

Memorandum



Metropolitan Transportation Authority

State of New York

Date March 19, 2001

To Participants of the MTA Defined Benefit Pension Plan

From Attila Lee, Asst. Director, Employee Benefits *A. Lee*

Re CHANGES TO THE MTA DEFINED BENEFIT PENSION PLAN

The MTA Board has approved changes to the MTA Defined Benefit Pension Plan, as described below:

1. EARLY RETIREMENT REDUCTION FACTORS

The Plan has been amended to provide that the age reduction factors for computing the early retirement benefit at age 55 through 61 have been reduced. Here is a chart that compares the old factors with the new factors.

<u>Age at Retirement</u>	<u>Old Factors</u>	<u>New Factors</u>
55	38.33%	27.00%
56	33.33%	24.00%
57	28.33%	21.00%
58	23.33%	18.00%
59	18.33%	15.00%
60	13.33%	12.00%
61	6.67%	6.00%

For example-If you retire at age 57 with 25 years of service and a \$30,000 final average salary, the benefit calculated under the old and new factors produces the following results:

<u>Using Old Factor</u>		<u>Using New Factors</u>	
$25 \times \$30,000 / 50 =$	\$15,000	$25 \times \$30,000 / 50 =$	\$15,000
Current Factor	$\times .2833$	New Factor	$\times .2100$
	\$4,250		\$3,150
Pension Amt	\$15,000	Pension Amt	\$15,000
Current Reduction	$-\$4,250$	Current Reduction	$-\$3,150$
Annual Benefit	\$10,750	Annual Benefit	\$11,850

2. ELIMINATION OF CONTRIBUTIONS AFTER 10 YEARS OF MAKING MEMBER CONTRIBUTIONS

Your contributions, if any, in the MTA Defined Benefit Pension Plan will be eliminated after ten years of making member contributions, even if your member contributions were used to pay your contributions for Tier II Railroad Retirement benefits under the MTA Defined Benefit Pension Plan.

3. MILITARY SERVICE

You are able to purchase up to 3 years of "time of war" military service, which will be credited under the Plan. The cost to purchase such service is 3% of your salary immediately prior to payment for each year of such military service. A member must have 5 years of Credited Service to purchase military time.

Periods of Eligibility and Dates

"Time of War" military service includes the following:

World War II	12/7/41 - 12/31/46
Korean War	6/27/50 - 1/31/55
Vietnam Era	2/28/61 - 5/7/75
Lebanon	6/31/83 - 12/1/87*
Grenada	10/23/83 - 11/21/83*
Panama	12/20/89 - 1/31/90*

The theater of operations including Iraq, Kuwait, Saudi Arabia, Bahrain, Qatar, United Arab Emirates, Oman, Gulf of Aden, Gulf of Oman, Persian Gulf, Red Sea and air space above these locations. 8/2/90 - present*

*You may only receive credit if you served in one or more of these military conflicts and received an Armed Forces expeditionary medal, Navy expeditionary medal, or the Marine Corps expeditionary medal in connection with this service. You must apply to purchase this military credit prior to retirement.

If you are interested in purchasing credit for military service and are employed by Metro North, contact the Metro North Pension Office at 212-340-4972. If you are employed by Long Island Rail Road, contact the Long Island Rail Road Pension Office at 718-558-8130.

4. RAILROAD RETIREMENT TIER II OFFSET

The Tier II Railroad Retirement offset will now commence when the Tier II benefit actually becomes payable. Before this change, retirees had their pension benefits offset by the value of their Tier II Railroad Retirement benefit even before they were eligible to receive the Tier II payment.

5. PENSION CREDIT FOR VESTED SERVICE IN STATE, CITY OR AFFILIATED MTA AGENCY PENSION PLANS.

Under certain conditions, the Plan now recognizes prior vested service in state, city or MTA affiliated agency plans as Credited Service for all purposes. The conditions are that you must complete 3 years of service in this Plan and that if the benefit attributable to such prior vested service becomes payable, you do not receive such benefit while you are employed and a member of the Plan. In addition, when you retire from this Plan, there will be an 100% offset for the benefit from the other pension plan and the offset will begin when the other pension plan benefit becomes payable.

You can receive credited service for prior vested service in the following pension plans:

New York City Employees' Retirement System

New York City Teachers' Retirement System

New York City Board of Education Retirement System

New York City Police Dept. Pension Fund Subchapter 2

New York City Fire Dept. Pension Fund Subchapter 2

New York State and Local Employees' Retirement System

New York State Teachers' Retirement System

New York State and Local Police and Fire Retirement System

Staten Island Rapid Transit Operating Authority (SIRTOA) Pension Plan

Manhattan and Bronx Surface Transit Operating Authority (MABSTOA) Pension Plan

**The Long Island Rail Road Company Pension Plan
The Long Island Company Plan For Additional Pension**

If you are interested in making application for this service and are employed by Metro North, contact the Metro North Pension Office at 212-340-4972. If you are employed by the Long Island Rail Road, contact the Long Island Rail Road Pension Office at 718-558-8130.

6. PENSION CREDIT FOR REPRESENTED SERVICE

The Plan will now recognize your service with Long Island Rail Road or Metro-North Railroad while you were a represented employee. Current and future members can purchase this prior service by transferring assets in the Defined Contribution Plans to the MTA Defined Benefit Plan. For current members: you must apply to purchase this service within 90 days after this notice. For new members, you must apply to purchase this service within 90 days of membership in the Plan. In addition to receive credit for such service, you must be a member of the Plan for two years.

If you are interested in purchasing this service and are employed by Metro North contact the Metro North Pension Office at 212-340-4972. If you are employed by the Long Island Rail Road, contact the Long Island Rail Road Pension Office at 718-558-8130.