



New York State Teachers' Retirement System

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NYSTRS.org

Contribution Rate Information for Tier 6 Members

Members who joined NYSTRS on or after April 1, 2012

NYSTRS members make contributions as mandated by NYS law to help fund the pension. These 414(h) contributions earn 5% interest but do not provide a separate benefit. Member mandatory contributions are exempt from federal tax when deducted, but subject to NYS tax.

Tier 6 features a variable member contribution rate wherein a member's contribution rate is determined by that member's pensionable earnings. This fact sheet will help Tier 6 members understand how their level of compensation determines the contribution rate.

We encourage you to review the Active Members' Handbook at NYSTRS.org to learn more about membership and benefit eligibility.

How to Determine the Contribution Rate

From the Start Through the Third Year

Projected reportable earnings provided by the member's employer are used to calculate the contribution rate for the first three years of membership. Thereafter a look-back provision is used, which is discussed in more detail on the next page. Member contribution rates will be determined based on reportable salary in accordance with the following schedule.

TIER 6 CONTRIBUTION CHART	
Salary	Contribution Rate
\$45,000 and less	3.0%
More than \$45,000 to \$55,000	3.5%
More than \$55,000 to \$75,000	4.5%
More than \$75,000 to \$100,000	5.75%
More than \$100,000 to maximum of NYS Governor's salary (<i>see chart below</i>)	6.0%

Note: Tier 6 members are required to make member contributions to NYSTRS throughout their active membership.

Pensionable Salary

A Tier 6 member's pensionable earnings may not exceed the salary of the New York State governor, which is set by law (see chart below). If the governor's salary changes, the pensionable salary limit would change accordingly.

Governor's Salary	
Effective Date	Amount
April 1, 2012	\$179,000
January 1, 2019	\$200,000
January 1, 2020	\$225,000
January 1, 2021 - Current	\$250,000

Once the pensionable salary limit is reached, contribution deductions from any wages paid in excess of the salary limit will stop. In other words, member contributions taken on salary in excess of the earnings limit will be refunded. Any wages reported exceeding this limit will not be included in a member's salary base for district billing purposes or in any benefit calculation.

(continued)

Beginning in the 4th School Year of Membership and Continuing Forward

The member contribution rate in any given school year will be based on actual salary reported in the second preceding school year. (See below for details that apply only to the 2022-2023 and 2023-24 school years.) It is NYSTRS' responsibility to determine the applicable member contribution rate for each Tier 6 member and provide the information to the member's employer. Given the effective date of variable member contribution rates for Tier 6 members, the following table is being provided to assist with understanding the employer projection and the two-year look-back provisions.

Example: Contribution Rate Determination for a Member with a Date of Membership in the 2019-20 School Year

School Year	Members' Contribution Rate Determined By	Year
July 1, 2019—June 30, 2020	Employer Projection	1
July 1, 2020—June 30, 2021	Employer Projection	2
July 1, 2021—June 30, 2022	Employer Projection	3
July 1, 2022—June 30, 2023	NYSTRS, based on member's base salary for 2020-21*	4
July 1, 2023—June 30, 2024	NYSTRS, based on member's base salary for 2021-22*	5
July 1, 2024—June 30, 2025	NYSTRS, based on member's actual wages for 2022-23**	6

* Two-year look-back begins in member's fourth school year. Under Chapter 56 of the Laws of 2022, the Tier 6 member contribution rate for the two school years ending June 30, 2023 and June 30, 2024 will be based only on a member's annual base wages from the look-back year. Compensation earned for extracurricular programs or other pensionable earnings will not be included in the contribution rate calculation for those years.

** Other than the two school years ending June 30, 2023 and June 30, 2024, the two-year lookback is based on a member's actual wages from the look-back year (i.e., the pensionable earnings posted to a member's account as of the date the report is generated).

Members with Service at Multiple Districts

Contributions: For the first three years of employment when contribution rates are based on projected earnings, the rate for each school year will be established using the projected salary from the first of the member's employers to report salary information to NYSTRS. Beginning in the fourth year, the contribution rate will be based on the total actual earnings the member received two years prior.

Salary and Service: State law limits the amount of salary and service usable in a Tier 6 member's benefit calculation. NYSTRS will collect and process the information for each school year from all employers before making any necessary adjustments. The following guidelines will apply:

- If the member does not work full-time (defined as at least 200 days of service) for any one employer, all salary and service days from the various employers can be factored into the member's pension calculation.
- If the member works for multiple employers and exceeds 200 days of service with any one employer, the combined salaries from no more than two employers can be factored into the pension calculation. The pensionable salary and service will be determined by using the **two highest earnings** within that school year.
- BOCES district superintendents are considered to have multiple employers since their salary comes from both the State Education Department and their BOCES. Therefore, any part-time employment beyond a BOCES superintendent's regular full-time employment will not be reportable to NYSTRS for use in pension calculations.

Additional Guidelines

- In all cases, members may not receive more than one year of service credit per school year (July 1 – June 30), even if they work more than 200 days.
- A Tier 6 member's pensionable earnings may not exceed the salary of the NYS governor in any one year. Any wages reported exceeding the limit will not be included in a pension benefit calculation.
- Only salary considered pensionable is assessed for employer and member contributions.
- Any contributions deducted from salary deemed not pensionable should be refunded at the end of the school year by the school district.