

NEW YORK CITY FIRE PENSION FUND

TIER 3 ENHANCED BENEFIT PLAN



Summary Plan Description

NEW YORK CITY FIRE PENSION FUND

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Revised: July 2024

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INTRODUCTION - TIER 3 Enhanced Benefits Plan

This Summary Plan Description (SPD) summarizes the benefits provided by the New York City Fire Department Pension Fund, Subchapter II (the “NYC Fire Pension Fund”), for Tier 3 Enhanced members.

This summary is as accurate and complete as possible. However, in the event of conflict between this summary and any applicable law, including but not limited to the Administrative Code of the City of New York (ACNY), the New York State Retirement and Social Security Law (RSSL), and the rules of the NYC Fire Pension Fund, the applicable law or rule will govern.

HOW TO CONTACT THE FIRE PENSION FUND

For questions or issues regarding confidential membership issues, you may make an appointment to visit the NYC Fire Pension Fund office, located at One Battery Park Plaza, 9th Floor, New York, NY 10004. You may also contact NYC Fire Pension Fund Administration by phone at (929) 436-0099.

MEMBERSHIP

The NYC Fire Pension Fund is a separate entity from the Fire Department of the City of New York (FDNY), your employer. All Uniformed employees of the Fire Department become members of the NYC Fire Pension Fund upon appointment.

Uniformed members of the FDNY appointed on or after July 1, 2009 are subject to Article 14 of the RSSL, also known as Tier 3.

CONTRIBUTIONS

The Enhanced Plan members are required to contribute the basic 3% and an additional 2.0% of pensionable salary for the first 25 years of credited service (RSSL § 517). The rate of additional contributions may range from 2% to 3%, depending on specified future cost calculations, and are evaluated every three years. The maximum total contribution is currently limited to 6%. For Enhanced Plan members who were mandated into the plan, contributions are federally tax- deferred, as per section 414(h) of the Internal Revenue Code, but are subject to state and local income taxation. For members appointed before September 8, 2016 who *opted* to join the Enhanced Benefit Plan, the additional contributions are taxable under federal, state and local regulations, and will continue until the 25th year of credited service.

MINIMUM REQUIRED AND INTEREST

Member contributions and any interest earned are referred to as “accumulated contributions.” The Tier 3 rate of interest on member contributions is currently 5%. The amount of accumulated contributions required to be in a member’s account at any given time is referred to as the

“minimum required.” To be eligible for a benefit at retirement, a member must have the “minimum required” of accumulated contributions, which is equal to the 3% contribution rate, the Enhanced Plan 2.0% contribution rate, plus the statutory interest earned.

ITHP (INCREASED-TAKE-HOME-PAY)

ITHP stands for "Increased-Take-Home-Pay" and relates to the increase in a member's take home pay due to the City paying a portion or the entire required rate by making the contribution on the member's behalf. ITHP does not apply to Tier 3.

DEFICITS

A deficit occurs when a member's pension account balance falls below the minimum required. Deficits may occur because of delays in contract settlements. Pension contributions on retroactive pay from a contract settlement do not include the interest that would have been earned on those contributions. Since interest earned on contributions is part of a member's minimum required, a deficit can occur.

Members are not permitted to retire with a deficit and are responsible for any account shortages. Members may opt to make a lump sum payment or bi-weekly payroll deductions to reduce and eliminate any deficit.

EXCESS FUNDS

A member may withdraw any excess funds within six months of appointment or at the time of retirement. Excess created by errors of the Fund will be returned upon identification.

WITHDRAWAL OF CONTRIBUTIONS

In the event of a resignation or termination, a member who is not vested or entitled to any other benefit under Tier 3 may withdraw accumulated contributions, and thereby terminate his or her NYC Fire Pension Fund membership. A member who separates from service as a vested member, but with less than 10 years of credited service, may also withdraw his or her accumulated contributions. A withdrawal of contributions by such a vested member, however, will terminate all membership rights, including the right to receive a Vested Retirement Benefit in the future. If contributions are not withdrawn, the money will continue to earn interest for a maximum of five years from the date of separation. After 10 years of service, contributions may not be withdrawn, and members will receive a Vested Retirement Benefit.

LOANS

There is no provision in Tier 3 that allows a member to take a loan.

CREDITED SERVICE

Unless otherwise stated, “credited service” is defined as allowable Uniformed service. Twenty-two years of allowable Uniformed service are required for Normal Service Retirement, or 20 years for Early Service Retirement.

ALLOWABLE UNIFORMED SERVICE

A member is eligible to obtain credited service, which may count toward the requirements for vesting and retirement, for the following:

All member service rendered as a Uniformed member of the New York City Fire Department in the competitive class of the civil service;

Credit for service rendered in the Uniformed force of the New York City Police Department;

Credit for any service rendered while a member of the New York State and Local Police and Fire Retirement System as a Police Officer or Firefighter;

Credit for service rendered as an EMT with the New York City Fire Department; and

Credit for military service acquired pursuant to applicable law.

PRIOR SERVICE CREDIT

OVERVIEW

Chapter 646 of the Laws of 1999 - Tier Reinstatement: This law amends RSSL § 645 and permits a member, who was previously a member of any New York public retirement system, to be deemed to have become a member of the current retirement system as of the original date of such previous ceased membership. Chapter 646 may allow for a tier change or tier reinstatement.

Chapter 548 of the Laws of 2000 and Chapter 41 of the Laws of 2016 - Military Buyback: This allows a member to purchase credited service for up to three years of military service rendered prior to the commencement of public employment. A member must have at least five years of pension credit to be eligible to receive credit under this law.

Chapter 552 of the Laws of 2000 - Prior Service Credit: This law allows a member who was eligible for membership in any of the New York State or New York City retirement systems, but did not become a member of such system, to purchase pension credit for the time that was eligible for membership. It also permits a member to purchase pension credit for membership service in any New York City or State retirement system that may have been lost or withdrawn. However, there may not be any benefit for purchasing such credit, as only prior police or fire service will provide uniformed service credit.

BUYBACK OF PRIOR UNIFORMED SERVICE

Members must apply and remit payment for all credited service before their effective date of retirement. In the event of retirement prior to completing payment for the service credit purchase, the amount of service credited to the member will be proportional to the total amount paid.

TRANSFER TO THE FIRE PENSION FUND

A member may transfer to the NYC Fire Pension Fund from another public retirement system within the State of New York. Under Tier 3, transferring prior City or State service, other than Uniformed Police or Fire service, does not provide any additional monetary benefit, nor does it change your Normal Service Retirement eligibility date. However, members with a membership in a New York public pension fund that began prior to July 1, 2009 will become Tier 2 members of the NYC Fire Pension Fund upon completion of a proper transfer.

MILITARY SERVICE CREDIT

Military service with the federal government may be credited pursuant to New York State Military Law § 243, the federal Uniformed Services Employment and Reemployment Rights Act (USERRA), and RSSL § 1000.

Active members who have five years of credited service, not including the military service being purchased, are eligible to purchase up to three years of military service for pension credit.

Members who wish to purchase credit for military service under RSSL § 1000, pay an amount for such credit equal to the number of years of military credit being purchased multiplied by 6% of the compensation earned by the member during the 12 months of credited service immediately preceding the member's application to purchase such credit.

RETIREMENT PROCESS

SERVICE RETIREMENT APPLICATION

Members may retire for Service (non-disability) after completing 22 years of credited service, or after 20 years for an Early Service Retirement Benefit. Members with at least five years of Uniformed service are eligible for a Vested Retirement benefit. The NYC Fire Pension Fund must receive a member's service retirement application at least 10 days before the date on which usage of accrued and terminal leave begins. Members are entitled to take all accrued time and terminal leave after the last day on active duty. All accrued time must be used prior to the start of terminal leave. During terminal leave, members remain on the active payroll.

There is no statutory minimum time period by which a Tier 3 member must file before retiring. However, it is recommended that applicants call the NYC Fire Pension Fund for an appointment three to four weeks before filing for retirement.

WITHDRAWAL OF SERVICE RETIREMENT APPLICATION

If a member has begun to utilize terminal leave and decides to withdraw their application for retirement, the FDNY Medical Office must evaluate the member for a duty determination before he/she can return to full duty. Any vacation leave or terminal leave used prior to withdrawal of the retirement application will not be restored.

DISABILITY RETIREMENT APPLICATION

A member may apply either for Ordinary Disability (non-service connected) Retirement or Accidental Disability (service connected) Retirement, or both. To be eligible for Ordinary Disability, a member must be in active service, with at least five years of service, and must also have been determined by Social Security Administration to be eligible to receive primary Social Security Disability benefits. Additional criteria for eligibility for either Ordinary Disability Retirement or Accidental Disability Retirement are discussed in the “Disability Retirement” section of this SPD.

A disability application may be filed by the member or a legally authorized person acting on the member’s behalf, or by a committee or conservator duly appointed by a court of competent jurisdiction, or by the Fire Commissioner.

A member may initiate the disability retirement process by submitting Form FPF 180/BP-409 to the NYC Fire Pension Fund, whether or not there has been an examination by a Bureau of Health Services (BHS) physician or by the BHS Medical Board. The BHS Medical Board is required to make a determination of the member’s fitness for duty status prior to or during the disability pension application process. When any officer submits an application for disability retirement, vacation leave, accrued and terminal leave must begin immediately.

A member’s disability application is then submitted to the Subchapter II Medical Board, which is composed of three physicians and is independent of both the Fire Department and the NYC Fire Pension Fund Board of Trustees. Upon their review and evaluation, the Medical Board reports to the Board of Trustees with a recommendation for approval or disapproval of the disability application. After the Board of Trustees meeting, members are informed of the decision and other necessary information.

WITHDRAWAL OF DISABILITY RETIREMENT APPLICATION

If the Fire Commissioner applied for a member’s disability retirement, only the Fire Commissioner can withdraw the application. If a member has applied for disability retirement, the member may withdraw the application. However, if the Subchapter II Medical Board’s doctors have found the member disabled for retirement purposes, the member may not return to full duty. Members found to be disabled by the Subchapter II Medical Board will be afforded the opportunity to request a Reasonable Accommodation.

RETIREMENT PROCEDURES FOR ALL RETIREES

During the retirement process, retirees will be advised regarding health insurance, pension options, post-retirement employment restrictions, withholding tax, and related issues. At this time, the member's projected retirement date will be determined, and an estimate of the final pension allowance, as well as the amount of the partial allowance, will be determined.

Members are generally entitled to take all vacation leave, accrued and terminal leave (normally one day per four completed months of active service while a Uniformed member of the Fire Department) after their last day on duty, and remain on the active payroll during this time. Alternatively, terminal leave may be taken as a lump sum payment. Terminal leave is not granted for vested separations.

Under limited circumstances, service retirees and vested separations may submit a request for withdrawal of their retirement application before going off the payroll. To do so, the NYC Fire Pension Fund must be notified at least 10 business days before the date on which the member is requesting a return to active status. (NOTE: Service retirees who have begun to utilize terminal leave must be evaluated by the FDNY Medical Board prior to return to full duty.)

Upon retirement, a member must return all Department property and obtain a Property Release Form (BP-71) from the Bureau of Human Resources. The retiree must forward a copy of the Property Release Form to the NYC Fire Pension Fund before any pension checks are issued. In addition, a copy of the Property Release Form must also be forwarded to Uniformed Payroll for release of the final active paycheck.

HEALTH INSURANCE

Members retiring on Accidental Disability receive health insurance regardless of years of service. However, members retiring on Ordinary Disability or who are eligible for a Vested Retirement benefit are not eligible for health insurance if retired with less than 10 years of service.

It is important to note, however, that health benefits are only available to a person actually collecting a pension. Therefore, a member who retired with a Vested Retirement benefit will not receive health insurance until what would have been the member's 20th anniversary. Likewise, a member who retires with 22 years of service and elects to defer payment of the pension until what would have been 25 years, for escalation purposes, would not be eligible to receive health benefits until collection of the pension benefit.

Members should contact Employee Health Benefits at the NYC Office of Labor Relations at 40 Rector Street, New York, NY 10006 or call (212) 306-7390 for further information regarding health benefits.

SUPERANNUATION – MANDATORY RETIREMENT

Pursuant to current State law (RSSL § 501), Uniformed members of the Department, shall be retired upon attaining the age of 62.

FINAL AVERAGE SALARY (FAS)

FAS is the average total pensionable compensation earned by a member during any three consecutive years, based on the month and day of retirement, that provides the highest average wages. If the wages earned during any year included in the period exceed the average of the prior two years by more than 10%, the amount in excess of 10% shall be excluded.

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

LONGEVITY

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

SOCIAL SECURITY OFFSET

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

There is no Social Security Offset for disability retirees.

VESTED RETIREMENT

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

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

The Vested pension benefit is as follows:

2.1% of FAS x years of credited service

-less-

50% of primary Social Security benefit commencing at age 62

Example:

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

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

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

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

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

EARLY/REDUCED VESTED BENEFIT

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

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

Example:

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

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

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

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

NORMAL SERVICE RETIREMENT

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

The Normal Service Retirement benefit is:

50% of FAS

-less-

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

Example:

A member decides to retire at age 46 with 22 years of credited service and a FAS of \$89,000. The member elects payment immediately. The Normal Service Retirement calculation is as follows:

$$\begin{aligned} &50\% \times \text{FAS} \\ &(0.50 \times \$89,000) = \$44,500 \end{aligned}$$

The member will receive an annual pension benefit of \$44,500 from age 46 until age 62. At age 62, the pension benefit is reduced as follows:

$$\begin{aligned} &\text{Reduce by 50\% of the Primary Social Security retirement benefit} \\ &(0.50 \times \$13,044) = \$6,522 \end{aligned}$$

At age 62, this member will receive an adjusted annual pension benefit of \$37,978 (\$44,500 - \$6,522)

EARLY SERVICE RETIREMENT

A member is eligible for Early Service Retirement after the completion of 20 years of credited service.

An Early Service Retirement benefit is as follows:

2.1% of FAS x years of credited service (for first 20 years)

-plus-

1/3 of 1% of FAS for each month of credited service in excess of 20 years;

Total benefit above (not in excess of 50% of FAS)

-less-

50% of primary Social Security retirement benefit commencing at 62

Example:

A member elects to retire at age 44 with 20 years and one month of credited service and FAS of \$84,000. The member begins collecting immediately. The Early Service Retirement is calculated as follows:

$$\begin{aligned} &2.1\% \text{ of FAS } \times \text{ years of credited service} \\ &(0.021 \times \$84,000) \times 20 = \$35,280 \end{aligned}$$

-plus-

*1/3 of 1% of FAS per month in excess of 20 years
(1/3 x 1% x \$84,000) x 1 = \$280*

The member receives an annual pension benefit of \$35,560 from age 44 through age 62. At age 62, the pension benefit is reduced as follows:

*Reduce by 50% of the Primary Social Security retirement benefit
(0.50 x \$11,724) = \$5,862*

*At age 62, the member will receive an adjusted annual pension benefit of \$29,698
(\$35,560 - \$5,862).*

DISABILITY RETIREMENT

ORDINARY DISABILITY RETIREMENT (ODR)

To be eligible for ODR, a member must be in active service and have at least five years of service (may include service other than allowable Uniformed service). Although a member's five years of service may include service other than allowable Uniformed service in determining eligibility for ODR, the actual ODR benefit is based on credited service, as previously defined in this SPD. To retire for ODR, a member must also be eligible to receive primary Social Security Disability benefits. If the member is also found to be disabled by the Medical Board, ODR benefits commence on or after receipt of primary Social Security Disability benefits. In addition, if the member's primary Social Security benefits cease, the ODR pension will also cease. The ODR benefit is equal to 2% of FAS, multiplied by the number of years of credited service not in excess of the maximum number of years for computing Service Retirement benefits, but not less than 1/3 of FAS.

The ODR benefit is the greater of:

33 1/3 % of FAS

-or-

2% of FAS x years of credited service

Example:

A member has 15 years of service, all of which are credited service, and is 41 years old at the time of retirement for ODR. The member is eligible for primary Social Security Disability benefits and has a FAS of \$84,000. The member begins collecting at the time of retirement. ODR is calculated as:

The greater of:

33 1/3 % of FAS ($1/3 \times \$84,000$) = \$28,000

-or-

2% of FAS x years of credited service ($0.02 \times \$84,000$) x 15 = \$25,200

ACCIDENTAL DISABILITY RETIREMENT (ADR)

To be eligible for ADR, a member must be in active service and be physically or mentally incapacitated from the performance of duty as the natural and proximate result of an accident sustained in active service and not caused by the member's own willful negligence. Receipt of ADR is not conditioned on eligibility for, or receipt of, primary Social Security benefits. Accordingly, payment of a benefit from the NYC Fire Pension Fund will commence after approval by the Board of Trustees.

The benefit is a retirement allowance equal to 75% of FAS.

The ADR benefit is calculated as:

75% of FAS

ADR pensions are generally not subject to taxation. All other pensions (Normal Service, Early Service, Ordinary Disability and Vested) are subject to federal tax but are exempt from New York State and New York City taxes. The tax laws of all states are different and subject to change. If relocating after retirement, the NYC Fire Pension Fund recommends researching the state's tax laws or consulting a tax professional.

PRESUMPTIVE DISABILITY LAWS

Generally, a member of the NYC Fire Pension Fund seeking ADR has the burden of proving that he or she is disabled as the natural and proximate result of an accident sustained in city service and that such disability was not the result of willful negligence. However, laws pertaining to certain conditions, listed below, have created a dual presumption that (1) the disability resulted from an accident, and (2) that it was incurred in the performance and discharge of duty. It should be noted that additional requirements may exist, which are set by statute, before the presumption is triggered. Additionally, presumptive disability laws are rebuttable where the contrary is proved by competent evidence.

(Continued on the next page.)

A disabling condition of impairment of health caused by:

- Diseases of the lung;
- Diseases of the heart or by a stroke;
- Any condition of cancer affecting the lymphatic, digestive, hematological, urinary, neurological, breast, reproductive, endocrine/thyroid or prostate systems, or melanoma;¹
- Parkinson's Disease;²
- A qualifying World Trade Center Condition;³ or
- Certain communicable diseases.

ESCALATION

Service and Vesting Retirement benefits, as well as survivor benefits are subject to escalation provisions. The escalation provisions provide a Cost-of-Living Adjustment (COLA) to retirees who begin receiving benefits on the "full escalation date" (RSSL § 510). For example, for Service and Vested retirees, the full escalation date is the first day of the month following the date on which the member completed or would have completed 25 years of credited service. Escalation is reduced where benefits commence prior to the full escalation date. Members who retire with 22 years or less of credited service are eligible for partial escalation if the member elects to have payment commence on the date he or she would have completed 22 years and one month, or a later date.

FULL ESCALATION

The full escalation date is calculated as follows for different retirement types:

- **Service and Vested Pensions:** The first day of the month after a member completed or would have completed 25 years of credited service.
- **Death Benefits:** The first day of the month following the day on which a beneficiary first becomes eligible for a death benefit paid as other than a lump sum.

If a member first begins receiving benefits on the same date as the full escalation date, the benefit will be increased annually at an escalation rate equal to the lesser of 3% or the increase in the cost-of-living index. In the event of a decrease in the cost-of-living index, the annual benefit shall be decreased by the lesser of 3% or the amount of the decrease in the cost-of-living index. However, the benefit will not be reduced below the benefit payable at the initial commencement date. A member or eligible beneficiary is entitled to the greater of the escalation calculation or the COLA, but not both.

Escalation is not available for disability retirees under the Enhanced Benefit Plan.

¹ Members are covered by General Municipal Law § 207-kk while in city service and for up to five (5) years post-retirement.

² Members are covered by General Municipal Law § 207-kkk while in city service and for up to two (2) years post-retirement.

³ See Retirement and Social Security Law § 2(36) for a list of qualifying conditions.

PARTIAL ESCALATION

Partial escalation is calculated on benefits that commence prior to the member's full escalation date. For each month that the benefit commencement date precedes the full escalation date, the escalation rate shall be reduced by $1/36^{\text{th}}$, and there will be no escalation where benefits commence more than three years prior to the full escalation date. A member will receive $1/36^{\text{th}}$ of the full escalation rate for each month the benefit starts after their 22nd anniversary.

Examples:

*A member who **retires with 22 years of credited service** and chooses to collect the pension at the time of retirement will receive no escalation during retirement.*

*A member who **retires for Service with 24 years of credited service** and chooses to collect the pension at the time of retirement will receive reduced annual escalation as follows:*

*The lesser of 3% or the change in the cost-of-living index,
where the escalation rate is reduced by*

$$12 \text{ months} \times 1/36^{\text{th}} = 12/36 = 1/3$$

*Thus, the annual escalation will be the lesser of 2/3 of 3%
or 2/3 of the change in the cost-of-living index*

*A member who **retires with 25 years of credited service** will receive full escalation.*

DEFERRED ESCALATION – NORMAL SERVICE RETIREMENT

A Normal Service retiree with less than 25 years of credited service may choose to defer the retirement benefit for the purpose of becoming eligible for full escalation.

Example:

A member who retires with 24 years of credited service, FAS of \$91,000 and chooses to collect the pension at what would have been the 25th year of service:

Normal Service Retirement Benefit:

$$.50 \times \$91,000 = \$45,500$$

-less-

50% of the Primary Social Security benefit at age 62

Annual Escalation:

The full annual escalation will be the lesser of 3% or the change in the cost-of-living index.

Since the benefit is deferred until the full escalation date, there is no escalation reduction.

DEFERRED ESCALATION – EARLY SERVICE RETIREMENT OR VESTED BENEFIT

A member who retires for Early Service or vests with less than 20 years of credited service may choose to defer the retirement benefit for the purpose of becoming eligible for annual escalation. The pension benefit would then be calculated as follows:

2% x FAS x years of credited service

-less –

50% of the Primary Social Security benefit at age 62

If a member chooses the above option, the member will receive the escalation rate in effect at the time of collecting the benefit.

Example:

A member chooses to vest with 10 years of credited service, a FAS of \$82,000 and payability of the retirement allowance at what would have been the 23rd year of service:

Deferred Pension Benefit:

$$.02 \times \$82,000 \times 10 = \$16,400$$

-less-

50% of the Primary Social Security benefit at age 62

Annual Escalation:

Deferred payment to 24 months prior to full escalation = $12/36 = 1/3$

The annual escalation will be the lesser of 1/3 of 3%

or 1/3 of the change in the cost-of-living index

Example:

A member who chooses to retire early with 20 years of credited service, FAS of \$84,000 and payability of the retirement benefits at what would have been the member's 24th year of service:

Deferred Pension Benefit:

$$.02 \times \$84,000 \times 20 = \$33,600$$

-less-

50% of the Primary Social Security benefit at age 62

Annual Escalation:

Deferred payment to 12 months prior to full escalation = $24/36 = 2/3$

The annual escalation will be the lesser of 2/3 of 3% or 2/3 of the change in the cost-of-living index.

COST-OF-LIVING ADJUSTMENT (COLA)

ACNY § 13-696 provides for a COLA that is included in the monthly pension check of eligible retirees and beneficiaries. This COLA is compared to the escalation provided under RSSL § 510. The eligible retirees and beneficiaries will receive the greater of the COLA or the escalation, but not both. Members who receive an Ordinary or Accident Disability Retirement are not entitled to escalation; they are only entitled to a COLA.

The COLA is paid as follows:

TYPE OF RECIPIENT	ELIGIBILITY CRITERIA
Service Retiree Age 62 or over	Retired 5 or more years
Service Retiree Age 55 or over	Retired 10 or more years
Disability Retiree	Retired 5 or more years, regardless of age
Accidental Death Benefit Beneficiary	Receiving Accidental Death Benefits for 5 or more years
Surviving Spouse	Spouse receiving a benefit under a joint and survivor option receives one-half the COLA the retiree would have received if still living.

Annual COLA increases, paid in September of each year, are calculated as 50% of the federal Consumer Price Index (CPI) between March of the preceding calendar year and March of the calendar year of the September COLA, rounded to the next greater .1%, and limited to a maximum of 3% and a minimum of 1%. In addition, the COLA is based only on the first \$18,000 of pension.

COLA OFFSET

COLA benefits paid to Service retirees will reduce the amount of the Variable Supplements Fund (VSF) payment until the 1st day of the month following the month in which the retired member attains the age of 62. After this point, the retiree will receive both the full COLA and full VSF payments.

OPTIONS

An option is an election whereby a retiree receives a smaller retirement allowance while alive in order to provide a continued pension benefit or lump-sum payment to a beneficiary upon the retiree's death. In electing an option, the retiree receives a reduced retirement allowance during his/her lifetime. The reduction is based on the option selected, age, and sometimes the age of the beneficiary. After certification by the Office of the Actuary, the pension is finalized. Once the member receives his/her first full pension check, the option cannot be changed.

Members will be presented with the estimated cost at or before the time of retirement. A member will be required to elect an option within 30 days of the retirement date or the maximum retirement allowance will be granted. In the case of disability retirements, a member may elect to change any prior option selection within 30 days of approval of the disability benefits by the Board of Trustees.

MAXIMUM RETIREMENT ALLOWANCE (NO OPTION)

At retirement, a member may elect to receive the Maximum Retirement Allowance (No Option). The Maximum Retirement Allowance is the largest benefit that may be received at retirement. Payments are made throughout the retiree's lifetime and cease upon death. There are no survivor benefits under the Maximum Retirement Allowance.

OPTION ONE – 100% JOINT AND SURVIVOR

Upon the member's death, the designated beneficiary receives 100% of the member's total monthly benefit for the rest of his or her life. Only one beneficiary may be named and may not be changed. If the beneficiary predeceases the member, pension payments continue at the reduced rate unchanged. A new beneficiary may not be named, and benefits cease upon the subsequent death of the member.

OPTION TWO – 90% OR LESS JOINT AND SURVIVOR

Upon the member's death, the designated beneficiary receives a retirement allowance of 90% or less (measured in increments of not less than 10%) payable for the life of the designated beneficiary. Only one beneficiary may be named, and that beneficiary may not be changed. If the beneficiary predeceases the member, pension payments continue at the reduced rate, unchanged. A new beneficiary may not be named, and benefits cease upon the subsequent death of the member.

OPTION THREE – 5 YEAR CERTAIN

If a member elects this option, the benefit is payable to the retiree for life. However, if the member dies within five years of retirement, the benefit is only payable to the designated beneficiary until the 5th anniversary of the member's retirement. For example, a member may elect this option and live for 15 years after retirement. Upon the member's death, the benefit would cease and would not be payable to a beneficiary. Conversely, if a member died one year after retirement, the benefit would be payable to the beneficiary for four more years.

OPTION FOUR – 10 YEAR CERTAIN

If a member elects this option, the benefit is payable to the retiree for life. However, if the member dies within 10 years of retirement, the benefit is only payable to the designated beneficiary until the 10th anniversary of the member's retirement. For example, a member may elect this option and live for 25 years after retirement. Upon the member's death, the benefit would cease and would not be payable to a beneficiary. Conversely, if a member died three years after retirement, the benefit would be payable to the beneficiary for seven more years.

OPTION FIVE – JOINT AND SURVIVOR WITH “POP-UP”

Upon the member's death, a retirement allowance in an amount equal to either 50% or 100% of the member's retirement allowance shall be paid for life to the designated beneficiary. If the beneficiary pre-deceases the member, the retirement allowance “pops up” or reverts to the Maximum Retirement Allowance, as if no retirement option was selected.

SURVIVOR BENEFITS

Survivor benefits are paid if a member dies before retirement, whether death occurs on or off the job. Death benefits are paid through one of the following:

Ordinary Death Benefit – for active members and vested members who are no longer active but not yet collecting

Accidental (Line-of-Duty) Death Benefit – for active members

ORDINARY DEATH BENEFIT – ACTIVE MEMBERS

The Ordinary Death Benefit is paid to the beneficiary of an active member prior to retirement.

The Ordinary Death Benefit will be paid only if:

the member was in service for 90 or more days;

-and-

the member was on the payroll at the time of death;

-or-

the member was off the payroll or was on leave of absence at the time of death, and the member:

- (1) was paid within the last 12 months before death, or was on the payroll at the time he or she was ordered to active duty/service with the armed forces of the United States and died while on such active duty/service;

(2) was not gainfully employed since last paid; and

(3) had credit for one or more years of continuous service.

The amount of the death benefit is equal to three times the member's last 12 months of earnings, raised to the next higher multiple of \$1,000. This benefit may be paid as a lump sum or in the form of an annuity. The beneficiary also receives a return of the member's accumulated contributions, including interest.

The Ordinary Death Benefit is calculated as follows:

3 x member's salary raised to the next highest multiple of \$1,000

-plus-

return of the member's accumulated contributions

ORDINARY DEATH BENEFIT – VESTED MEMBERS NO LONGER ACTIVE BUT NOT YET COLLECTING

A vested member who is no longer active and dies prior to payability is entitled to 50% of an Ordinary Death Benefit.

ACCIDENTAL (LINE-OF-DUTY) DEATH BENEFIT

An Accidental Death Benefit is payable to an eligible beneficiary if the member dies before the effective date of retirement as the natural and proximate result of an accident sustained in the performance of duty, not caused by the member's own willful negligence.

The application for the Accidental Death Benefit must be filed within two years of the death of the member.

In the event that the class of eligible beneficiaries consists of more than one person, the benefit will be divided equally. Eligible beneficiaries are dictated by statute, payable in the following hierarchy:

City Portion:

1. A surviving spouse who has not renounced survivorship rights in a separation agreement, until remarriage; or
2. Surviving children until age 25; or
3. Dependent parents; or
4. Any other person qualified as a dependent on the final tax return of the member until such person reaches age 21.

State Portion/ Special Accidental Death Benefit (SADB):

1. A widow or widower; or
2. Deceased member's children under the age of 18 or, if a student, under the age of 23, if the widow or widower has died; or
3. To the deceased member's parents if the member has no widow, widower, children under the age of 18, or a student under the age of 23.

The SADB is increased from time to time by act of the New York State Legislature. Effective September 1, 2000, any COLA received on the 50% pension payable from the NYC Fire Pension Fund, as well as any Social Security benefits received by the beneficiary, shall be subtracted from the SADB (State's portion).

The Accidental Death Benefit is calculated as follows:

A New York City-paid pension based on 50% of final average salary

-plus-

Special Accidental Death Benefit (SADB): A New York State-paid pension equal to the member's final year's salary, less the New York City-paid pension, less the Social Security benefit.

ONE-TIME PAYMENTS (TAX-FREE)

In addition to the above, the following Line-of-Duty one-time payments are provided:

- One year's salary from the Mayor's office (final salary plus overtime), never less than the salary of a first grade Firefighter. This award is paid to a spouse or registered domestic partner. If there is no spouse or domestic partner, then the award is made to the minor child or children surviving the member. If there is no spouse, domestic partner or minor child(ren), then the award may be made to the dependent mother, father, or other dependents of such member;
- Collective bargaining contractual payment of \$25,000 from active payroll;
- Public Safety Officers' Benefit from the federal government; and
- Funeral expenses paid for by the City, not to exceed \$25,000.

ADMINISTRATIVE LINE-OF-DUTY DEATH BENEFIT

This usually occurs when a member dies from a disease that is covered under the presumptive statutes regarding conditions related to the lungs, heart, cancer, infectious diseases or the World Trade Center. The benefits for an administrative line-of-duty pension are identical to a line-of-duty death, except that beneficiaries are **not** entitled to:

- One-year's salary from the Mayor's Office;
- Collective bargaining contractual payment of \$25,000 from active payroll;
- Federal Public Safety Officers' Benefit; or
- Funeral paid for by the City.

BENEFICIARY DESIGNATION

Upon membership in the NYC Fire Pension Fund, a beneficiary for the life insurance benefit and for death benefits is elected. A member may change beneficiaries at any time by filing the appropriate forms with the NYC Fire Pension Fund. The life insurance benefit is payable to the beneficiary designated on the "Designation of Beneficiary of Life Insurance Benefits" form. Please note that the beneficiary designated on the "Death Benefits" beneficiary form will receive the death benefit in the event of the member's non-line-of-duty death. In the event of Accidental Death (Line-of-Duty), benefits will be paid to the appropriate beneficiaries in accordance with the RSSL, the General Municipal Law and any other applicable laws.

Reviewing beneficiary designations regularly is well worth the time and effort, as doing so protects both assets and heirs. Major life events such as marriage, re-marriage, divorce, birth, adoption and death, often create the need to update beneficiaries. Current beneficiary information may be obtained by referring to the beneficiary section of the annual Personal Statement of Pension Fund Benefits that is distributed to each member. A notarized, written request from the member for such information may also be mailed to the NYC Fire Pension Fund. In order to protect the privacy of such information, telephone and email requests are not permitted.

VARIABLE SUPPLEMENTS FUND (VSF)

Members who retire for Service, with at least 20 years of credited service, on or after October 1, 1968, are eligible for an annual lump-sum cash payment in addition to the regular pension. These VSF payments are made on or about December 15th for UFA members and Wipers and on or about January 31st of the following year for UFOA and MEBA members. The current VSF benefit is \$12,000 per year. VSF payments are prorated in the year of retirement, based on the number of full months following the month of retirement. In addition, the VSF is reduced for any applicable COLA offset. **Vested members and members who retire for Ordinary Disability or Accidental Disability are not eligible for VSF benefits.**

VSF DROP (DEFERRED RETIREMENT OPTION PLAN)

In addition to the annual VSF benefit discussed above, members who continue on active duty beyond the 20th anniversary, and ultimately retire for Service, may be entitled to the VSF DROP, also known as the “Banked Variable.” The VSF DROP was designed to retain experienced members of the FDNY by guaranteeing a lump sum payment upon retirement for each year the member remains in active service beyond the member’s Early Service Retirement date (20 years).

In addition, the VSF DROP payment is treated as an “eligible rollover distribution” within the meaning of Internal Revenue Code §402(c)(4). If you are under age 50 on December 31st in the year you receive the VSF DROP, and do not rollover your VSF DROP payment into a qualified retirement plan within 60 days of receipt of the payment, you may be subject to an additional ten percent (10%) penalty as assessed by the Internal Revenue Service. This penalty is in addition to your regular federal tax liability. You are advised to consult with your tax advisor. Only Service retirees with more than 20 years of credited service are eligible for the VSF DROP. Disability retirees (both Accidental and Ordinary), vested members, and members who die while active or who are terminated by the FDNY are not eligible for the VSF DROP in accordance with the law.

Please note that the regular VSF and the VSF DROP are not paid to Service retirees who have a dual application pending for disability retirement. Any and all VSF regular and VSF DROP payments will not be processed unless the disability application is denied by the Board of Trustees or withdrawn by the member.

PENSION PAYMENTS

PARTIAL PAYMENTS

A retiree will not receive a full retirement check until the retirement allowance is finalized by the Office of the Actuary. In addition, if the member retires during a period where the current collective bargaining agreement has expired, his/her pension will not be finalized until a new contract is ratified. In the interim, a retiree will receive a partial pension of approximately ninety percent (90%) of the estimated final amount, based on the contract in effect on the date of retirement. Once the retirement allowance is finalized by the Office of the Actuary, a retiree will receive a full retirement check as well as a retroactive adjustment.

WHERE PENSION CHECKS WILL BE SENT

Pension checks are mailed directly to the address indicated on the Property Release Form, unless arrangements are made with the NYC Fire Pension Fund to have the pension checks deposited by means of electronic fund transfer (EFT).

OPTION SELECTION

Before finalization, a member may request information regarding the cost of the various options available. Whether an option or maximum allowance is selected, a pension will not be finalized unless the collective bargaining agreement covering the retiree’s retirement date has been ratified.

If an option is selected that pays less than the partial pension amount, the difference will be owed and deducted from future pension checks. A retiree may choose to voluntarily reduce his/her partial pension to compensate for an option selection.

REINSTATEMENT

MAINTAINING MEMBERSHIP RIGHTS

Members who separate from service prior to retirement and later return to service should consult with the NYC Fire Pension Fund staff concerning membership rights.

NEW YORK FIRE DEPARTMENT LIFE INSURANCE FUND

Upon appointment, each member also becomes a member of the New York Fire Department Life Insurance Fund. A deduction of \$4.15 is taken from every active paycheck and credited to this fund. Upon the death of an active member, a tax-free life insurance benefit of \$8,500 is paid to the decedent's designated beneficiary. At retirement, a \$9.00 deduction is taken from each monthly pension check. Upon the death of a retired member, a tax-free life insurance benefit of \$7,500 is paid to the decedent's designated beneficiary.

RESTRICTIONS ON REEMPLOYMENT OF RETIREES

Retirees must comply with post-retirement earnings restrictions to ensure any portion of the retirement allowance is not jeopardized. All retirees are subject to post-retirement limitations and reemployment restrictions. Violations of any of these laws and/or rules may jeopardize some or all of the retirement allowance. Members are encouraged to consult with the NYC Fire Pension Fund administration prior to accepting any post-retirement employment.

According to §1117 of the New York City Charter, a pension must be suspended or forfeited for retirees employed by New York State or any of its political subdivisions unless the pension, plus the job's salary or compensation, is less than \$1,800 per year. However, RSSL § 211 and RSSL § 212 may enable service retirees to earn higher amounts.

SERVICE AND VESTED RETIREES – UNDER AGE 65

Section 212: Earnings Cap

Under RSSL § 212, a non-disability retiree, as well as a vested member who has begun receiving a retirement allowance, under 65 years of age, may be employed by New York State or any of its political subdivisions without prior approval of the New York State Civil Service Commission or the NYC Department of Citywide Administrative Services (DCAS). However, the employee's annual salary or compensation must be equal to, or less than, an amount determined by the New York State Legislature (currently \$35,000.00). A retired member must notify the NYC Fire Pension Fund in writing if he/she intends to exercise this right. If the retiree's earnings exceed the state-established limit, the retirement allowance will be suspended.

Section 211 Waiver

A waiver pursuant to RSSL § 211 may enable a retiree who earns compensation from New York State or any of its political subdivisions, and who possesses certain qualifying skills, to collect all or a portion of his or her pension payments. A Section 211 Waiver is obtained by the retiree's employer on behalf of the retiree. It is the retiree's responsibility, however, to ensure the employer obtains the Section 211 Waiver and it remains in force throughout the employment period. The NYS Civil Service Commission and DCAS are among the entities empowered to grant a Section 211 Waiver.

Section 211.1 – Earnings Cap (under the “a” set of conditions)

Where a retiree is employed by a “former employer,” as defined in RSSL § 210 (f), the earnings pursuant to a Section 211 Waiver are limited by the Section 211 earnings cap. The City of New York, other than the Department of Education, is considered to be one employer for the purposes of this definition. The Department of Education is considered to be a different entity than the City for the purposes of this definition. Thus, if a retiree obtains a Section 211 Waiver for employment with an entity other than the City, there are no limitations. If that same retiree obtains a Section 211 Waiver for employment with the City (not including the Department of Education), the 211 cap applies.

If the position's salary or compensation is over \$35,000.00 a year, and the position is with a former employer, the maximum salary or compensation the non-disability retiree may receive is calculated as follows:

Base: **Current salary at retirement rank** (base salary, longevity, night shift, pensionable differentials, holiday pay, overtime)

Less: **Retirement allowance**

Equals: **Maximum annual earnings**

The Pension Fund will suspend the retirement allowance if the retiree earns more than the maximum annual earnings.

Section 211.1 – No Earnings Cap (under the “b” set of conditions)

Where a Section 211 Waiver is obtained by the employer on behalf of a retiree who holds a position with the State or any of its political subdivisions that is not with a former employer, there are no income limitations and the retiree may collect his or her full pension payments.

SERVICE AND VESTED RETIREES – AGE 65 AND OVER

In the calendar year in which a non-disability retiree attains age 65, and every year thereafter, the retiree has no restrictions on retirement earnings paid by New York State or any of its political subdivisions in accordance with RSSL § 212. No waiver is required.

EMPLOYMENT PURSUANT TO RSSL § 211 or § 212

A retiree who is employed pursuant to RSSL § 211 or § 212 may not become a member of a New York City or New York State public retirement system or obtain pension credit for such employment.

PUBLIC BENEFIT CORPORATIONS (PBC)

Section 1117 of the New York City Charter does not apply to Public Benefit Corporations (PBCs), so all retirees may work for such corporations with no earnings limitations or suspension of pension benefits.

The following are some common PBCs:

METROPOLITAN TRANSIT AUTHORITY
NEW YORK CITY HOUSING AUTHORITY
NEW YORK CITY TRANSIT AUTHORITY
NEW YORK CITY DORMITORY AUTHORITY
NEW YORK CITY SCHOOL CONSTRUCTION AUTHORITY
NEW YORK CITY CONVENTION OPERATING CORPORATION
NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
NEW YORK/NEW JERSEY PORT AUTHORITY
NEW YORK STATE URBAN DEVELOPMENT CORPORATION
WATERFRONT COMMISSION OF NEW YORK HARBOR

SAFEGUARDS FOR DISABILITY RETIREES

BEFORE 20TH ANNIVERSARY

Before the 20th anniversary, Ordinary Disability or Accident Disability retirees are not governed by Section 1117 of the New York City Charter. Accordingly, such retirees may earn more than \$1,800.00 per year when employed by New York State or any of its political subdivisions or a public benefit corporation.

However, New York City Administrative Code §13-357 limits the earnings of pre-20th anniversary disability retirees. Maximum earnings (in private industry or public employment) are defined as follows:

Base: **Current salary at next highest rank** (base salary, longevity, night shift, pensionable differentials, holiday pay, overtime)

Less: **Retirement allowance**

Equals: **Maximum annual earnings**

The NYC Fire Pension Fund will suspend the pension portion of the retirement allowance if the retiree earns more than the maximum annual earnings.

Exception: Chapter 579 of the Laws of 2005 permits a disability retiree who is receiving compensation as an elected public official to continue to receive the full amount of his or her disability retirement.

AFTER 20TH ANNIVERSARY

After the 20th anniversary, disability retirees are no longer subject to the provisions of §13-357; they are now governed by Section 1117 of the New York City Charter. Under these provisions, a disability retiree can earn any amount in private industry, or in public employment outside of New York State, without any reduction in his or her disability pension. However, if the retiree is employed by New York State, New York City, or any local government, district agency, or authority within the State, the retiree's disability pension will be suspended for the duration of such employment. No waivers of any type are available to disability retirees. Therefore, such retirees are prohibited from working for the State of New York or any of its political subdivisions.

Note: Disability retirees may be employed by public benefit corporations and non-public organizations with no earnings limitations after the 20th anniversary.

ORDINARY DISABILITY RETIREES

In addition to the above, if an ordinary disability retiree becomes ineligible for primary Social Security benefits before reaching age 65, the retirement benefit from the Fund shall also cease.

FREQUENTLY ASKED QUESTIONS (FAQs)

What is my minimum required?

Minimum required (also referred to as “accumulated contributions”) is the mandatory amount of contributions and interest that must be in your pension contribution account at any given time. Contributions are required for the first 25 years of credited service. In order to be eligible for a benefit at retirement, a member must have the “minimum required” of accumulated contributions, which is equal to the basic 3% deduction for all credited service, plus an additional 2.0% contribution rate with the statutory interest earned of 5%.

If I resign or am terminated can I get my member contributions back?

In the event of a resignation or dismissal, a member who is not vested or entitled to any other benefit under Tier 3 may withdraw accumulated contributions, thereby terminating his or her NYC Fire Pension Fund membership. A member who separates from service as a vested member, but with less than 10 years of credited service, may also withdraw his or her accumulated contributions. A withdrawal of contributions by such a vested member, however, will terminate all membership rights, including the right to receive a Vested Retirement benefit in the future. After 10 years of credited service, contributions may not be withdrawn, and members will receive a Vested Retirement benefit.

How can I become a member of Tier 2 if I have prior service?

A member with eligible service may reinstate to Tier 2 through a transfer, Chapter 646 Buyback or by obtaining a military retroactive seniority date assigned by DCAS. Contact the NYC Fire Pension Fund for additional information.

What happens if I have a non-Line-of-Duty injury before attaining five years of service?

If you are disabled and are incapable of performing your duties, you do not qualify for Ordinary Disability, and there is no other benefit payable, the NYC Fire Pension Fund will issue you a return of your member contributions upon separation from service.

Is the Accident Disability Retirement (ADR) pension tax-free?

Historically, ADR has been a tax-free benefit.

Can I retire on ADR if I’m not eligible for Social Security?

Yes. Eligibility for ADR is not conditioned on receipt of Social Security Disability benefits. However, eligibility for ODR is conditioned on receipt of Social Security Disability benefits.

How does overtime affect FAS?

Pensionable compensation includes salary, pensionable longevity, night shift, pensionable differentials, holiday pay and overtime. If the wages earned during any year included in the period exceeds the average of the prior two years by more than 10%, the amount in excess of 10% shall be excluded.

If I retire at 20 years, is there a delay in collecting?

You may retire for Early Service after 20 years of credited service and elect to receive a reduced retirement benefit immediately. However, you may defer collection of the Early Service benefit to become eligible for escalation. Escalation begins accruing at what would have been 22 years and 1 month. Full escalation is attained at what would have been 25 years of credited service.

When am I eligible for the VSF?

A retiree is eligible for the VSF when he/she retires for Service, regardless of age. Vested members and members who retire for Ordinary or Accidental Disability are not eligible for VSF benefits.

How much is the VSF?

The VSF is currently \$12,000 per year. However, in the year of retirement, a member retiring for service will be paid the VSF only for the number of full months following the month of retirement.

What is the VSF “DROP”?

In addition to the annual VSF benefit discussed above, active members will have the VSF banked as of their 20th anniversary date. Upon retirement, a Service retiree is eligible to receive this single, one-time banked VSF DROP payment, computed from the first full month following his/her 20th anniversary, through the month of retirement. The VSF DROP payment is also eligible for rollover distribution, subject to IRS regulations.

How long will I receive the VSF for?

The VSF is payable for the life of the member only.

What is escalation?

Escalation provides an increase to retirees and eligible beneficiaries who begin receiving benefits on the "full escalation date." For example, for service and vested retirees, the full escalation date is the first day of the month following the date on which the member completed or would have completed 25 years of credited service. Escalation is reduced where benefits commence prior to the full escalation date. In general, the adjustment is equal to the lesser of 3% or the percentage increase or decrease in the cost-of-living index. Escalation is not available for disability retirees under the Enhanced Benefit Plan.

What is COLA?

COLA is payable to: all retirees who have attained age 62 and have been retired for five years; all retirees who have attained age 55 and have been retired for 10 years; all disability retirees, regardless of age, who have been retired for five years; all Line-of-Duty widows and children who have been receiving an Accidental Death Benefit for five years; and all surviving spouses receiving a benefit under a joint and survivor option. However, the COLA payment to such a surviving spouse is one-half the COLA the retiree would have received if living. The COLA is compared to the escalation provided under RSSL § 510. Eligible retirees and beneficiaries will receive the greater of the COLA or the escalation, but not both. COLA payments to Service retirees are also subtracted from VSF payments until attainment of age 62, after which point the retiree will receive both the full COLA and full VSF payments.

What is the difference between escalation and COLA?

Escalation is applied to the entire retirement allowance, whereas COLA is only applied to the first \$18,000 of the retirement allowance. COLA is also not available immediately at retirement, whereas escalation, where eligible, is available either immediately, or upon receipt of a deferred benefit.

Is the escalation a guaranteed 3%?

Escalation is an “up to” 3% increase but may differ from year to year. The escalation rate is calculated by the NYC Office of the Actuary and applied every April, based on the federal cost-of-living index as of December 31st of the preceding year. Escalation will never be more than 3%. In the event that the cost-of-living index yields a higher percentage than 3%, the City will apply a 3% escalation rate.

Is escalation at age 62 and later based on my original pension amount or the amount after the Social Security Offset?

Escalation is applied to the entire retirement allowance as soon as a member is eligible for escalation. At age 62, all Service retirees will see their pension reduced by the Social Security Offset. Future escalation will be calculated annually, based on the actual retirement allowance (that has increased and compounded up to 3% in escalation annually) after the Social Security Offset has been applied.

Is the 50% Social Security Offset based on wages, the Social Security amount, or the pension amount?

A member’s retirement allowance is reduced by 50% of the member’s primary Social Security retirement or Social Security Disability benefit, depending on the type of benefit received. The offset is determined at the time of the member’s retirement, based on all public earnings within the State of New York. However, the offset does not take effect until the member attains age 62.

FDNY

Proudly Serving New York City Since 1865



343 Probationary FDNY Firefighters proudly serve as lead Color Guard in the first St. Patrick's Day parade following 9/11.

Each flag represents one of the 343 FDNY members who made the Supreme Sacrifice at the World Trade Center on September 11, 2001.