

Retirement Plans

Supplement



**New York State Correctional
Officers and Security Hospital
Treatment Assistants**

Table of Contents

Address, Phone Number, Website & E-mail.....	2
Creditable Service	3
Your Membership Tier	4
Final Average Salary --- Tier 1 Prior to June 17, 1971	5
Final Average Salary --- Tier 1 June 17, 1971 to June 30, 1973	7
Final Average Salary --- Tier 2	10
Retirement Benefit Calculation --- Tier's 1 & 2	12
Final Average Salary --- Tier 3	15
Retirement Benefit Calculation --- Tier 3 Special 25 Year Plan	17
Retirement Benefit Calculation --- Tier 3 <u>Article 14</u> – Fewer than 20 years of credited service <u>Article 14</u> – More than 20 years of credited service but fewer than 25 <u>Article 14</u> – More than 25 years of credited service up to 30	18
Comparison of Benefits (Special 25 Year Plan –vs- <u>Article 14</u>)	24
Contributions --- Tier 3	28

Address, Phone Number, Website & E-mail

- **New York State and Local Employees' Retirement System**
Governor Alfred E. Smith State Office Building
Albany, New York 12244-0001

- If you have any retirement questions or concerns, call the New York State and Local Employees' Retirement System at **(518) 474-7736** and ask for the appropriate department:
 1. Applications
 2. Arrears
 3. Beneficiary Changes
 4. Retirement Booklets
 5. Change of address
 6. Deaths
 7. Disabilities
 8. Estimates
 9. Forms
 10. Loans
 11. Option election
 12. Payroll
 13. Pension checks
 14. Prior service
 15. Recalculations
 16. Retirements
 17. Transfer of membership
 18. Vesting provisions
 19. Veterans issues
 20. Withdrawal

- E-mail at: **NYSLRSINFO@nyslrs.osc.state.ny.us**
- Website Address: **www.osc.state.ny.us/**

Creditable Service

The following job titles are considered creditable service towards the **25 Year Special Plan** as well as the Article 14 provision:

"uniformed persons" or "uniformed personnel" in institutions under the jurisdiction of the department of correctional services or "security hospital treatment assistants" under the jurisdiction of the office of mental health mean officers or employees holding the titles hereinafter set forth in institutions under the jurisdiction of the department of correctional services or under the jurisdiction of the office of mental health, namely: correction officers, prison guards, correction sergeants, correction lieutenants, correction captains, deputy assistant superintendent or warden, deputy warden or deputy superintendent, superintendents and wardens, assistant director and director of correction reception center, director of correctional program, assistant director of correctional program, director of community correctional center, correction hospital officers, male or female, correction hospital senior officers, correction hospital charge officer, correction hospital supervising officer, correction hospital security supervisor, correction hospital chief officer, correction youth camp officer, correction youth camp supervisor, assistant supervisor, correctional camp superintendent, assistant correctional camp superintendent, director of crisis intervention unit, assistant director of crisis intervention unit, security hospital treatment assistants, security hospital treatment assistants (Spanish speaking), security hospital senior treatment assistants, security hospital supervising treatment assistants and security hospital treatment chiefs. Previous service rendered under the titles by which such positions were formerly designated and previous service rendered as a narcotic addiction control commission officer shall constitute creditable service. Notwithstanding any provision of law to the contrary, any employee of the department of correctional services who became enrolled under this section by reason of employment as a uniformed person in an institution under the jurisdiction of the department of correctional services shall be entitled to full retirement credit for, and full allowance shall be made under this section for the service of such employee, not to exceed ten years, in the following titles, namely: correction officer, correction sergeant, correction lieutenant, or correction captain assigned to a training academy or to the central office.

Your Membership Tier

Tier 1: Members who last joined prior to July 1, 1973. There are stipulations for Tier 1 members hired on or after June 17, 1971 and prior to July 1, 1973 (see page 6 for further details).

Tier 2: Members who last joined on or after July 1, 1973 and prior to July 27, 1976

Tier 3: Members who last joined on or after July 27, 1976

Note: Retirement summary booklets are available from either your personnel office or by calling the New York State and Local Employees' Retirement System at (518) 474-7736:

- For Tier 1 & 2 correctional officers, request booklet VO 1525; or
- For Tier 3 correctional officers, request booklet VO 1526.

Tier 1 (Prior to June 17, 1971)– Final Average Salary (FAS)

Tier 1 retirement allowance calculation is based on your years of credited service and your Final Average Salary (FAS). FAS is the average wages earned during any three consecutive years of correctional service when earnings were highest. This is usually the last three years of employment, but not necessarily.

Also, payment for accumulated unused vacation leave up to a maximum of (30 days) 240 hours will be included in your FAS computation.

Payment for accumulated sick leave at retirement is **not** included in the FAS calculation. However, for a detailed determination on how sick leave accruals are calculated you may call your personnel office or NYS Civil Service office (**1-800-833-4344** or **(518) 457-5754**) or visit their Website at **www.cs.state.ny.us.home.htm**

Tier 1 (Prior to June 17, 1971)– Final Average Salary (FAS)

- Final Average Salary is the average wages earned during any three consecutive years of correctional service when earnings were highest. Normally the last three years earnings will be the highest unless you have worked a large amount of overtime in previous years.
- Add the three highest years salary, then divide by three to obtain your FAS.
- Payment for accumulated unused vacation leave up to a maximum of 240 hours (30 days) may be included in your FAS calculation.
- Payment for accumulated sick leave at retirement is **not** included in the FAS calculation. However, for a detailed determination on how sick leave accruals are calculated you may call your personnel office or NYS Civil Service office (1-800-833-4344 or (518) 457-5754) or visit their Website at www.cs.state.ny.us.home.htm

Example:

FAS calculation for Tier 1 prior to June 17, 1971 correctional officer members:

Actual earnings

Year 1- \$56,000
Year 2- \$46,500
Year 3- \$45,000
\$147,500

$$\$147,500/3 = \$49,167 \text{ FAS}$$

Tier 1 (June 17, 1971 to June 30, 1973)– Final Average Salary (FAS)

Any Tier 1 member with a seniority date of membership in the Retirement System of **June 17, 1971 through June 30, 1973** is subject to the provision of Section 431 of the Retirement and Social Security Law. Which states that the wages earned in any twelve month period used in the Final Average Salary (FAS) calculation **cannot** exceed the earnings of the preceding twelve month period by more than 20% (amounts over 20% are *excluded* from the computation of the FAS).

Also, payment for accumulated unused vacation leave up to a maximum of 240 hours (30 days) will be included in your FAS calculation if your date of membership is before April 1st, 1972 and if your FAS is based on the 36 months of earnings *immediately* preceding your date of retirement.

If your date of membership is on or after April 1st, 1972 accumulated unused vacation leave credit will not be used in the FAS computation.

Payment for accumulated sick leave at retirement is not included in the FAS calculation. However, for a detailed determination on how sick leave accruals are calculated you may call your personnel office or NYS Civil Service office (**1-800-833-4344** or **(518) 457-5754**) or visit their Website at **www.cs.state.ny.us.home.htm**

Tier 1 (June 17, 1971 – June 30, 1973) Final Average Salary (FAS)

- Final Average Salary is the average wages earned during any three consecutive years of correctional service when earnings were highest. Normally the last three years earnings will be the highest unless you have worked a large amount of overtime previously. The earnings in each of these years **cannot** exceed 20% of the previous years earnings (amounts in excess of the 20% are not included in the FAS computation).
- It takes four years to calculate the earning limit allowable. In order to calculate each year's earnings, begin at year four and multiply by 1.2, to obtain the maximum allowable earnings for year three.
- To calculate year 3 - \$43,500 (year 4) multiplied by 1.2 (to apply the 20% limitation) for a total of \$52,200. If actual earnings for year three were in excess of \$52,200 they would be excluded from the FAS computation.
- To calculate year 2 - \$45,000 (year 3) multiplied by 1.2 (to apply the 20% limitation) for a total of \$54,000. If actual earnings for year two were in excess of \$54,000 they would be excluded from the FAS computation.
- To calculate year 1 - \$46,500 (year 2) multiplied by 1.2 (to apply the 20% limitation) for a total of \$55,800. Since actual earnings for year one were in excess of \$55,800 by \$200 (the \$200 is excluded from the FAS computation).
- Payment for accumulated unused vacation leave up to a maximum of (30 days) 240 hours is included in your FAS calculation if your date of membership is before **April 1st, 1972** and **if** your FAS is based on the 36 months of earnings *immediately* preceding your date of retirement.
- If your date of membership is on or after April 1st, 1972 accumulated unused vacation leave credit will not be used in the FAS computation.
- Payment for accumulated sick leave at retirement is not included in the FAS calculation. However, for a detailed determination on how sick leave accruals are calculated you may call your personnel office or NYS Civil Service office (1-800-833-4344 or (518) 457-5754) or visit their Website at www.cs.state.ny.us.home.htm

Tier 2 – (July 1, 1973 – July 26, 1976) Final Average Salary (FAS)

In computing Tier 2 members Final Average Salary (FAS), the Retirement System averages 2 years salary in order to obtain their combined value. By averaging it lowers the amount that may be used towards the FAS computation. The NY State legislators furthered this reduction by only allowing 20% of these averages to be applied towards Tier 2 members FAS computation. Which equates to an approximate 14% increase per year if the maximum 20% is attained.

FAS is the average of the wages earned during any 36 consecutive months of service when earnings were highest. This is usually the last three years of employment, but not necessarily. These wages **cannot** exceed the average wages of the previous two years by more than 20% (amounts over 20% are *excluded* from the FAS computation), thereby even further limiting the ability to maximize a member's pension. It takes five years to calculate the earning limit allowable.

Payment for accumulated *sick* and/or *vacation* leave at retirement is **not** included in the FAS computation. Payment for accumulated unused vacation leave up to a maximum of 240 hours (30 days) will be paid separately. However for a detailed determination on how sick leave accruals are calculated you may call your personnel office or NYS Civil Service office (**1-800-833-4344** or **(518) 457-5754**) or visit their Website at **www.cs.state.ny.us/home.htm**

Tier 2 – (July 1, 1973 – July 26, 1976) Final Average Salary (FAS)

- ❑ To obtain year 3 - Average years 5 and 4 then multiply by 1.2 (to obtain the average earnings and apply the 20% limitation). Add \$40,000 & 42,000 that equals \$82,000 divide by 2 for a total of \$41,000. Multiply by 1.2 for the earnings limit allowable (\$49,200) (amounts in excess of this figure are excluded from the FAS computation).
- ❑ To obtain year 2 - Average years 4 and 3 then multiply by 1.2 (to obtain the average earnings and apply the 20% limitation). Add \$42,000 & 45,000 that equals \$87,000 divide by 2 for a total of \$43,500. Multiply by 1.2 for the earnings limit allowable (\$52,200) (Amounts in excess of this figure are excluded from the FAS computation).
- ❑ To obtain year 1 - Average years 3 and 2 then multiply by 1.2 (to obtain the average earnings and apply the 20% limitation). Add \$45,000 & 46,500 that equals \$91,500 divide by 2 for a total of \$45,750. Multiply by 1.2 for the earnings limit allowable (\$54,900) (amounts in excess of this figure are excluded from the FAS computation).
- ❑ Thereby computing five years of service credit to obtain the three-year average.

Example:

FAS calculation for Tier 2 correctional officer members:

<u>Actual earnings</u>		<u>Earning limit allowed</u>
Year 1- \$56,000	(**excessive earnings)	\$54,900
Year 2- \$46,500 x 1.2		\$52,200
Year 3- \$45,000 x 1.2		\$49,200
Year 4- \$42,000 x 1.2		
Year 5- \$40,000	\$156,300/3=\$52,100 FAS	

****NOTE:** In this example Year 1 *exceeds* the 20% limitation. Therefore the total earnings cannot be included in the computation. The 20% maximum earning limit allowance of \$54,900 was exceeded (\$56,000); thereby losing \$1,100 of earned income that cannot be used towards your FAS computation.

Tiers 1 & 2 (Section 89)

- Retirement at any age with 25 years of creditable correctional officer service
- 25 years = 50% Final Average Salary (FAS)

plus

- $1/60^{\text{th}}$ of FAS for each additional year of service credit beyond 25 (including non-correction service)

Example:

-
- A) 25 years of creditable correctional officer service
 - B) Any age
 - C) FAS -- \$45,000

$$\frac{25 \text{ years} \times \$45,000}{50} = \$22,500$$

\$22,500 per year
\$1875 per month

-
- A) 28 years of total service
 - 25 years of creditable correctional officer service
 - 3 years either correctional officer or non-correctional service
 - B) Any age
 - C) FAS -- \$45,000

$$\frac{25 \text{ years} \times \$45,000}{50} = \$22,500$$

$$\frac{3 \text{ years} \times \$45,000}{60} = \$2,250$$

\$22,500
+ 2,500
\$25,000 per year
\$2,083 per month

Tiers 1 & 2 (Section 89)

- Less than 25 years of correctional officer service
- Must be at least age 55 but under age 60
- $1/60^{\text{th}}$ of FAS for each year of service

Example:

-
- A) 20 years of correctional officer service
 - B) Age 58
 - C) FAS -- \$45,000

$$\frac{20 \text{ years} \times \$45,000}{60} = \$15,000$$

\$15,000 per year
\$1,250 per month

Tiers 1 & 2 (Section 89)

- Retirement at age 60 or older, with less than 25 years of correctional officer service
- 2% of FAS for creditable correctional officer service
- 1/60th of FAS for non-correctional service
- Benefit may ***not*** exceed ½ (50%) of FAS

Example:

-
- A) 20 years of creditable correction officer service
 - B) Age 60
 - C) FAS -- \$45,000

$$\frac{20 \text{ years} \times \$45,000}{50} = \$18,000$$

\$18,000 per year
\$1,500 per month

-
- A) 15 years of creditable correctional officer service
13 years of non-correctional service
 - B) Age 60
 - C) FAS -- \$45,000

$$\frac{15 \text{ years} \times \$45,000}{50} = \$15,000$$
$$\frac{13 \text{ years} \times \$45,000}{60} = \$9,750$$

\$15,000
+\$9,750
\$24,750 per year **

Note: \$24,750 exceeds the maximum payable benefit of 50% FAS or \$22,500 (1/2 of \$45,000).

Maximum payable benefit

\$22,500 per year
\$1208 per month

FYI: If you have a large amount of prior service you may want to consider transferring out of corrections and into a civilian type retirement (i.e., Department of Transportation, Maintenance, Secretarial, etc.). This would allow you to utilize all service credit. Thereby maximizing your FAS computation beyond the 50% limit.

Tier 3 – (July 27, 1976 to present)

Final Average Salary (FAS)

In computing Tier 3 members Final Average Salary (FAS), the Retirement System averages 2 years salary in order to obtain their combined value. By averaging it lowers the amount that may be used towards the FAS computation. The NY State legislators have furthered this reduction by only allowing 10% of these averages to be applied towards Tier 3 members FAS. According to Teri Landin, the actuary for Comptroller McCall's Office says it equates to an approximate 7% increase per year if the maximum 10% is attained.

FAS is the average of the wages earned during any 36 consecutive months of correctional officer service when earnings were highest. These wages cannot exceed the average wages of the previous two years by more than 10% (amounts over 10% are excluded from the computation of the FAS, even further limiting the ability to maximize a member's pension). Tier 3's may also receive a separate check for up to 240 hours (30 days) vacation pay, which will be included in the FAS, if the computation is below the 10% cap for the average of the previous two years.

Payment for accumulated sick leave at retirement is **not** included in the FAS calculation. For a detailed determination on how sick leave accruals are calculated you may call your personnel office or NYS Civil Service office (**1-800-833-4344** or **(518) 457-5754**) or visit their Website at **www.cs.state.ny.us/home.htm**

Tier 3 – Final Average Salary (FAS)

- To obtain year 3 - Average years 5 and 4 then multiply by 1.1 (to obtain the average earnings and apply the 10% limitation). Add \$40,000 & 42,000 that equals \$82,000 divide by 2 for a total of \$41,000. Multiply by 1.1 for the earnings limit allowable (\$45,100) (amounts in excess of this figure are excluded from the FAS computation).
- To obtain year 2 - Average years 4 and 3 then multiply by 1.1 (to obtain the average earnings and apply the 10% limitation). Add \$42,000 & 45,000 that equals \$87,000 divide by 2 for a total of \$43,500. Multiply by 1.1 for the earnings limit allowable (\$47,850) (amounts in excess of this figure are excluded from the FAS computation).
- To obtain year 1 - Average years 3 and 2 then multiply by 1.1 (to obtain the average earnings and apply the 10% limitation). Add \$45,000 & 46,500 that equals \$91,500 divide by 2 for a total of \$45,750. Multiply by 1.1 for the earnings limit allowable (\$50,325) (amounts in excess of this figure are excluded from the FAS computation).
- Thereby computing five years of service credit to obtain the three-year average.

Example:

FAS calculation for Tier 3 correctional officer members:

<u>Actual earnings</u>		<u>Earning limit allowed</u>
Year 1- \$55,000	(**excessive earnings)	\$50,325
Year 2- \$46,500 x 1.1		\$47,850
Year 3- \$45,000 x 1.1		\$45,100
Year 4- \$42,000 x 1.1		
Year 5- \$40,000		
	$\$143,275/3 = \$47,758.33$	FAS

NOTE: In this example Year 1 *exceeds* the 10% limitation, the total earnings cannot be used. The 10% limitation allows for only \$50,325. While the actual earnings were \$55,000, thus losing \$4,675 of earned income that **cannot** be used towards the FAS computation.

Tier 3 – Special 25 Year Plan (Section 89)

- Must have 25 years of creditable correctional officer service
- Retirement at **any** age

No additional benefit for service credit over 25 years (refer to **Article 14** for the use of additional credit if applicable)

- No reduction for early retirement at 25 years of service credit or at age 62 or older
- No reduction for Social Security Offset

Example:

-
- A) 25 years of creditable correctional officer service
 - B) Age 46
 - C) FAS -- \$45,000

$$\frac{25 \text{ years} \times \$45,000}{50} = \$22,500$$

\$22,500 per year
\$1,875 per month

-
- A) 25 years of creditable correctional officer service
5 years of non-correctional service (**No** credit is given for time in excess of 25 years under the **Special 25 Year Plan**). Refer to **Article 14** for the use of additional credit if applicable.
 - B) Age 50
 - C) FAS -- \$45,000

$$\frac{25 \text{ years} \times \$45,000}{50} = \$22,500$$

\$22,500 per year
\$1,875 per month

Tier 3 – Article 14 (fewer than 20 years)

- Retirement with fewer than 20 years of credited service
- All types of credited service is applied in the benefit calculation
- Must be age 55 or older (early retirement reduction applies prior to age 62, see page 24)
- Must have at least 5 years of credited service
- No reduction for Social Security Offset

Example:

-
- A) 18 years of correctional and/or non-correctional service (**1/60th per year**)
 - B) Age 55 & 62
 - C) FAS -- \$45,000

$$\frac{18 \text{ years} \times \$45,000}{60} = \$13,500$$

Age **55** benefit:

\$13,500

-\$4,050 (**30% early retirement age reduction**)

\$9,450 per year

\$788 per month

Age **62** benefit:

\$13,500 per year (**no reduction** because the age criteria has been met)

\$1,125 per month

Tier 3 – Article 14 (fewer than 20 years)

At age 62 or older, if you retire with fewer than 20 years of service, but more than 5, the benefit will equal (1.66%) of FAS for each year of service with unreduced benefits. The age reduction applies should you decide to retire between the ages of 55 – prior to age 62.

Example #1:

If you retire at age 62 with 18 years of service, with a FAS of \$45,000 your benefit would be; 1.66% multiplied by the number of years (18) totaling 30%. Multiply your FAS (\$45,000) by 30%, which equals \$13,500 FAS. There is **no** reduction in this example.

$$\frac{18 \text{ years} \times \$45,000}{60} = \$13,500$$

\$13,500 **per year** (**no reduction** because the age criteria has been met)
\$1,125 per month

Example #2:

If you retire at age 62 with 10 years of service, with a FAS of \$45,000 your benefit would be; 1.66% multiplied by the number of years (10) totaling 16.67%. Multiply your FAS (\$45,000) by 16.67%, which equals \$7,500 FAS. There is **no** reduction in this example.

$$\frac{10 \text{ years} \times \$45,000}{60} = \$7,500$$

\$7,500 **per year** (**no reduction** because the age criteria has been met)
\$625 per month

Tier 3 – Article 14 (more than 20 years but fewer than 25 years)

- ❑ Retirement with more than 20 but fewer than 25 years of credited service
- ❑ All types of credited service is applied in the benefit calculation
- ❑ Must be age 55 or older (early retirement reduction applies prior to age 62, see page 24)
- ❑ Must have at least 5 years of credited service
- ❑ No reduction for Social Security Offset
- ❑ 30 year (60%) maximum benefit at age 62

Example:

A) 20 years of correctional and/or non-correctional service (**1/50th per year**)

B) Age 55 & 62

C) FAS -- \$45,000

$$\frac{20 \text{ years} \times \$45,000}{50} = \$18,000$$

Age **55** benefit:

\$18,000

- \$5,400 (**30% early retirement age reduction**)

\$12,600 per year

\$1,050 per month

Age **62** benefit: (**no reduction** because the age criteria has been met)

\$18,000 per year

\$1,500 per month

Tier 3 – Article 14 (more than 20 years but fewer than 25 years)

If you retire on or after age 62 with more than 20 but fewer than 25 years of creditable service, the benefit is (2%) of FAS for each year of service, not to exceed 30 years. If you chose to retire early between the ages of 55 and 62, your benefit will be reduced as shown in Chart #1 (see page 24).

Example #1:

If you retire at age 55 with 20 years of creditable service with a FAS of \$45,000 and since you're under the age of 62 a reduction of 6.66% applies for ages 60 and 61, which equals 13.33%; plus a reduction for ages 55 to 59 at 3.33% per year totaling 16.67%. Add the two together for a total reduction of 30%. First, multiply your FAS of \$45,000 by 40% that equals \$18,000. Now subtract from this, the applicable reduction, in this case 30% (\$18,000 multiplied by 30%), which amounts to a total reduction of \$5,400. Now subtract (\$5,400) from your 40% total (\$18,000), which equals \$12,600 FAS.

$$\frac{20 \text{ years} \times \$45,000}{50} = \$18,000$$

\$18,000
-\$5,400 (30% early retirement age reduction)
\$12,600 per year
\$1050 per month

Example #2:

If you retire at age 62 with 20 years of service your benefit would be; 2% multiplied per the number of years of service (20) or 40%. If your FAS were \$45,000, you then multiply by 40% that equals \$18,000 FAS. No reduction would apply since the individual met the age requirement of 62.

$$\frac{20 \text{ years} \times \$45,000}{50} = \$18,000$$

\$18,000 per year (no reduction because the age criteria has been met)
\$1,500 per month

Tier 3 – Article 14 (more than 25 years up to 30 years)

- Retirement with more than 25 years up to 30 years of credited service
- All types of credited service is applied in the benefit calculation
- Must be age 55 or older (early retirement reduction applies prior to age 62, see page 24)
- Must have at least 5 years of credited service
- No reduction for Social Security Offset
- 30 year (60%) maximum benefit at age 62 (there is no credit given for combined credited service in excess of 30 years)

Example:

D) 30 years of correctional and/or non-correctional service (**1/50th per year**)

E) Age 55 & 62

F) FAS -- \$45,000

$$\frac{30 \text{ years} \times \$45,000}{50} = \$27,000$$

Age **55** benefit:

\$27,000

- \$8,100 (**30% early retirement age reduction**)

\$18,900 per year

\$1,575 per month

Age **62** benefit: (**no reduction** because the age criteria has been met)

\$27,000 per year

\$2,250 per month

Tier 3 – Article 14 (more than 25 years up to 30 years)

If you retire on or after age 62 with more than 25 years up to 30 years of creditable service, the benefit is (2%) of FAS for each year of service, not to exceed 30 years. If you chose to retire early between the ages of 55 and 62, your benefit will be reduced as shown in Chart #1 (see page 24).

Example #1:

If you retire at age 55 with 30 years of creditable service with a FAS of \$45,000 and since you're under the age of 62 a reduction of 6.66% applies for ages 60 and 61, which equals 13.33%; plus a reduction for ages 55 to 59 at 3.33% per year totaling 16.67%. Add the two together for a total reduction of 30%. First, multiply your FAS of \$45,000 by 60% that equals \$27,000. Now subtract from this, the applicable reduction, in this case 30% (\$27,000 multiplied by 30%), which amounts to a total reduction of \$8,100. Now subtract (\$8,100) from your 60% total (\$27,000), which equals \$18,900 FAS.

$$\frac{30 \text{ years} \times \$45,000}{50} = \$27,000$$

\$27,000
-\$8,100 (30% early retirement age reduction)
\$18,900 per year
\$1,575 per month

Example #2:

If you retire at age 62 with 30 years of service your benefit would be; 2% multiplied per the number of years of service (30) or 60%. If your FAS were \$45,000, you then multiply by 60% that equals \$27,000 FAS. No reduction would apply since the individual met the age requirement of 62.

$$\frac{30 \text{ years} \times \$45,000}{50} = \$27,000$$

\$27,000 per year (no reduction because the age criteria has been met)
\$2,250 per month

Tier 3 – Comparison of Benefits

Special 25 Year Plan –vs- Article 14

- The retirement benefit for Tier 3 correctional officers with 25 years of creditable service is equal to 50% of your final average salary (FAS), regardless of age. The **Special 25 Year Plan** provides this benefit.
- The maximum payable benefit of 60% FAS (30 years of service) is possible at **age 62 unreduced** under the **Article 14** provision.
- If you retire at age 55 or older with fewer than 20 years of service including correctional and non-correctional you're entitled to a benefit of 1/60th per year of service, less any reductions for early retirement, which may apply (see Chart #1 below). This benefit is under the **Article 14** provision.
- If you retire at age 55 or older with more than 20 but fewer than 25 years of service including correctional and non-correctional you're entitled to a benefit of 2% for each year of creditable service, less any reductions for early retirement, which may apply (see Chart #1 below). This benefit is under the **Article 14** provision.
- If you retire with 25 years of creditable correctional service or more and up to an additional 5 years of non-correctional service, the Retirement System will calculate which Plan provides the **better benefit** either the **Special 25 Year Plan** (50% FAS) or the **Article 14 Plan** which allows 2% of your FAS for each year of service including correctional and non-correctional up to the maximum of 30 years (60% FAS), less any reductions for early retirement, which may apply (see Chart #1 below).

CHART #1:

<u>Age at retirement</u>	<u>Percentage of reduction</u>
55	30.00
56	26.67
57	23.33
58	20.00
59	16.67
60	13.33
61	6.67

Tier 3 – Comparison of Benefits

How to apply the reduction listed in Chart #1 (see page 24) to your individual situation:

- A) Determine your age at retirement
- B) Determine your years of creditable service (correctional and/or non-correctional)
- C) Determine your Final Average Salary (FAS) based on your Tier
- D) Determine if a reduction is applicable according to Chart #1 (see page 24)

If you retire with 30 years of service, your benefit is 60% FAS at age 62 or for early retirement (any age prior to 62) a reduction as specified in Chart #1 on page 24 applies or 50% FAS whichever benefit is **greater**. The reduction is 6.66% for ages 60-61 and 3.33% for each year between the ages of 55-59. If you retired at age 55 or younger with 30 years of service your FAS would be reduced by 30% as provided for under **Article 14** or 50% FAS provided for under the **Special 25 Year Plan**.

Example #1:

If you retire at age 51, with 30 years of creditable correctional service with a FAS of \$50,000. Since you're under the age of 62 a reduction is applicable (6.66% for ages 60 and 61 (13.33%), and 3.33% for ages 55 to 59 (16.67%)). Combine the two figures (13.33% & 16.67%) together for a total reduction of 30%. First, multiply your FAS (\$50,000) by 60%, which equals \$30,000. Now from this subtract the total reduction, in this case 30% (\$30,000 multiplied by 30%), amounting to a total reduction of \$9,000. Now subtract (\$9,000) from the 60% total (\$30,000), which equals **\$21,000 (Article 14)**, **OR 50% (\$25,000) Special 25 Year Plan**, you will receive the **greater benefit**. In this scenario, the greater benefit is the 50% figure even though you have 30 years of service. You would see a slight increase above the 50% FAS percentage at age 60.

Article 14

Special 25 Year Plan

$$\frac{30 \text{ years} \times \$50,000}{50} = \$30,000$$

or

$$\frac{25 \text{ years} \times \$50,000}{50} = \$25,000$$

$$\begin{array}{r} \$30,000 \\ - \$9,000 \text{ (30\% early retirement age reduction)} \\ \hline \$21,000 \end{array}$$

Tier 3 – Comparison of Benefits

Example #2:

Officer #1 worked at the Department Of Transportation (DOT) for 6 years prior to becoming a correctional officer under the Tier 3 system. He had planned on working 30 additional years in DOCS. He thought his previous time could be applied on the end of his correctional time. The maximum benefit of 30 years (60%) in DOCS as a Tier 3 member would be fulfilled and he would see no additional percentage increase for time beyond 30 years. The same reduction would apply as stated in Chart #1 for ages 55-61, even though he has 36 years of total state service.

Example #3:

Officer #2 had worked as a Tier 3 Sheriff for three years until transferring over to DOCS. Where she has to work in title for an additional 25 years before retiring at age 56. She will have a total of 28 years combined service credit (56%) and her FAS is \$46,500. Since she's under the age of 62 a reduction as listed in Chart #1 would apply, 6.66% for years 60 and 61, plus an additional 3.33% for years 59, 58 and 57, totaling 23.33%. Multiply her FAS of \$46,500 by (56%) which equals \$26,040. Subtract the amount of the reduction or 23.33% (\$6075) from \$26,040, which equals \$19,965 or 50% (\$23,250), whichever benefit is great. In this case 50% is the greater of the two.

Article 14

$$\frac{28 \text{ years} \times \$46,500}{50} = \$26,040$$

or

$$\frac{25 \text{ years} \times \$46,500}{50} = \$23,250$$

Special 25 Year Plan

$$\begin{array}{r} \$26,040 \\ - \$6075 \text{ (23.33\% early retirement age reduction)} \\ \hline \$19,965 \end{array}$$

Tier 3 – Comparison of Benefits

Comparison of **Special 25 Year Plan** –vs- **Article 14**

- A) 25 years of creditable correctional officer service
5 years of non-correctional service
- B) Age 55 & 62
- C) FAS -- \$45,000

Greater Benefit provided by either the **Special 25 Year Plan or **Article 14** provision**

Special 25 Year Plan:

$$\frac{25 \text{ years} \times \$45,000}{50} = \$22,500$$

\$22,500 per year
\$1,875 per month

ZERO credit for additional service beyond 25

Article 14 Plan:

Age 55:

$$\frac{30 \text{ years} \times \$45,000}{50} = \$27,000$$

\$27,000
-\$8,100 (30% early retirement age reduction)
\$18,900 per year
\$1,575 per month

Age 62:

$$\frac{30 \text{ years} \times \$45,000}{50} = \$27,000$$

\$27,000 per year
\$2,250 per month

Tier 3 – Contributions

- ❑ Prior to October 1, 2000, Tier 3, correctional officers were mandated by the Retirement & Social Security Law (Section 517) to contribute 3% of annual wages to the Retirement System in which they have membership, not to exceed more than thirty years. Contributions made after July 1, 1989 are federally tax deferred (IRC Section 414h), until you withdraw or retire from the Retirement System.
- ❑ Beginning October 1, 2000, new legislation (Article 19) allows Tier 3, members with 10 years of service or credited service to discontinue their 3% contributions. Contributions made prior to this effective date **cannot** be refunded.
- ❑ Whereas New York State contributes on a variable rate under the guidelines set forth within New York States Constitution and is determined by the Comptroller.
- ❑ Should a member quit or withdraw from the Retirement System, they may or may not be eligible for a refund of their contributions depending on their date of service and whether or not they were vested at the time.
- ❑ Contributions earn 5% annual interest.
- ❑ Members may borrow up to 75% of their accumulated contributions. To find out your current balance call the touch-tone line at (518) 473-1355.
- ❑ Members who were Tier 3 and have since been reinstated to either Tier 1 or Tier 2 are *no longer eligible* to borrow against contributed funds. They are no longer Tier 3 members. Tier 1 and Tier 2 members by law cannot borrow contributed funds. However, if you had applied for and borrowed contributed money prior to reinstatement that is acceptable.
- ❑ All loans must be paid in full prior to retiring otherwise your retirement allocation will be subject to a permanent lifetime reduction.