approved medical, military or maternity leave and paid by the school is usable in the FAS.
- If you are on Workers' Compensation and being paid by the New York State Workers' Compensation Board, those payments are not usable in your FAS (nor would you receive service credit for the corresponding time).

# Termination Payments

What are termination payments?

- Payments made at retirement, such as retirement incentives, longevity payments, and payments of unused leave.
  - Such payments are included in a collective bargaining agreement or a long-standing employment agreement.
  - The receipt of these payments is not contingent upon the performance of a service.
- Termination payments are reportable only for members with a date of membership prior to 6/17/71.



# Non-Regular Compensation

- Non-regular compensation (NRC) includes, but is not limited to, payments such as:
  - Taxable fringe benefits.
  - Bonuses.
  - Payments in lieu of health insurance.
- NRC is reportable only for members with a date of membership prior to 7/1/73 and only usable in a 5-year FAS.

# Non-Reportable Salary

- Payments made outside of the collective bargaining agreement or long-standing employment agreement.
- Payments made on the eve of retirement, often in exchange for resignation, which would result in the inflation of the FAS.
- Any additional payments to a member to purchase health insurance through the district.
- Buyouts.
- Earnings from the following positions (classified service): Bus driver, computer maintenance work, district clerk, clerk of the board, school attorney or legal services provided by an attorney, master teacher presenter and similar positions.
- Payments for services as a consultant or independent contractor.

# Consultants

- o NYSTRS defines a consultant as someone who is an independent contractor, not an employee of the district.
- o A consultant cannot perform a function that normally would be performed by a teacher or administrator in that district.



# Reporting Error?

What happens if a district makes a reporting error?

By NYS Education Law, the System is required to make the adjustment to your earnings as soon as we are notified. This could mean even after you're retired!

What can you do?

- Review your *Benefit Profile* each year.
- If you see an error with your salary or service, contact your district for correction sooner rather than later.