

Your Retirement Plan

Special 20- and 25-Year Plans

For PFRS Tier 1, 2, 3 and 5 Members
(Sections 384, 384-d and 384-e)

New York State Office of the State Comptroller
Thomas P. DiNapoli



New York State and Local
Police and Fire Retirement System



Important Information for Tier 6

Police and Fire Retirement System (PFRS) Members

Tier 6 was established through legislation signed into law on March 16, 2012 (Chapter 18, Laws of 2012). The benefits described in this booklet are available to Tier 6 PFRS members with the following changes:

Tier Status

You are in Tier 6 if you joined PFRS on or after April 1, 2012.

Member Contributions

You are required to contribute 3 percent of your gross earnings toward your retirement benefits during fiscal year 2012-13. Beginning April 1, 2013, you are required to contribute a specific percentage of your annual wage as shown below. Future salary changes may affect your contribution rate. You will not be required to contribute once you reach the maximum amount of service credit allowed by your plan.

There will be some exceptions. For example, PFRS members covered by a collective bargaining agreement offering a non-contributory plan that was in effect on January 9, 2010, and is still in effect on the date of membership, may not be required to contribute.

Annual Wage	Contribution Rate
\$45,000 or less	3%
\$45,000.01 to \$55,000	3.5%
\$55,000.01 to \$75,000	4.5%
\$75,000.01 to \$100,000	5.75%
More than \$100,000	6%

Final Average Salary (FAS)

Your FAS is the average of the highest five consecutive years of reportable salary subject to limits. Each year of salary used in the FAS calculation cannot exceed the average of the previous four years by more than 10 percent.

In addition to those payments listed in this booklet, the following payments cannot be included in your FAS calculation:

- Payment for unused vacation;
- Wages reported from more than two separate employers;
- Overtime in excess of 15 percent of your regular annual wages; and
- Earned compensation which exceeds the Governor's annual salary, currently \$179,000.

Service Retirement Benefit

Your service retirement benefit is the same as the benefit provided to Tier 5 members.

Vested Retirement Benefit

If you leave public employment before you are eligible for a service retirement benefit, but have ten years of credited service, you can apply for and receive a vested retirement benefit at age 63. Your vested benefit is the same as that provided to Tier 5 members.

Disability and Death Benefits

Your disability and death benefits are the same as the benefits provided to Tier 5 members.

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Police and Fire Retirement System

This publication provides a general summary of membership benefits, rights and responsibilities, and is not a substitute for any New York State or federal law. For specific information about your benefits, please contact us.

A Message From the Comptroller

As a member of the Retirement System, you are covered by a plan that provides important benefits. This summary explains some of those benefits and the services available to you as a member of our system, including:



- Benefits you will receive at retirement if you meet the service and age requirements (service retirement benefits);
- Benefits you may receive if you become permanently disabled (disability retirement benefits);
- Benefits your beneficiary may receive if you die while working for a public employer or, if eligible, after you leave public employment (death benefits);
- Benefits you may receive at a later date, even if you leave public service before you become eligible to retire (vested benefits).

I am joined by a staff of dedicated professionals in my commitment to helping you make informed decisions about your future. I encourage you to contact us with any questions or suggestions you might have.

Sincerely,

A handwritten signature in black ink that reads "Tom DiNapoli". The signature is written in a cursive, flowing style.

Thomas P. DiNapoli
State Comptroller

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About Your Membership

RETIREMENT SYSTEM MEMBERSHIP

Police officers and paid firefighters working for employers that participate in the New York State and Local Police and Fire Retirement System (PFRS) must become members of the Retirement System. When you become a member, you must complete and file a membership application with the Office of the State Comptroller.

Special Plan Coverage

If you joined the Police and Fire Retirement System before July 1, 2009 or after January 8, 2010

For you to be covered by the special plans discussed in this booklet, your employer must adopt the benefits. Also, you must elect coverage within one year of either joining the Retirement System or your employer adopting this plan, whichever is later. The election must be in writing and filed with the Office of the State Comptroller.

If you joined the Police and Fire Retirement System July 1, 2009 through January 8, 2010

For you to be covered by the special plans discussed in this booklet, in addition to the above criteria, the Retirement System must compare the special plan cost to the cost of the Article 14 plan and enroll you in the less costly plan. Your plan is listed on page 4 of your Member Annual Statement. You can also contact us to verify your plan coverage.

Withdrawing From a Special Plan

You may withdraw your election to participate in the special plans after one year of coverage by filing written notice of your withdrawal with the Office of the State Comptroller. Once your withdrawal is acknowledged, you will be covered by the nonelective retirement plan provided by your employer.

TIER STATUS

When you join the Retirement System, you are assigned to a tier depending on your date of membership.

You are in:	If you joined:
Tier 1	Before July 31, 1973
Tier 2	July 31, 1973 through June 30, 2009
Tier 3	July 1, 2009 through January 8, 2010*
Tier 5	January 9, 2010 or after

* PFRS members who joined July 1, 2009 through January 8, 2010 and did not elect to be covered by Article 22 (i.e., did not opt into Tier 5), can be covered by Article 11 or Article 14 benefits, depending on their retirement plan election.

There is no Tier 4 in the New York State and Local Police and Fire Retirement System.

CONTRIBUTING TOWARD YOUR RETIREMENT

Tier 1, 2 and 3 Members

If you are a Tier 1 or 2 member, or a Tier 3 member covered by Article 11 benefits, you are not required to contribute toward your retirement benefits, but you may elect to make voluntary annuity savings contributions to the Retirement System. These contributions, plus the interest they earn, will provide you with an annuity when you retire.

Tier 5 Members

If you are a Tier 5 member, you are required to contribute 3 percent of your reportable earnings toward your retirement benefits until you retire or have 32 years of service credit, whichever occurs first.

If you are a member of a retirement plan that does not provide additional benefits beyond 20 or 25 years, you are not required to contribute 3 percent of your reportable earnings beyond 20 or 25 years of credited service, depending on your plan coverage.

These mandatory contributions are not annuity savings contributions and will not provide you with an annuity when you retire.

BECOMING ELIGIBLE FOR A BENEFIT

Once you have met the minimum service credit requirement, you will be vested and will have earned the right to receive a pension, even if you discontinue your public employment.

- Tier 1, 2 and 3 members must have five years of credited service.
- Tier 5 members must have ten years of credited service.

You can begin receiving your vested retirement benefit when you reach age 55. The amount of your vested benefit is based on your service and the salary you earned when you were an active member.

Vesting is automatic — you do not have to fill out any paperwork or file an application to become vested. However, you will need to file an application to begin receiving your vested benefit.

ENDING YOUR MEMBERSHIP

Once you join, there are five ways your membership can end:

- If you do not have at least five years of credited service (ten for Tier 5 members) and seven years have elapsed since you last worked in public employment;
- If you are not vested, leave public employment and voluntarily withdraw your membership;
- If you transfer your membership to another New York State public retirement system;
- If you retire; or
- If you die.

“Public employment” means paid service as an officer or employee with an employer that participates in the New York State and Local Retirement System.

Service Credit

FULL- AND PART-TIME SERVICE CREDIT

Full-Time Employment

If you join the Retirement System on the day you begin employment with a participating employer and you work on a full-time, continuous basis, we calculate your retirement service credit by subtracting your beginning date of employment from the date you actually leave paid employment.

Part-Time Employment

Service credit may be prorated for Tier 1 members employed on a less than full-time basis.

For Tier 2, 3 and 5 members, part-time employment is credited as the lesser of:

number of days worked ÷ 260 days

or

annual salary reported ÷
State's hourly minimum wage × 2,000

Employers report your days worked and salary to us.

LEAVES OF ABSENCE

Tier 1 members are given full credit for sick leave at half pay; Tier 2, 3 and 5 members receive half credit for sick leave at half pay.

Since service is usually not credited for any period of time you do not receive a salary, credit is not given for:

- Leaves of absence without pay;
- Authorized, unpaid medical leaves of absence; or
- Unpaid leave under the federal Family and Medical Leave Act.

Workers' Compensation

Tier 1 members will usually receive up to one year of service credit per accident for time spent on Workers' Compensation leave.

Tier 2, 3 and 5 members may be able to receive credit for some or all of your Workers' Compensation leave. To determine your eligibility and the cost (if any), please send a request to the Retirement System for review.

CREDIT FOR PREVIOUS OR MILITARY SERVICE

You may be able to obtain credit for your previous public employment or military service. It is very important that you claim all the service credit you are entitled to receive as early as possible, because records documenting your previous service may be lost or destroyed with the passage of time.

Please note that certain types of credit listed below may not provide additional benefits under your special plan. Contact us to verify what service would be creditable.

Prior Service

Prior service is any period of time you received salary from a public employer before that employer elected to participate in the Retirement System.

Service Before Your Date of Membership

You may receive credit for working for a participating employer before you joined the Retirement System.

Military Service

You may be able to receive credit for some or all of your military service. To determine your eligibility and the cost, if any, please send us a copy of your Certificate of Release or Discharge from Active Duty (DD-214).

Service From a Previous Membership

If you previously were a member of this System, or another public retirement system in New York State, your service may be recredited and your date of membership and tier changed. For reinstatement to Tier 1 or 2, or to an earlier membership date within Tier 2, send us a completed Application to Reinstate a Former Tier 1 or 2 Membership (RS5506).

APPLYING FOR PREVIOUS OR MILITARY SERVICE CREDIT

To receive credit for any type of previous or military service, send a written request (which must be received before your effective date of retirement) to our Member & Employer Services Bureau. Please include as much information as you can about the period of employment for which you are seeking credit. We will determine your eligibility to receive the credit and any cost involved.

Requesting credit for your previous public employment as early in your career as possible ensures that:

- If there is a cost, it will be less expensive than if you wait to purchase it at a later date.
- Your retirement benefit will be processed more quickly if your service credit is in order.

Please note that if you are requesting previous service credit to establish eligibility for a vested retirement benefit, you should request credit while you are on the payroll of a participating employer. If you receive a statement of the cost after you leave the payroll, you must make payment within 30 days of notification. You can request credit for previous service after you leave the payroll, but you must pay the cost (if any) and return to the payroll of a participating employer for the service to be credited and for you to become vested.

ADDITIONAL SERVICE CREDIT FOR SICK LEAVE (SECTION 341[j])

Section 341(j) of the Retirement and Social Security Law (RSSL) provides an optional sick leave benefit. If your employer has chosen to offer this benefit, you may receive service credit for your unused, unpaid sick leave days at retirement. To be eligible for this benefit, you must retire directly from public employment or within a year after separating from service. The additional credit is determined by dividing the total unused, unpaid sick leave days, which cannot exceed 165 (200 days for some members), by 260. Contact your employer or refer to your Member Annual Statement to determine if this benefit is available to you.

Credit for your unused sick leave at retirement cannot be used to:

- Qualify for vesting. For example, if you have four years and ten months of service credit and you need five years to be vested, your sick leave credit cannot be used to reach the five years.
- Qualify for a better retirement benefit calculation. For example, if you have 19½ years of service credit but your pension will improve substantially if you have 20 years, your sick leave credit cannot be used to reach the 20 years.
- Increase your pension beyond the maximum amount payable under your retirement plan.
- Meet the service credit requirement to retire under a special 20- or 25-year plan.

Final Average Salary (FAS)

OVERVIEW

Your pension is based on your years of credited service and your final average salary (FAS). FAS is the average of the wages you earned during any 36 consecutive months of service when your earnings were highest. This is usually the last three years of employment.

The calculation of your FAS can include, but is not limited to, the following types of payments. In some cases, certain restrictions may apply.

- Regular salary;
- Overtime earned in the period used in the FAS;*
- Holiday pay;
- Noncompensatory overtime earned for each year in the FAS period;* and
- Longevity payments (maximum of three), if earned in the years used in the FAS calculation.

* For Tier 5 members, the total amount of overtime and noncompensatory overtime is limited to 15 percent of your salary.

The following types of payments are **not** considered regular compensation and, in most cases, will not be included in your FAS calculation:

- Unused sick leave;
- Payments made as a result of working your vacation;

- Any form of termination pay;
- Payments made in anticipation of retirement;
- Lump sum payments for deferred compensation; and
- Any payments made for time not worked.

LIMITATIONS

Tier 1

If your date of membership is June 17, 1971, or later, the wages in any 12-month period used in the FAS calculation cannot exceed the earnings in the preceding 12-month period by more than 20 percent. Any amount in excess of 20 percent is excluded from the computation of your FAS.

Also, payment for up to 30 days of accumulated unused vacation will be included in your FAS calculation if:

- Your date of membership is before April 1, 1972; and
- Your FAS is based on the 36 months of earnings immediately preceding your date of retirement.

Tiers 2 and 3

If the earnings in any year included in the FAS period exceed the average of the previous two years by more than 20 percent, the amount in excess of 20 percent is excluded from the computation of your FAS.

Payment for accumulated vacation is not included in the calculation of your FAS.

Tier 5

If the earnings in any year included in the FAS period exceed the average of the previous two years by more than 20 percent, the amount in excess of 20 percent is excluded from the computation of your FAS. Payment for accumulated vacation is not included in the calculation of your FAS, and the amount of overtime is limited to 15 percent of your salary in any given year.

ONE-YEAR FAS

If your employer has adopted this benefit, your retirement will be calculated based on a one-year FAS unless the three-year calculation provides a higher FAS.

The one-year FAS includes only the regular compensation earned during the last 12 months preceding retirement. The calculation of a one-year FAS can include, but is not limited to, the following types of payments:

- Regular salary;
- Overtime;*
- Holiday pay;
- Noncompensatory overtime;* and
- Longevity payment.

All payments must be earned in the 12 months immediately preceding retirement.

* For Tier 5 members, the total amount of overtime and noncompensatory overtime is limited to 15 percent of your salary.

The following types of payments are **not** considered regular compensation and, in most cases, will not be included in your FAS calculation:

- Unused sick leave;
- Unused vacation;
- Payments made as a result of working your vacation;
- Any form of termination pay;
- Payments made in anticipation of retirement;
- Lump sum payments for deferred compensation; and
- Any payments made for time not worked.

The earnings used in the calculation of the one-year FAS cannot exceed the wages in the previous 12-month period by more than 20 percent. Any amount over 20 percent will be excluded from the calculation.

Service Retirement Benefits

25-YEAR BENEFIT (SECTION 384)

Eligibility

You will be eligible to retire with 25 or more years of creditable service, regardless of age. “Creditable service” under the 25-year plan is defined as service:

- As a firefighter or police officer under the 25-year plan;
- As a member or officer of the New York State Police;
- In the Regional State Park Police service;
- In the military, as specified by law; or
- Certain other previous police service, as specified by the RSSL.

The Benefit

With at least 25 years of creditable service, you will receive a benefit equal to one-half (50 percent) of your FAS.

With less than 25 years of creditable service, if you are age 60, you will still be eligible for a pension equal to 2 percent of your FAS for each year of creditable service, plus 1.66 percent of your FAS for each year of service in a title other than police officer or firefighter. The maximum benefit cannot exceed 50 percent of your FAS.

If you made voluntary annuity savings contributions to the Retirement System, your benefit will also include an annuity purchased by your contributions and the interest they earned.

If you are 55 or older at retirement and an alternative regular plan would provide a greater benefit, the greater benefit will be paid.

Filing

Your Application for Service Retirement (RS6037) must be on file with the Office of the State Comptroller at least 15 days but not more than 90 days before the date on which your retirement will occur.

ADDITIONAL BENEFITS AFTER 25 YEARS (SECTIONS 384(f), (g) AND (h))

Eligibility

Under the 25-year plan, you will receive additional benefits for service over 25 years if your employer adopted coverage under subdivisions f, g or h of Section 384 of the RSSL. To receive these additional benefits, you must elect the benefit within one year of your appointment as a police officer or firefighter. By doing so, you waive the right to continue in service until age 70. You must separate from service no later than the first of the month following your 62nd birthday.

The Benefit

This coverage provides an additional pension of 1/60th (1.66 percent) of your FAS for each completed year of creditable service beyond 25 years.

The maximum benefit payable to Tier 2, 3 and 5 members is the benefit due on completion of 32 years of creditable service (61.67 percent of your FAS).

If you are over 62 when your employer adopts additional benefit coverage, or you turn 62 within one month of its adoption, you must retire within three months of the date coverage is offered to receive the additional benefit. You may not withdraw your election for additional benefit coverage while you are enrolled in a 25-year plan.

20-YEAR BENEFIT (SECTION 384-d)

Eligibility

You may retire with full benefits at any age upon completing 20 years of creditable service. “Creditable service” under the 20-year retirement plan is defined as service:

- As a member or officer of the New York State Police;
- As a firefighter or police officer under the 20-year plan;
- In the military, as specified by law; or
- Certain other previous police service as specified by the RSSL.

Under this retirement plan, you must be separated from service on the last day of the month following the month in which you turn 65. If you are over 65 when your employer adopts this benefit, to receive it, you must be separated from service within three months of the date this benefit is offered.

The Benefit

With at least 20 years of creditable service, you will receive a benefit equal to one-half (50 percent) of your FAS.

If you retire at 62 with less than 20 years of creditable service, your retirement benefit will be 1/40th (2.5 percent) of your FAS for each year of creditable service. An additional pension of 1/60th (1.66 percent) of your FAS is payable for other allowable government service. However, this additional benefit cannot increase your pension to more than one-half of your FAS.

If you made voluntary annuity savings contributions to the Retirement System, your benefit will also include an annuity purchased by your contributions and the interest they earned.

If you are 55 or older at retirement and an alternative regular plan would provide a greater benefit, the greater benefit will be paid.

Filing

Your Application for Service Retirement (RS6037) must be on file with the Office of the State Comptroller at least 15 days but not more than 90 days before the date on which your retirement will occur.

ADDITIONAL BENEFITS AFTER 20 YEARS (SECTION 384-e)

Eligibility

Under the 20-year plan, you will receive additional benefits for service over 20 years if your employer adopted coverage under Section 384-e and/or 384-e (b) of the RSSL. Should your employer make these benefits available to you, you are automatically covered. If your employer chooses to adopt the benefits for a limited period of time, and you enter employment after the expiration date, you would not be eligible for them.

The Section 384-e Benefit

This provides an additional pension of 1/60th (1.66 percent) of your FAS for each year of creditable service beyond 20 years. If you are 55 at retirement and an alternative regular plan would provide a greater benefit, you will receive the greater benefit.

The Section 384-e (b) Benefit

This provides an additional 1/60th (1.66 percent) of your FAS for each year of service earned with a public employer prior to your service performed as a police officer or firefighter.

Maximum Retirement Benefits

- For Tier 1 members, the maximum benefit payable under Section 384-e and Section 384-e (b) is 75 percent of your FAS.
- For Tier 2, 3 and 5 members, the maximum benefit payable is the benefit due on completion of 32 years of creditable service (70 percent of your FAS).

Choosing a Payment Option

RECEIVING YOUR BENEFIT

At retirement, you must decide how you want your retirement benefit paid. You can choose from several options, all of which will provide you with a monthly benefit for life. For example, you may elect the Single Life Allowance, which provides the maximum amount payable during your lifetime, with nothing payable to a beneficiary upon your death. Or, you may elect to receive a smaller monthly benefit to provide for a possible payment to a designated beneficiary after your death.

FILING YOUR OPTION ELECTION

You must file your Option Election form (unless notified otherwise, as in the case of disability retirement) before the first day of the month following your retirement date. You have up to 30 days after your pension benefit becomes payable to change your selection. If you are a disability retiree, you may change your option selection up to 30 days after your disability application is approved, or up to 30 days after your retirement date, whichever is later.

If your election is not timely, by law, we must process your retirement as if you had selected Cash Refund — Contributions (Option ½), with your estate named as beneficiary.

AVAILABLE OPTIONS

Single Life Allowance (Option 0)

This is the basic retirement benefit. It provides the maximum benefit payment to you each month for the rest of your life. Under this selection, all payments cease upon your death. When you die (even if it is only one year, or sooner, after retiring), nothing will be paid to any beneficiary.

Cash Refund — Contributions (Option ½)

(Available only to members with annuity savings contributions on deposit)

This option will provide you with a reduced monthly benefit for your lifetime. At your death, the unpaid balance of your accumulated annuity savings contributions will be paid to your beneficiary or your estate. If all of your accumulated annuity savings contributions have been expended, all payments will cease upon your death. The 3 percent contributions required of Tier 5 members are not annuity savings contributions.

Cash Refund — Initial Value (Option 1)

(Available to Tier 1 members only)

This option will provide you with a reduced monthly benefit for your lifetime. It guarantees that if you die before receiving retirement benefit payments that equal the initial value of your benefit, the balance of the initial value will be paid to your beneficiary or estate in a lump sum. “Initial value” is an actuarial term for the value of your retirement benefit at the time of retirement.

If you live long enough, you will receive your initial value amount and more in your monthly retirement benefit. However, if you die after the full initial value amount has been paid out to you, no benefit is payable to your beneficiary.

Joint Allowance — Full*

This option will provide you with a reduced monthly benefit for your lifetime and is based on your birth date and that of your beneficiary. After your death, your beneficiary will receive the same monthly amount (without COLA) for life. If your beneficiary dies before you, all benefit payments will cease upon your death.

Joint Allowance — Half*

This option will provide you with a reduced monthly benefit for your lifetime and is based on your birth date and that of your beneficiary. After your death, your beneficiary will receive monthly payments equal to one-half of the amount you were receiving (without COLA) for life. If your beneficiary dies before you, all benefit payments will cease upon your death.

Pop-Up/Joint Allowance — Full or Half*

These options will provide you with a reduced monthly benefit for your lifetime. If you die before your beneficiary, we will continue paying the same monthly amount or one-half that amount (without COLA), depending on which option you elect, to your beneficiary for life. If your beneficiary dies first, your benefit will be increased to the amount you would have received if you had selected the Single Life Allowance at retirement, and all payments will cease upon your death.

Five Year Certain and Ten Year Certain

These options will provide you with a reduced monthly benefit for your lifetime, with the additional guarantee that if you live for less than five years or ten years after retirement, depending upon which option you elect, payments in the same amount you were receiving (without COLA) will be made to your beneficiary for the balance of the five- or ten-year period. You may change your beneficiary within the five- or ten-year period.

Alternative Options

If the options described here do not meet your needs, we will consider written requests for other payment methods. These requests must be outlined in detail by you and then approved by us for legal and actuarial soundness.

* If you elect this option, you must submit proof of your beneficiary's birth date. You can designate only one beneficiary and you cannot change your designation after your retirement. If your beneficiary is your spouse at the time of your death, he or she will be eligible for 50 percent of your COLA.

Partial Lump Sum Payment (PLS)

Eligible Police and Fire Retirement System members can choose to receive a reduced lifetime retirement benefit in exchange for a one-time lump sum payment. The lump sum payment is made when your retirement benefit is finalized.

ELIGIBILITY

To be eligible to choose a partial lump sum payment (PLS), you must:

- Retire under a special 20- or 25-year plan;
- Retire on or after April 1, 2008 but before April 1, 2013;
- Have been eligible to retire with a service retirement benefit for at least one year prior to your date of retirement; and
- Retire with a service retirement (not a disability retirement). *

* If you receive a PLS payment under a service retirement benefit and are later approved for a disability retirement benefit, the PLS payment must be repaid if you convert to the disability benefit. Additionally, severe tax consequences may apply in some situations.

CHOOSING A LUMP SUM PAYMENT

When you file for retirement, if you are eligible for PLS, we will send you a special Option Election Form so you can choose PLS along with the standard retirement option you want for your continuing lifetime benefit.

LUMP SUM PAYMENT AMOUNTS

If you file for retirement after being eligible to retire for **one year**:

- You can choose to receive a lump sum payment of **5 percent** of the value of your benefit.
- Your continuing lifetime retirement benefit will be reduced by 5 percent.

If you file for retirement after being eligible to retire for **two years**:

- You can choose to receive a lump sum payment of either **5 or 10 percent** of the value of your benefit.
- Your continuing lifetime retirement benefit will be reduced by the percentage you choose.

If you file for retirement after being eligible to retire for **three or more years**:

- You can choose to receive a lump sum payment of **5, 10 or 15 percent** of the value of your benefit.
- Your continuing lifetime retirement benefit will be reduced by the percentage you choose.

Future cost-of-living adjustments (COLAs) will be based on your reduced lifetime benefit. The lump sum payment is excluded from the COLA calculation.

FOR MORE INFORMATION

For more information, including the taxability of a PLS payment, please refer to our publication, *Partial Lump Sum Payment at Retirement (VO1750)*.

Items That May Affect Your Pension

IRS PENSION LIMITATION

Internal Revenue Code Section 401(a)(17) limits the amount of salary that qualified pension plans, including the New York State and Local Retirement System, may use in calculating benefits. It affects members who first join on or after April 1, 1996, and currently excludes earnings over \$245,000 (effective April 1, 2011) in the State's fiscal year (April 1st – March 31st). The amount is set by federal law and is periodically adjusted for inflation.

BORROWING AGAINST YOUR CONTRIBUTIONS

If you meet eligibility requirements, you may take a loan from the Retirement System.

Before you apply, you should be aware of the federal tax laws pertaining to Retirement System loans.

Your loan will be taxable if:

- The loan amount exceeds federal limits.
- You have a loan with a deferred compensation (457) or tax-sheltered annuity (403-b) plan through your current employer that causes your loan to exceed the federal limits for nontaxable loans. Exceeding these limits could result in significant tax consequences for you.
- You do not make the required payments on your loan at least once every three months or do not complete payment within five years from the date the loan was issued.

- You retire or withdraw from the Retirement System and have one or more outstanding loan balances.

If your loan is taxable, or becomes taxable as described above, you must include it on your federal income tax return for the year the loan is granted or becomes taxable. If you are under 59½ at the time, you may be required to pay a 10 percent penalty tax in addition to any ordinary federal income tax you owe. Please consider consulting a tax advisor before applying for a taxable loan from the Retirement System.

If you already have an outstanding loan with us and want to take another loan, please contact our Call Center and connect with our automated information line to determine if refinancing your current loan or carrying multiple loans would be better for you. Although the repayment amount may be larger if you choose multiple loans, the taxable amount of a refinanced loan is always higher, unless the entire refinanced loan is nontaxable.

Tier 1 and 2 Members, and Tier 3 Members Covered by Article 11 Benefits

The following rules apply when borrowing against your contributions:

- You must be in active service and have one year of member service credit.
- Each loan must be for a minimum of \$25, so you must have an annuity savings balance of at least \$33.35. The total of all your loans may not be more than 75 percent of your annuity savings contributions. Annuity savings contributions are those you make voluntarily or are required to make under Article 11.

- You must repay each outstanding loan through payroll deductions in an amount sufficient to repay the loan and interest within five years.
- You may borrow only once in any 90-day period.
- Prior to retirement, and 30 days after issuance, loans are fully insured in case you die before repaying them.
- To apply, you must file a Loan Application (RS5025) with us.

If you retire with an outstanding loan, the annuity portion of your retirement benefit will be **permanently reduced**.

Please note: You cannot pay off your loan balance once you retire. The amount of your annuity reduction will be based on your age, the loan balance at retirement, and type of retirement (regular service or disability).

Tier 5 Members

The following rules apply when borrowing against your contributions:

- You must be in active service and have one year of member service credit.
- The total of all your loans may not be more than 75 percent of your contributions.
- Each loan must be for a minimum of \$1,000, so you must have an account balance of at least \$1,334.
- You must repay each outstanding loan through payroll deductions in an amount sufficient to repay the loan, interest and insurance premium within five years. The minimum deduction to repay your outstanding loan balances must be at least 2 percent of your salary.

- You may borrow only once in any 12-month period.
- Prior to retirement, and 30 days after issuance, loans are fully insured in case you die before repaying them.
- To apply, you must file a Loan Application (RS5025-A) with us.

Any outstanding loan balance when you retire will **permanently reduce** your pension.

Please note: You cannot pay off your loan once you retire. The amount of your pension reduction will be based on your age, the loan balance at retirement, and type of retirement (regular service or disability).

These are examples of how your service retirement benefit will be permanently reduced by an outstanding loan balance at retirement. The approximate reductions are for calendar year 2011. The amount of the reduction changes annually.

At Age	Outstanding Loan Balance	Annual Pension Reduction
45	\$5,000	\$283
	\$10,000	\$565
55	\$5,000	\$328
	\$10,000	\$656
65	\$5,000	\$413
	\$10,000	\$826

COST-OF-LIVING ADJUSTMENT

Once you meet the eligibility requirements, including age and number of years retired, your retirement benefit will permanently increase each year. This adjustment, subject to pension caps and limitations, is 50 percent of the previous year's annual rate of inflation, but never less than 1 percent or more than 3 percent of your benefit. The adjustment percentage is applied only to the first \$18,000 of your Single Life Allowance, even if you selected a different option at retirement.

You will begin receiving cost-of-living adjustments (COLAs) when you are:

- Age 62 or older and retired for five or more years;
- Age 55 or older and retired for ten years; or
- Receiving a disability pension for five or more years.

When you die, if you selected an option at retirement that pays a lifetime benefit to your beneficiary, and the beneficiary is your spouse, he or she will be eligible to receive half of the COLA amount you would have been entitled to receive.

DIVORCE

The New York State Court of Appeals has determined that retirement benefits are marital property and subject to equitable distribution. Equitable distribution is the division of marital assets between spouses after the marriage has ended. This division must be stated in the form of a Domestic Relations Order (DRO) if we are to pay a portion of your pension to your ex-spouse. A DRO gives us specific direction on how your retirement benefits should be divided. However, it does not allow for a distribution of your pension until you actually retire, die or terminate membership.

If you are divorced, it is especially important to review your beneficiary designations to ensure your benefits will be distributed according to your wishes. Effective July 7, 2008, beneficiary designations for certain benefits are revoked when a divorce, annulment or judicial separation becomes final. An exception applies if the terms of a DRO specify otherwise. Beneficiary designations may be revoked for the Ordinary Death Benefit, Cash Refund Initial Value option (Tier 1), Cash Refund Contributions option (Tiers 1, 2 and 3) and Five and Ten Year Certain options. The Survivor Benefit beneficiary designations made by retirees who chose the Single Life Allowance option or certain alternative options may also be revoked.

For more information on how your pension benefits may be affected by divorce, consult your attorney, contact our Matrimonial Bureau, read our guide to Domestic Relations Orders and review our Divorce FAQs.

Vested Retirement Benefit

ELIGIBILITY

You are eligible for a vested retirement benefit if you leave public employment before age 55 and you have met the minimum service requirement. Tier 1, 2 and 3 members must have five or more years of credited member service. Tier 5 members must have ten years of service credit. When you reach age 55, you will be entitled to a retirement benefit based on your service and salary earned when you were an active member.

You may receive your full vested benefit at age 55.

YOUR VESTED BENEFIT

Your vested retirement benefit is 1/60th (1.66 percent) of your FAS for each year of credited service. The retirement benefit is payable for your lifetime. You may elect one of several payment options to provide a continuing payment to a designated beneficiary of your choosing after your death.

FILING

To receive your vested retirement benefit at the earliest possible date, file a retirement application within 90 days before the first of the month following your 55th birthday. If we receive your retirement application after the first of the month following your 55th birthday, your vested retirement will be effective on the date the application is received.

Remember, it is up to you to file a retirement application when you become eligible and wish to receive your benefit.

Disability Retirement Benefits

ORDINARY DISABILITY (SECTION 362)

Eligibility

If you are unable to perform your duties because of permanent physical or mental incapacity, and have ten or more years of service credit, you may be eligible for an ordinary disability retirement benefit.

The Benefit

If approved, this is a benefit equal to the greater of:

- 1/60th (1.66 percent) of your FAS for each year of credited service; or
- 1/60th (1.66 percent) of your FAS for each year of credited service, plus 1/60th of your FAS for each year of service you might have earned before age 60, but not more than one-third of your FAS.

The benefit would also include an annuity based on any annuity savings contributions you have made. The 3 percent contributions required of Tier 5 members are not annuity savings contributions, and Tier 5 members would not receive an annuity based on those contributions.

If you are 60 or older at the effective date of your disability retirement, your ordinary disability benefit would be equal to the benefit that would be payable to you as a service retirement.

You must select an option for the payment of your disability benefits.

Filing

You, your employer or someone authorized with your power of attorney may file your application for ordinary disability retirement benefits. However, employers may not file applications for members receiving Section 207-a or 207-c (General Municipal Law) benefits.

If you are eligible, applications for ordinary disability, accidental disability, performance of duty disability and regular service retirement benefits may be submitted simultaneously. However, your application for ordinary disability retirement must be submitted while you are in service or within 90 days from the date you:

- Are last paid on the payroll;
- Are last on an authorized medical leave of absence for up to two years (which may be extended for an additional two years); or
- Last receive Workers' Compensation or other similar employer-funded benefits as long as you have not resigned or been terminated from employment while receiving those benefits.

PERFORMANCE OF DUTY DISABILITY RETIREMENT BENEFIT

Eligibility

You may be entitled to this disability benefit if you are found permanently disabled as a result of the performance of your duties, regardless of the amount of service you may have.

Notice of Occurrence

To be eligible for this benefit, you must file an application for a performance of duty disability retirement benefit within one year following the alleged incident or occurrence. Otherwise, you must have filed a written notice of the incident or occurrence with:

- The Retirement System within 90 days of the incident or occurrence; or
- Your employer within 30 days of the date of the incident or occurrence, if your employer is covered by the Workers' Compensation Law or if the incident or occurrence took place on or after September 1, 1980.

The written notice must detail the time and place of the incident or occurrence, the particulars thereof, the nature and extent of your injuries, and the alleged incapacity.

The Benefit

If approved, the benefit would be equal to one-half (50 percent) of your FAS, plus an annuity based on any annuity savings contributions you have made. The 3 percent contributions required of Tier 5 members are not annuity savings contributions, and Tier 5 members would not receive an annuity based on those contributions. The performance of duty disability benefit is not reduced by any Workers' Compensation benefit you may be eligible to receive.

You must also select an option for the payment of your disability benefits.

Filing

You, your employer or someone authorized with your power of attorney may file your application for performance of duty disability retirement. The application must be filed while you are still in service or within two years of your discontinuance from service. When filing for this benefit, "in service" is defined as while you are:

- Being paid on the payroll;
- On an authorized medical leave of absence for up to two years (which may be extended for an additional two years); or
- Receiving Workers' Compensation or other similar employer-funded benefits for up to two years since last being paid on the payroll, as long as you have not resigned or been terminated from employment while receiving those benefits.

If you are eligible, applications for ordinary disability, performance of duty disability, accidental disability and regular service retirement benefits may be submitted simultaneously.

ACCIDENTAL DISABILITY

Eligibility

Regardless of the amount of service credit you may have, if you become permanently incapacitated (physically or mentally) and unable to perform your job as the natural and proximate result of an on-the-job accident not due to your own willful negligence, you may be eligible for this benefit.

Notice of Accident

To be eligible for this benefit, you must have filed a written notice of the accident with:

- The Retirement System within 90 days of the accident; or
- Your employer within 30 days of the date of the accident, if your employer is covered by the Workers' Compensation Law or if the accident occurred on or after September 1, 1980.

The written notice must detail the time and place of the accident, the particulars thereof, the nature and extent of your injuries, and the alleged incapacity.

If no written notice of the accident is filed, as noted above, you may still be eligible for this benefit if you file an application for an accidental disability retirement benefit within one year following the alleged accident.

The Benefit

If approved, the accidental disability retirement benefit is a lifetime pension equal to three-quarters (75 percent) of your FAS, plus an annuity provided by any annuity savings contributions you may have

made while in service. The 3 percent contributions required of Tier 5 members are not annuity savings contributions, and Tier 5 members would not receive an annuity based on those contributions.

You must apply for Workers' Compensation benefits if you are eligible. Regardless of tier, the accidental disability benefit will be reduced by the total amount of Workers' Compensation benefits that you are eligible to receive.

You must also select an option for the payment of your disability benefits.

Filing

You, your employer or someone authorized with your power of attorney may file your application for accidental disability retirement. The application must be filed while you are still in service or within two years of your discontinuance from service. When filing for this benefit, "in service" is defined as while you are:

- Being paid on the payroll; or
- On an authorized medical leave of absence for up to two years (which may be extended for an additional two years); or
- Receiving Workers' Compensation or other similar employer-funded benefits for up to two years since last being paid on the payroll, as long as you have not resigned or been terminated from employment while receiving those benefits.

If you are eligible, applications for ordinary disability, performance of duty disability, accidental disability, and regular service retirement benefits may be submitted simultaneously.

SPECIAL DISABILITY BENEFITS

Firefighters and police officers may be eligible for an accidental disability retirement benefit if you are permanently disabled because you contracted HIV (where there may have been exposure to bodily fluids that may have involved the transmission of this disease), tuberculosis or hepatitis after contact with members of the public.

Firefighters who are permanently disabled by heart disease, certain types of cancer or lung disease, but passed a physical examination upon entry to fire-fighting service that did not reveal evidence of the disabling condition, may be eligible for an accidental or performance of duty disability retirement benefit.

Police officers who are permanently disabled by heart disease but passed a physical examination upon entry to police service that did not reveal any evidence of disease or other impairment of the heart may be eligible for a performance of duty retirement benefit.

Death Benefits

ORDINARY DEATH BENEFIT

Your beneficiary may be entitled to an ordinary death benefit if you meet eligibility requirements and your death is not attributable to an on-the-job accident.

The first \$50,000 of this benefit is paid in the form of group term life insurance, which is currently exempt from federal income tax. Your accumulated contributions (if any) are also payable to your beneficiary.

Eligibility

An ordinary death benefit may be payable to your designated beneficiary if:

- You are a Tier 1 member and have completed at least one year of service since joining the Retirement System; or a Tier 2, 3 or 5 member and have completed 90 days of service since last joining the Retirement System; and
- Your death occurs:
 - While you are on the payroll;
 - While you are on an authorized medical leave of absence (with or without pay);
 - While you are receiving Workers' Compensation or other employer-funded benefits, for up to two years (which may be extended for an additional two years) following the last date you were paid on the payroll, provided your employment has not been terminated by resignation, employer action or any other means while receiving those benefits; or

- Within 12 months of the last date you were receiving salary, on an authorized medical leave of absence or receiving Workers' Compensation or other employer-funded benefits, provided you were not otherwise gainfully employed during that period.

The Tier 1 Benefit

If you are covered by Section 384-d and die in service prior to completing 20 years of creditable service, or covered by Section 384 and die in service prior to completing 25 years of creditable service, your beneficiary would receive the regular ordinary death benefit.

If your employer provides a fully noncontributory membership, this benefit is 1/12th (8.33 percent) of your last year's earnings multiplied by your years of service, up to a maximum of 36 years.

If your employer does not provide a fully noncontributory membership, this benefit is 1/12th (8.33 percent) of your last year's earnings multiplied by your years of service credit (up to 12 years). In addition, the benefit includes 1/24th (4.16 percent) of your last year's earnings for each year of service over 12. The maximum benefit is equal to two years' pay.

The Tier 2, 3 and 5 Benefit

This benefit is equal to three times your salary raised to the next highest multiple of \$1,000, as limited by Section 130 of the Civil Service Law.

Filing

Your family or employer should notify us of your death as soon as possible so we can send the appropriate forms to your beneficiary.

ALTERNATIVE AND OUT-OF-SERVICE DEATH BENEFITS

Alternative Death Benefit

If you die in service after becoming eligible to retire, an alternative death benefit may be payable. This benefit would equal the pension reserve under the plan (Section 384-d, Section 384 or Section 384-e) that would have been established had you retired on your date of death.

Out-of-Service Death Benefit

If you are a vested member with at least ten years of credited service, have not retired, and you die more than one year after leaving public employment, 50 percent of the death benefit may still be payable. This vested benefit is also payable if you die within one year of leaving covered service but were gainfully employed during that time.

Filing

Your family or employer should notify us of your death as soon as possible so we can send the appropriate forms to your beneficiary.

ACCIDENTAL DEATH BENEFIT

Eligibility

Regardless of your years of service credit, if you die as the natural and proximate result of an on-the-job accident not due to your own willful negligence, an accidental death benefit may be payable on your behalf.

The Benefit

The accidental death benefit is a lifetime pension if paid to a surviving spouse or dependent parent. The annual benefit is equal to one-half (50 percent) of your FAS (less any Workers' Compensation benefit paid or payable because of your death). Any accumulated contributions will be refunded to your designated beneficiary or to your estate.

The benefit can only be paid to the following family beneficiaries, in this order:

- First, to your surviving spouse, for life;
- Second, where there is no surviving spouse or in the event of his or her death, to minor children until the last child reaches age 18, or if students, until age 23;
- Finally, where there is no surviving spouse or minor children, to a dependent parent for life.

If all the beneficiaries listed above become ineligible for benefit payments, and the payments made to that time do not equal or exceed the amount of the ordinary death benefit that would have been payable at the time of death, we will pay the difference to your designated beneficiary or to your estate. If you have no beneficiaries as listed above, we will not pay the accidental death benefit but will pay the applicable ordinary death benefit to your last designated beneficiary or your estate.

Filing

Your family or employer should notify us of your death as soon as possible so we can forward the appropriate forms to your beneficiary. The application for the accidental death benefit must be filed within two years of your date of death.

SPECIAL ACCIDENTAL DEATH BENEFIT

Eligibility

If you die under circumstances that permit payment of the accidental death benefit, a special accidental death benefit will be paid to your surviving spouse. If the surviving spouse receiving the special accidental death benefit dies, this benefit will be paid to your children who are under the age of 18 or, if they are students, until the age of 23.

The Benefit

The special accidental death benefit is a pension equal to your salary reduced by:

- The accidental death benefit without reductions; and
- The Social Security benefit payable.

For payments made before January 1, 2001, the salary used to compute the special accidental death benefit was the regular compensation earned during the last 12 months of service prior to the date of death. If 12 months of service were not completed, the salary was the amount that would have been earned in the 12 months prior to death.

For payments on or after January 1, 2001, the salary used to compute the special accidental death benefit will not be less than:

- The full salary you would have earned in the highest grade-step; or
- If you were in the highest grade-step of a supervisory position, the salary that would have been payable to a police superior officer or a fire officer.

World Trade Center Presumption

If you participated in the World Trade Center rescue, recovery or clean up efforts, and you were a member of the Retirement System at that time, you should be aware of the benefits provided by the World Trade Center Presumption law.

- You may be eligible for an accidental disability retirement benefit if you become permanently disabled and unable to perform your job due to a qualifying condition.
- You may be eligible to reclassify your service or disability retirement benefit to an accidental disability retirement benefit if you develop a qualifying condition after you retire.
- Certain family beneficiaries may be eligible to receive an accidental death benefit if you die from a qualifying condition.

There are specific eligibility requirements and filing deadlines that must be met for these benefits. For more information visit our World Trade Center Presumption page.

Receiving Your Benefits

APPLYING FOR BENEFITS

To apply for all Retirement System benefits, you must file the appropriate application form with the Office of the State Comptroller in a timely manner. Forms are available from our website, our Call Center or your employer. Specific filing instructions are detailed in each benefit description. If you need help, you can call or write us, or make an appointment to speak with an Information Representative at one of our 16 consultation sites throughout New York State.

Filing With the Office of the State Comptroller

Many retirement benefit applications and other documents are required by law to be filed with the Office of the State Comptroller within specific time limits. For a form to be considered as “filed with the Comptroller,” it must be received by our Albany office, one of our consultation sites, or another office of the State Comptroller. **Giving your employer the form does not mean that you have “filed with the Comptroller.”**

As an alternative to visiting our offices to file these time-sensitive documents personally, you can fulfill the filing requirements by mailing the document to us. We will consider it filed when it is delivered to us by the Post Office. If you are concerned about meeting a filing deadline, you can mail the document via “Certified Mail — Return Receipt Requested.” When we receive the document, it will be considered as having been filed on the same date it was mailed.

To meet a filing deadline (such as an application for retirement benefits or an option election form), you can also send the document to us via fax. Although we will consider the form as filed on the date the transmission is received, you must still mail us the original document to continue the process and properly complete the filing requirement.

Filing Multiple Applications

Should you become ill or disabled and unable to perform your duties, depending on the circumstances, you may be eligible to file applications “without prejudice” for disability and regular service retirement benefits simultaneously. “Filed without prejudice” means we will process all filed applications and, if more than one benefit is approved, you will be given the opportunity to choose your pension from the approved benefits.

CHALLENGING A DETERMINATION

We can pay only those benefits authorized by law, and cannot pay you any benefits if you do not meet all the eligibility requirements established by law. If you believe that your benefit has been incorrectly denied or improperly calculated, you may request a hearing and redetermination to be held before a hearing officer.

Your request must be in writing and filed with the Hearing Administration Bureau within four months of the determination. We will send you an acknowledgment letter with an explanation of the hearing process when we receive your written request. If you have questions regarding the hearing process, please review our Administrative Hearing FAQs, email the Hearing Administration Bureau at Hearings@osc.state.ny.us or call us at 1-866-805-0990 or 518-474-7736 in the Albany, New York area.

How to Stay Informed

Your retirement benefits are an important part of a solid financial plan. They can help you and your beneficiaries achieve financial security in retirement or in the event of disability or death. Use these tips to help you understand your benefits and stay informed.

- Enroll in *Retirement Online*, and access your personal retirement-related information quickly, easily and securely on our website.
- Sign up for *E-News*, our free email newsletter, for the latest retirement news. It includes a special section dedicated to pre-retirement planning.
- Read the member newsletters we publish for current retirement information and updates on your benefits.
- Review your Member Annual Statement carefully and correct any errors quickly.
- Visit our website frequently to learn about your benefits, download forms, read informative booklets and brochures, and get tips on preparing for retirement.
- Attend a pre-retirement presentation to learn about the retirement process, find out what you can expect and discuss post-retirement issues. At your employer's request, we offer these presentations designed for members within five years of retirement eligibility.
- Visit any of our 16 consultation sites where you can meet with an Information Representative to discuss special concerns or request specific information.

- Notify us if your mailing address changes, so you can stay up-to-date about benefits. This is especially important if you leave public employment before you are eligible to retire.
- Contact us with any questions you have about your benefits.

Email: Visit our website at
www.osc.state.ny.us/retire
and click on “Contact Us”

Phone: 1-866-805-0990 or
518-474-7736 if you live in
the Albany, New York area

Fax: 518-402-4433
(Please include your name,
retirement registration number,
phone number and the person or
department you wish to reach.)

Mail: New York State and
Local Retirement System
110 State Street
Albany, NY 12244-0001

About This Summary

This retirement plan summary describes the benefits of the special 20- and 25-year plans provided by Sections 384, 384-d and 384-e of the New York State Retirement and Social Security Law (RSSL) as enacted by the New York State Legislature. These benefits are available to Police and Fire Retirement System Tier 1, 2 and 5 members and Tier 3 members covered under Article 11. There is no Tier 4 in the Police and Fire Retirement System.

Throughout this publication, you will find references to “Sections” and “Articles” that refer to the RSSL. The New York State and Local Retirement System, headed by the Comptroller of the State of New York, administers these plans. Our main office is in Albany, New York.

If you joined PFRS July 1, 2009 through January 8, 2010, you may not be covered by the benefits described in this publication, even if your employer has adopted and you have elected one of these special plans. The Retirement System is required to compare the employer’s special plan cost to the cost of the Article 14 plan and assign you to the less costly plan. Based on our analysis, we believe that:

- If your employer offers a special 25-year plan and the one-year final average salary (FAS) **or** a special 20-year plan regardless of FAS **and** you elect the special 20- or 25-year plan, you will be covered under Article 14. The benefit information in this summary does not apply to you.

- If your employer offers a special 25-year plan without a one-year final average salary **and** you elect the special 25-year plan, you will be covered by that special 25-year plan. The benefit information in this summary does apply to you.

PFRS members employed by the City of Yonkers who joined July 1, 2009 through January 8, 2010, are covered under Article 14. The information in this summary does not apply to you.

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This publication is a general summary of membership benefits, rights and responsibilities, and is not a substitute for any New York State or federal law. For specific information about your benefits, please contact us.