

wages. If the wages earned during any year included in the period exceed the average of the prior four years by more than 10%, the amount in excess of 10% shall be excluded.

Additionally, if a member was on a leave of absence without pay (e.g. suspension) at any time during the five-year period immediately preceding the date of retirement, that time, not in excess of 12 months, will be excluded from the calculation and the same period of time immediately preceding the five-year period will be included for the FAS.

## **LONGEVITY**

For members with 20 years of credited service, up to but not including 25 years of credited service, the salary at the 10-year longevity level will be used in pension computations and for computation of the earnings cap. For members with 25 or more years of credited service, the salary at the 20-year longevity level will be used in pension computations. As previously stated, credited service is defined as allowable Uniformed service.

## **SOCIAL SECURITY OFFSET**

Pursuant to State law (RSSL §§ 505(a), 505(b) and 516(b)), a member's Normal Service Retirement, Early Service Retirement or deferred Vested Retirement benefit, respectively, will be offset by 50% of the member's primary Social Security retirement. In determining a member's primary insurance amount for such offset, only wages for service with a public retirement system of New York State will be included during years of such service, and zero earnings will be used for all other years in the member's federal Social Security benefit computation period. This Social Security Offset will reduce the member's retirement allowance at age 62.

There is no Social Security Offset for disability retirees.

## **VESTED RETIREMENT**

Members who have five or more years of credited service are eligible for a Vested Retirement benefit. Vested retirees are not entitled to terminal leave before separation from service, nor are they eligible for Variable Supplements Fund payments.

A Vested benefit is payable at the 20-year anniversary and is equal to 2.1% of final average salary multiplied by the years of credited service, minus 50% of primary Social Security benefits at age 62.

**The Vested pension benefit is as follows:**

**2.1% of FAS x years of credited service**

**-less-**

**50% of primary Social Security benefit commencing at age 62**

*Example:*

*A member, age 37, separates from service and vests with 10 years of credited service and FAS of \$82,000. The member chooses to collect the Vested pension benefit at what would have been the completion of 20 years of credited service. The Vested Retirement calculation is as follows:*

*2.1% of FAS per year of credited service  
(0.021 x \$82,000) x 10 = \$17,220*

*The member will receive an annual pension benefit of \$17,220 from age 47 until age 62.  
At age 62, the pension benefit is reduced as follows:*

*Reduce by 50% of the Primary Social Security retirement benefit  
(0.50 x \$6,096) = \$3,048*

*At age 62, the member will receive an adjusted annual pension benefit of \$14,172  
( \$17,220 - \$3,048)*

## **EARLY/REDUCED VESTED BENEFIT**

Pursuant to State law (RSSL §516(c)), vested members may elect to receive an early, reduced Vested benefit commencing at early retirement age (completion of 20 years of credited service), or at age 55. If the Vested benefit commences before early retirement age, the benefit will be reduced by 1/15<sup>th</sup> for each year, if any, that the member's early retirement age is in excess of age 60, and by 1/30<sup>th</sup> for each additional year by which the Vested benefit commences prior to early retirement age.

Thus, if the member attains age 55 prior to reaching their 20<sup>th</sup> anniversary, the benefit will be reduced by 1/30<sup>th</sup> for each year the benefit commenced before their 20<sup>th</sup> anniversary. However, if their 20<sup>th</sup> anniversary is after age 60, then the benefit will be further reduced by 1/15<sup>th</sup> for each year the member's 20<sup>th</sup> anniversary is after he/she turns age 60.

*Example:*

*A member is appointed to the FDNY at age 37, resigns and vests with 10 years of credited service at age 47. The member may elect to take the Vested benefit at either age 55, with what would have been 18 years of credited service, or age 57 at what would have been 20 years of credited service.*

*If the member defers collection until age 57, there will be no reduction. However, if the member elects to receive the Vested benefit at age 55, the benefit will be reduced  $1/30^{\text{th}}$  for each of the two years prior to their 20th anniversary date. For example, if the Vested benefit is \$30,000 for 10 years of credited service, the reduced benefit would be \$28,000 ( $\$30,000 \times 28/30$  to account for the two-year reduction).*

*Conversely, if the member is appointed at age 25, completes 10 years of credited service at age 35 and resigns, the member would be able to collect at age 45 because the law allows for what would have been 20 years of credited service or age 55, whichever comes first.*

While a member may collect a Vested benefit upon attainment of their 20<sup>th</sup> anniversary of credited service, or age 55 with a possible reduction, it is not required. A member may elect to defer payment of the Vested pension benefit until such time the member would have completed 22 years and one month of credited service or more, up to 25 years of credited service, to be eligible for annual escalation. For the member described in the previous example, appointed at age 25 and resigned with 10 years of vested service at age 35, the benefit may be deferred for any amount of time between ages 47 and 50 to receive either full or partial escalation benefits, depending on the deferral period. (See the Escalation section of this SPD for an explanation of how appropriate escalation is calculated.)

## **NORMAL SERVICE RETIREMENT**

Tier 3 members may retire for Service without reduction upon completing 22 years of credited service, without regard to age, and receive a retirement allowance equal to 50% of FAS, minus 50% of the primary Social Security retirement benefit commencing at age 62 (RSSL §503 (d) and 505 (a)).

**The Normal Service Retirement benefit is:**

**50% of FAS**

**-less-**

**50% of primary Social Security retirement benefit commencing at age 62**