

CUNY'S OPTIONAL RETIREMENT PLAN: TIAA

TIAA manages CUNY's **defined contribution** plan, known as the **Optional Retirement Plan (ORP)**.

WHILE YOU ARE WORKING

- Every paycheck, money is sent by CUNY to be deposited into your ORP account with TIAA. How much is sent and whether any of the funds are contributed by you depends on when you started working full-time at CUNY, which determines what pension **Tier** you are in: after April 1, 2012 is Tier VI, from July 17, 1992 to March 31, 2012 is Tier V. This is CUNY's **defined contribution**.

Tier VI	Tier V
Employee Annual Wages/Contribution: \$45,000 or less: 3.00% > \$45,000 to \$55,000: 3.50% > \$55,000 to \$75,000: 4.50% > \$75,000 to \$100,000: 5.75% > 100,000: 6.00%	Employee Contribution: • 3% of your gross pay for first 10 years (CUNY covers your contribution after 10 years)
Employer Contribution (TIAA) 8% (first 7 years); 10% (after 7 years)	Employer Contribution (TIAA) First 7 years: 8% of salary Years 8-10: 10% 11+ years: 13%

- The contributions that CUNY transfers to TIAA are made directly to your own account at TIAA, similar to 401k plans set up by private employers. The CUNY ORP is technically a 401a plan, which is for public employers/employees. These contributions are pre-tax or "tax deferred" and are not taxed until you withdraw them, usually after retirement. Note that federal laws restrict your ability to withdraw funds before retirement.
- If you work in multiple positions at CUNY (e.g., also work overload or as an adjunct) and/or at multiple campuses, each position is pensionable. If you work at a second campus, you must inform the college where you have the multiple line that you are in TIAA so any required employee contributions can be initiated from your paycheck and to make sure that CUNY is contributing the correct amount.
- You can decide how you want your money invested by choosing from the [options offered by TIAA](#)—ranging from very conservative investments such as TIAA Traditional to funds that are invested entirely in stocks. Funds may be more or less "socially responsible." If you do not make a choice, your money will go to a "lifecycle" fund where the balance between stocks and bonds changes to become more conservative as you get older. There are no guarantees that your money will grow and be enough for you in retirement. You should work with a TIAA advisor to make sure your investments align with your retirement goals and risk tolerance.
- **TIAA provides quarterly statements of your account(s).** Make sure to check them to see how well your investments are doing and, perhaps more important, to make sure that CUNY is sending the correct amounts to TIAA to be deposited into your account. Your online TIAA account shows your monthly contributions and CUNY's. **You should regularly check your account to make sure the contributions are happening and are correct.**
- Additionally, you are eligible to contribute to the following voluntary retirement accounts:
 - **TIAA TDA (Tax Deferred Annuity) Plan.** The TDA is an optional 403(b) defined contribution plan that may be elected in addition to the ORP. The default is usually a "pre-tax" account (you pay no income tax on the money you contribute to the TDA).
 - **Roth 403(b) option** for TIAA plan members: The Roth option allows you to make post-tax contributions to your retirement savings. You pay income taxes on the amount contributed now,

but these savings and any earnings are not taxed when qualified withdrawals are made (generally, after you retire).

- **New York State Deferred Compensation Plan** (NYSDCP) 457(b) plan. The NYSDCP is an optional deferred compensation plan sponsored by the State of New York that may be elected **in addition** to any of the above retirement plans. Contributions may be made on a pre- or post-tax (Roth) basis and are invested in the funds of your choosing.

WHEN YOU RETIRE

- **There is no minimum (or maximum) retirement age with your TIAA ORP.** Your retirement income will depend on how much total money has been contributed by CUNY and by you, how well your investments have done and how you choose to take out the money. Be aware that you cannot take Travia leave until you are 63 for Tier VI and 55 if you are Tier V or below.
- Taxes and penalties may be assessed if income is taken prior to age 59 1/2. You are also required to withdraw money *after* a certain age to avoid penalties (i.e., [Required Minimum Distributions](#) or RMDs).
- You are not required to keep your money with TIAA after you retire and have reached normal retirement age (there are special rules if you have money in “TIAA Traditional”). However, removing your ORP money from TIAA can have significant tax implications if not done properly. Consult a tax advisor.
- If you are eligible for **retiree healthcare benefits** (normally, have reached age 62 after a minimum of 15 years’ continuous full-time CUNY service; see [PSC-Contract Article 27](#) for full eligibility rules). \$50,000 of your ORP accumulations cannot be withdrawn in cash and must be kept in TIAA as a “reserve.” **CUNY requires that you annuitize \$10,000** from this \$50,000 reserve. It is turned into a dedicated stream of income to last your lifetime and to pay premiums if any. **This small monthly annuity is treated as a NYC pension and makes you eligible for [New York City Retiree Health Benefits](#) for life.**
- You should work with your TIAA advisor to assure that you receive the amount of income you need for your retirement and to define the means by which you will receive that income. For example, you can annuitize some or all of your money, set up periodic withdrawals, or take occasional withdrawals. Special rules define how, when, and in what amounts TIAA Traditional Funds can be withdrawn and/or annuitized.
- **Taxes in Retirement**
 - Because you did not pay income taxes on your ORP money when you were working, you must pay **federal** income taxes on the money you withdraw in retirement (i.e., the income you receive from it). You must also pay federal income taxes on income from a pre-tax TIAA TDA or NYSDCP plan (but not a Roth plan).
 - If you live in New York State: [NYS does not tax NYS or NYC pensions](#). Since the ORP is considered to be a NYC pension, you will pay no NYS taxes on any **ORP income**. (If you move your ORP money out of TIAA, you may or may not retain the special NYS exemption for government pensions. Consult a tax advisor before doing anything.) NY also has a \$20,000 exclusion for other retirement accounts (e.g., TIAA TDA or NYSDCP).
 - Other states have [different rules](#) about state taxes on retirement income.

For the details of the TIAA ORP, see the CUNY [Summary of Retirement Plan Benefits](#)

For more information on Retirement, see the [PSC Retirement Info page](#)