April 2008

Dear CUNY TIAA-CREF Pension Member:

Subject: Elimination of the Mandatory Employee Contribution for Members of the Optional Retirement Program

As you are aware, Chapter 617 amended the education law to eliminate the employee contribution for individuals participating in the Optional Retirement Program (TIAA-CREF). This law requires the State and the City to assume payments of individual contributions for those employees with ten or more years of membership in the CUNY Optional Retirement Program. The State will be responsible for Senior College employees’ contributions, and the City will remit payments on behalf of Community College employees.

A Reminder! The legislation provides for a three-year phased elimination of employee contributions, as follows:

Effective with the April 4, 2008 payroll for Community Colleges & the April 10, 2008 payroll for Senior Colleges:

- Employees who joined the Optional Retirement Program on or before July 16, 1992 and currently contribute 1.5% will have 1% of their employee contribution made by the State or the City.
- Employees who joined the Optional Retirement Program on or after July 17, 1992, have ten or more years of CUNY membership, and who currently contribute 3%, will have 1% of their employee contribution made by the State or the City.

Employees who attain 10 or more years of service after April 1, 2008 but before April 1, 2009 will have 1% of their employee contribution made by the State or the City during the payroll which includes their 10 year anniversary.

Effective April 1, 2009:

- Employees who joined the Optional Retirement Program on or before July 16, 1992 and currently contribute 1.5% will have the total 1.5% employee contribution made by the State or the City.
- Employees who joined the Optional Retirement Program on or after July 17, 1992, have ten or more years of CUNY membership, and who currently contribute 3% will have 2% of their employee contribution made by the State or the City.

The exact payroll effective dates for these transactions have yet to be determined.

Effective April 1, 2010:

- Employees who joined the Optional Retirement Program on or after July 17, 1992, have ten or more years of CUNY membership, and who currently contribute 3% will have the total 3% employee contribution made by the State or the City.

The exact payroll effective dates for these transactions have yet to be determined.
Employees who attain ten years of Optional Retirement Program membership after April 1, 2010, will have the entire 3% employee contribution made by the State or the City during the payroll which includes their 10 year anniversary.

What does this mean to you?

New Contribution Percentages for Employees with 10 or more years of Membership Effective April 1, 2008

<table>
<thead>
<tr>
<th>Rate of Employee Contribution</th>
<th>Rate of Employer Contribution</th>
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<tbody>
<tr>
<td>.5% (for Tiers 1-4 employees who joined the ORP on or before July 16, 1992)</td>
<td>11.5% up to $16,500</td>
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<td>14.5% over $16,500</td>
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<tr>
<td>2% (for Tier 5 employees who joined the ORP on or after July 17, 1992)</td>
<td>9% for 7 years</td>
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<td>11% after 7 years</td>
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Please see the following example of how you may be affected if you are in Tiers 1-4 and appointed on or before July 16, 1992:

- Gertrude January was first appointed on September 1, 1976. Previously, she was contributing 1.5% and receiving a 10.5% employer contribution on her first $16,500 and 13.5% on her earnings above $16,500. She will now contribute .5% and will receive 11.5% on her first $16,500 and 14.5% in employer contributions on her earnings over $16,500.

Please see the following examples of how you may be affected if you are a Tier 5 employee appointed on or after July 17, 1992:

- John February was first appointed on September 1, 1992. Previously he was contributing 3% and receiving a 10% employer contribution. He will now contribute 2% and will receive 11% in employer contributions.

- Julia March was first appointed on February 1, 1998 and resigned on January 31, 2000. Ms. March was reappointed on February 1, 2004. She previously was contributing 3% and receiving an 8% employer contribution. She will now contribute 2% and will receive a 9% employer contribution until she attains 7 years of CUNY service in February 2009. At that time her employer contribution will increase to 11%.

The individual savings resulting from the phased elimination of employee contributions presents an opportunity for employees to increase their retirement savings by participating in a voluntary tax deferred plan. Eligible ORP participants are encouraged to open or increase their contributions to one of the various 403(b) tax-deferred savings plans available, such as TIAA-CREF, Lincoln Life & Annuity Company (represented by HRC), and/or the 457(b) NYS Deferred Compensation Plan. If you opt not to increase your contributions to one of these plans you may incur increased tax liabilities.

Sincerely,

Leslie E. Williams

Leslie E. Williams
University Director of University Employee Benefits

CC: Vice Chancellor Gloriana B. Waters