



Date: August 13, 2010

Topic: Proposed Amendments to Board of Education Retirement System Rules and Regulations

Date of Panel Vote: August 16, 2010

Summary of Proposed Regulation

The amendments (pursuant to Section 2575 of the Education Law) to the Board of Education Retirement System (BERS) Rules and Regulations provide for members to pay interest on Tax Deferred Annuity (“TDA”) loans at the same rate at which interest is credited on BERS members’ TDA accounts in the annuity savings fund (“TDA fixed accounts”) at the time the loan is issued. Immediately prior to the enactment of Chapter 504 of the Laws of 2009, the TDA fixed accounts of all members were being credited with interest at the rate of 8¼ percent, and the TDA loan interest rate was at 8¼ percent for all members. Chapter 504 of the Laws of 2009 reduced the rate at which interest is credited on the TDA fixed accounts of BERS members from 8¼ percent to 7 percent, but provided, in effect, that the interest rate on new TDA loans for such members shall remain at 8¼ percent after the effective date of Chapter 504, unless the BERS Rules and Regulations are amended by the Panel for Educational Policy pursuant to the applicable provisions of section 2575 of the Education Law to provide a different TDA loan rate for such members. Consistent with Chapter 504, the purpose of this amendment is to change the interest rate for TDA loans to BERS members from 8¼% to 7% so that TDA loans have the same interest rate as the current TDA fixed account. TDA loans are derived 100% from voluntary salary reductions from the BERS members. No public funds are used to provide TDA loans to BERS members.

Summary of Issues Raised and Significant Alternatives Proposed

No written or oral comments regarding the proposed amendments to BERS Rules and Regulations were received during the public review period and no significant alternatives have been suggested.

Analysis of Issues Raised, Significant Alternatives Proposed and Changes Made to the Proposal

The DOE has made no changes to the proposed amendments to BERS Rules and Regulations. The proposal will be presented to the Panel as it is posted. The full text of the proposed Regulation change is available at:

<http://schools.nyc.gov/AboutUs/leadership/PEP/publicnotice/8162010BERS.htm>

