











COMPARING THE VOLUNTARY DEFINED CONTRIBUTION (VDC) PROGRAM AND DEFINED BENEFIT PLANS


Plan feature	VDC Program	Defined benefit plans
 What do you get when you retire?	Your balance is available when you retire, or you can choose a fixed, monthly income through annuity investments. Benefits are not guaranteed for life; income is limited to the funds available in the account.	A fixed, lifetime monthly income in retirement. Benefit is guaranteed by the State Constitution.
 When are you fully vested?¹	After more than one year of City service. Vesting is immediate if you own employer-funded retirement contracts with any VDC vendors, or if you have 366 days of service with any public employer within New York State.	After five years of credited service for Tier 6 members. Earlier tiers have different vesting requirements. Please contact your pension system for details about your specific plan.
 Who is responsible for choosing the investments?	You are responsible for choosing your own investments.	Professional investment managers on behalf of the City of New York.
 Are employee contributions required?	Yes. Same for both plan types. See contribution chart below.	Yes. Same for both plan types. See contribution chart below. Please contact your pension system for details about your specific plan.
 How much does your employer contribute?²	Your employer contributes 8% of your salary (subject to IRS annual contribution limits).	Your employer contributes an annual amount determined by the New York City Chief Actuary in order to ensure that your guaranteed benefit upon retirement is fully funded.
 When can you retire and begin taking money from the plan?²	No minimum retirement age. <i>Tax penalties may apply if you withdraw money before turning 59½.</i>	Retirement age and benefits are based on the provisions of your plan. Please contact your pension system for details about your specific plan.
 Can your account move with you if you work for a different employer?	Yes. You should contact the investment providers for more information on eligibility and taxation of rollovers.	No.
 Are loans available?²	No.	Yes, up to 75% of the amount you contributed with a maximum aggregate loan balance of \$50,000, reduced by the highest outstanding balance of loans from all qualified employer plans of the same employer.

continued

Plan feature	VDC Program	Defined benefit plans
 Can you name beneficiaries?	Yes.	Yes.
 Can you get credit for public service within New York State or City prior to joining a plan?	No.	Yes, except for service while a VDC member.
 Can you receive credit for military service?	No.	Yes.
 Are there disability benefits?	No.	Yes.
 Can you receive NYC health benefits as a retiree?	No.	Yes; you must have 10 years of credited service to qualify for retiree health benefits.
 Can you receive benefits from the Management Benefits Fund (MBF) as a retiree?	No.	Yes; you must have 10 years of credited service to qualify for retiree health benefits.
 Is there a cost-of-living adjustment after retirement?	No.	Yes.

¹ Vested refers to an employee's right, usually earned over time, to receive some retirement benefits regardless of whether or not he or she remains with the employer.

² Subject to IRS limits and other salary limitations.

 CONTRIBUTION CHART	
Annual salary rate of pay	Contribution rate
Wages of \$45,000 or less	3.00%*
Wages of \$45,000.01 to \$55,000	3.50%*
Wages of \$55,000.01 to \$75,000	4.50%*
Wages of \$75,000.01 to \$100,000	5.75%
Wages greater than \$100,000	6.00%
Salary rate will be considered in reaching the \$75,000 threshold. For example, if a part-time employee makes \$45,000 working 60% of a full-time schedule, then the salary rate would be \$75,000, and would qualify the employee to enroll in the VDC Program.	
*These contribution rates apply if your annual salary rate of pay decreases after your VDC enrollment.	

Please note that this information has been prepared as a general summary of the Retirement System Options available to eligible New York State and New York City employees. It cannot provide you with the complete details on retirement matters. You should carefully review and research the options available to you before making a decision as to which Retirement System to join. Only authorized representatives from each Retirement System or Investment Provider are adequately knowledgeable and experienced to fully address your questions or to assist you with many of the technical aspects of their respective Systems. The information contained in all SUNY publications and websites is intended only as a basic summary overview and to provide you with basic points for your consideration. You are invited to contact representatives from the Retirement System in which you are interested for additional information or with specific questions about their respective System or specific benefits.

Additional important implications may flow from your enrollment decision that warrant your consideration. These may include eligibility for retiree health benefits. We urge you to consult with your Human Resources/Benefits Office to help you make an informed decision.

