

NEW YORK CITY FIRE PENSION FUND

TIERS 1 & 2



Summary Plan Description

NEW YORK CITY FIRE PENSION FUND

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INTRODUCTION

This booklet summarizes the benefits provided by the Fire Department Pension Fund, Subchapter 2, for Tier I and Tier II members. Information on the following subjects is presented:

- Service Retirement Benefits
- Vesting
- Disability Retirement Benefits
- Death Benefits
- Refund of Employee Contributions
- Loans
- Taxes
- Transfers
- Return to Service
- Reemployment of Retirees

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 Retirement and Social Security Law (RSSL), and the rules of the NYC Fire Pension Fund, the applicable laws will govern.

If you have any questions, please contact the NYC Fire Pension Fund at One Battery Park Plaza, 9th Floor, New York, New York 10004. Our phone number is (929) 436-0099.

The Fire Department Pension Fund, Subchapter II, (the “Fund”) is a corporation, separate from the Fire Department of the City of New York, your employer. All uniformed employees of the Department become members of the Fund upon appointment.

MEMBERSHIP

TIERS

Firefighters who became members of the Fund before July 1, 1973 are Tier I members. Firefighters who became members of the Fund on or after July 1, 1973 are Tier II members.

ORIGINAL PLAN - PRE-JULY 1, 1981 MEMBERS

Prior to July 1, 1981, all members of the Fund were enrolled in the "Original Plan." After the Fund was financially restructured in 1981, the "Original Plan" was closed to new entrants, and the "Improved Benefits Plan," which covers all firefighters hired on or after July 1, 1981, was adopted. It provides some increases in benefits, along with somewhat higher member and City contributions.

Although closed to new entrants, the "Original Plan" continues to cover pre-7/1/81 members who have not elected to transfer to the "Improved Benefits Plan." Legislation enacted in 1986 permits such transfers in June, July, and August of every year.

IMPROVED BENEFITS PLAN (IBP) - POST-JUNE 30, 1981 MEMBERS

All firefighters who become members of the Fire Department Pension Fund on or after July 1, 1981 are covered only by the "Improved Benefits Plan." Unless specifically stated otherwise, all information in this Summary Plan Description refers to members of the IBP only.

SUMMARY

Date of Membership	Tier	Applicable Plan
Pre-7/1/73	1	Original or Improved Benefits Plan
7/1/73-6/30/81	2	Original or Improved Benefits Plan
Post-6/30/81	2	Improved Benefits Plan

If your membership date or equated date is between June 17, 1971 and June 30, 1973, you are subject to the limitations on final salary imposed by the Kingston Law.

KINGSTON LAW LIMITATIONS

For all members of the Fund appointed between June 17, 1971 and June 30, 1973, the pensionable compensation for the final year of service is limited to 120% of the pensionable compensation for the year immediately preceding the final year. For example, a member's final year of service is July 6, 2009 through July 5, 2010. If between July 6, 2008 and July 5, 2009 the member earned \$90,000.00 in pensionable salary, holiday pay, night-shift differential, and overtime, the final year pensionable compensation cannot exceed \$108,000 (\$90,000 X 120%).

CONTRIBUTIONS

REQUIRED EMPLOYEE CONTRIBUTIONS

Tier I and Tier II members contribute a percentage of all earnings through payroll deductions to a 20-year plan. Contribution rate is based on age at appointment. Member contributions earn interest, currently 8 1/4% per year. Contributions are required for the first twenty (20) years of allowable fire service. After 20 years, contributions will continue unless the member submits a written request to the Pension Bureau to discontinue the contributions.

Contributions and any interest earned are referred to as “accumulated deductions”. The amount of accumulated deductions required to be in the member’s account at any given time is referred to as the “minimum required contribution.” The total minimum required contribution is determined on the member’s 20th anniversary. Contributions made above the minimum required are referred to as “excess” contributions.

TAXATION

Contributions made before December 1989 were federally taxed. Regular contributions made since December 1989 are federally tax-deferred as per section 414(h) of the Internal Revenue Code, but are subject to state and local income taxation. Thus, upon retirement or termination, withdrawal of these contributions and interest earnings will be subject to federal taxation only. Members who are under age 50 may be subject to an additional 10% Federal tax penalty and should consult a tax advisor before withdrawing excess contributions at retirement. Minimum required contributions may not be withdrawn except upon separation from service before retirement (i.e., resignation or termination).

VOLUNTARY EMPLOYEE CONTRIBUTIONS 50% INDICATOR

Members may make additional contributions equal to 50% of their required employee contributions on a voluntary basis. Since these contributions are not covered by section 414(h) of the Internal Revenue Code, they are subject to immediate federal, state and city income taxation. These additional contributions will also increase a member’s excess contributions, which will provide an additional annuity, or may be withdrawn as a lump sum, at retirement.

ITHP WAIVER

The City of New York makes employer contributions to the Fund. The City of New York also pays a portion of employee contributions. These contributions are called “Increased-Take-Home-Pay” (ITHP) and currently equal 5% of gross salary. For example, assume an employee contribution rate of 7.3% of pay. With ITHP, the member contributes 2.3% (the “minimum required contribution”) and the City contributes 5%.

Members may waive the ITHP and contribute at the full employee rate. These additional contributions are covered by section 414(h) of the Internal Revenue Code, and are therefore federally tax-deferred. Although this lowers take-home pay during employment, it results in either a greater annuity at retirement or a lump-sum return of any excess. For example, assume a contribution rate of 7.3% of pay, and the employee waives the ITHP. While the employee contributes 7.3% of pay, the City of New York continues to make

ITHP contributions equal to 5%. Excess tax-deferred 414(h) contributions are taxable in the year withdrawn.

NOTE: From March 27, 1976 through September 30, 2000, the ITHP rate was 2.5%.

HOW TO REDUCE PAYROLL DEDUCTIONS (138-B REGULATION)

To increase take-home pay, required employee contributions may be reduced up to the amount of Social Security (FICA) contributions. If required contributions are less than FICA contributions, the member will not be making any pension contributions, thereby creating a deficit in his/her retirement account. For example, assume a member has a pension contribution rate of 7.5%. The required contribution rate is 2.5%, and the ITHP is 5%. Under the 138-B election, the member will not be making any pension contributions since his/her required contribution rate of 2.5% is less than the current Social Security rate of 6.2%. If the percentages change and the required contribution rate becomes greater than the FICA rate, the member would contribute the difference into the retirement account.

If the 138-B option is elected, Social Security benefits will not be affected. However, the value of the retirement allowance will be reduced because it is based in part on required employee contributions and the interest earned thereon. After maximum Social Security contributions have been reached during any calendar year, pension contributions will resume.

EXCESS CONTRIBUTIONS

At retirement, Service and Accidental Disability retirees can choose to take any excess contributions as either a lump-sum payment or as an additional annuity. Members retiring for Ordinary Disability are required to take a lump-sum payment of any excess. Members considering requesting a refund of excess contributions are reminded that withdrawal of 414(h) contributions and interest is subject to federal tax in the year withdrawn. In addition, members who are under age 50 at retirement may also be subject to an additional 10% Federal tax penalty and should consult a tax advisor prior to withdrawal. Retiring members may request a direct rollover of any taxable excess into a qualified plan such as the NYC Deferred Compensation/401K plans, or an IRA in order to defer payment of federal tax.

CREDITED SERVICE

Credited service is classified as uniformed service or non-uniformed service.

ALLOWABLE FIRE SERVICE

Twenty (20) years of allowable fire service are required for Service Retirement. Such service includes:

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 immediately preceding service in the uniformed force of the New York City Fire Department, provided application for such credited service is made within prescribed time limits and such credited service is transferred to the Fund.

New York City Employees' Retirement System (NYCERS) uniformed force service rendered immediately before appointment as a uniformed member of the New York City Fire Department, provided application for such credited service is made within prescribed time limits and such credited service is transferred to the Fund. Uniformed service from NYCERS includes uniformed service in the Department of Correction, Sanitation as well as service as an Emergency Medical Technician (EMT) or Fire Alarm Dispatcher. It also includes all allowable Peace Officer service (as defined in Section 2.10 of the Criminal Procedure Law), service as Sheriff, Marshal, or D.A. Investigator, and any position specified in Appendix A of the agreement dated October 27, 2005 among the City of New York, the Uniformed Firefighters' Association and the Uniformed Fire Officers' Association.

Credit for any service rendered while a member of the New York State Policemen's and Firemen's Retirement System or the New York State & Local Retirement System, provided application for such credited service is made within prescribed time limits and such credited service is transferred to the Fund.

Credit for up to five (5) years of military service provided you were a member of a City retirement system at the time you entered military service and you immediately returned to City service upon discharge from the military.

Uniformed Services Employment & Reemployment Rights Act (USERRA) credit for members called off a Military Preferred List.

BUYBACK CREDIT

Chapter 548 of the Laws of 2000 allows members to purchase pension credit for up to three (3) years of certain wartime military service rendered prior to the commencement of their public employment. A member must have at least five (5) years of credited service to be eligible to receive credit under this law.

Chapter 646 of the Laws of 1999 – Tier Reinstatement: This law amends §645 of the RSSL 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. If membership in the prior retirement system is based on certain designated law enforcement service, such service will be credited as “allowable” up-front service, towards the required 20-year period. For this purpose, such service shall include:

- a) Uniformed service in the police department, fire department or sanitation department of the City of New York or the State of New York or any agency or political subdivision thereof;
 - b) Service as a peace officer as specified in §2.10 of the Criminal Procedure Law (CPL); or
 - c) Service in the title of sheriff, deputy sheriff, marshal, district attorney investigator, or other State law enforcement positions. This benefit is available only where the member restores his or her refunded contribution balance with interest. In some cases, this may provide for a reinstatement of Tier I status.
- Chapter 552 of the Laws of 2000 – Prior Service Credit: This law allows members who were eligible for membership in any of the New York State or New York City retirement systems, but did not become members of such system, to buy back pension credit for the time that was eligible for membership. If membership in the prior retirement system is based on certain designated law enforcement service, such service will be credited as “allowable” up-front service. For this purpose, such service shall include:
 - a) Uniformed service in the police department, fire department or sanitation department of the City of New York or the State of New York or any agency or political subdivision thereof;
 - b) Service as a peace officer as specified in §2.10 of the Criminal Procedure Law (CPL); or
 - c) Service in the title of sheriff, deputy sheriff, marshal, district attorney investigator, or other State law enforcement positions. Except for the service indicated above, all other service will be “Other Credited Service,” which counts as additional service credit after the completion of twenty (20) years in the fire pension system.

OTHER CREDITED SERVICE

Other Credited Service is any New York City service (except Teachers’ Retirement System service) which is not considered allowable credited service. It counts as additional service credit after completing the required twenty (20) years and includes service rendered while a member in a non-uniformed position with the New York City Employees’ Retirement System and membership in the Board of Education Retirement System. However, there is no credit for prior non-uniformed service for members who are granted an accidental disability pension. Uniformed service credit that does not immediately precede uniformed service in the New York City Fire Department is Other Credited Service. Time not transferred can be purchased as a buyback under Chapter 646 or Chapter 552. All such Other Credited Service must be applied for within the time limits prescribed by law and transferred to the Fire Department Pension Fund.

RETIREMENT PROCESS

SERVICE RETIREMENT

Members may retire for service (non-disability) after completing 20 years of uniformed service. To initiate Service Retirement, Form BP-165 must be submitted through the chain of command. The NYC Fire Pension Fund must receive the form at least thirty (30) days before the date on which the member wishes to retire and at least ten (10) days before the date on which usage of accrued and terminal leave begins.

WITHDRAWAL OF SERVICE RETIREMENT APPLICATION

If a member has begun to utilize terminal leave and decides to withdraw the application for retirement, the FDNY Medical Board must evaluate the member for a duty determination before he/she can return to full duty.

DISABILITY RETIREMENT

A member may apply either for ordinary disability (non-service connected) retirement or accidental disability (service connected) retirement, or both. Applications for service or non-service incurred disability retirement shall be submitted to the Fire Commissioner on Form BP-409 (2 copies). The following steps are necessary before disability retirement is considered.

STEP I: SUBMISSION OF APPLICATION

Member's Application for Disability Retirement:

A member may initiate the disability retirement process by submitting Form BP-409, whether or not there has been an examination by a Bureau of Health Services (BHS) physician or by the BHS Medical Board. However, 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 leaves, accrued and terminal leaves must begin immediately.

Depending upon the results of an initial examination by a medical officer at the Fire Department's Bureau of Health Services, the member will be referred to the BHS Medical Board, which is comprised of three or more FDNY medical officers. The BHS Medical Board makes fitness for duty determinations. The BHS Medical Board examines the member and may make one of the following determinations:

- a) Temporarily unfit for full duty. In this case, the member is placed on light duty or medical leave with an expectation of being returned to full duty.
- b) Permanently unfit for full duty. This category is also known as REC/LSS (Recommended Limited Service Squad or Long Term Light Duty). Pursuant to Mayoral Directive 78-14, the member may remain on Light Duty for up to one year.
- c) Undetermined. This requires examination by the full BHS Medical Board at the monthly meeting of all medical officers.
- d) Full Duty.

Fire Commissioner's Application for Disability Retirement:

Pursuant to Mayoral Executive Order No. 78-14, the Fire Commissioner must apply for the disability retirement of any member found permanently unfit for full firefighting duty by the BHS Medical Board. Within thirty days of the BHS Medical Board's determination that a member is permanently unfit for full firefighting duty (REC/LSS), the transcript or minutes from the BHS Medical Board are forwarded to the Pension Bureau Retirement Desk. The Pension Bureau Retirement Desk is then required to file a Fire Commissioner's Application for Disability Retirement with the 1-B Medical Board.

STEP II: REVIEW OF APPLICATION BY THE 1-B MEDICAL BOARD

The 1-B Medical Board is composed of three physicians and is independent of both the Fire Department and the Pension Board of Trustees. The 1-B Medical Board meets weekly and is the sole authority in determining whether a member is disabled for retirement/pension purposes. In reviewing an application, the 1-B Medical Board addresses the following questions:

- a) Is the member disabled for retirement purposes?
- b) If the member is disabled for retirement purposes, is the disability due to a line-of-duty accident? (a.k.a. the *Causation* question). Please note that while the 1-B Medical Board's disability determination is binding upon the Pension Board of Trustees, it may only make recommendations with respect to the causation component.

The applicant has the right to submit any and all evidence in support of a disability retirement and the 1-B Medical Board must evaluate all of the evidence and report its conclusions and recommendations to the Pension Board of Trustees.

The 1-B Medical Board's recommendation on the cause of a disability for retirement purposes is based on a review of the relevant medical records contained in the member's medical chart (from the Bureau of Health Services) and any additional documents submitted by the member, including relevant CD-72s. Often, during its initial review of a case, the 1-B Medical Board may request that one of its impartial medical consultants evaluate the member. The medical consultant will be a specialist that deals with the member's specific medical condition. After its initial review, the 1-B Medical Board reaches one of the following conclusions:

- a) disabled due to line-of-duty accident (Accidental Disability)
- b) disabled due to non-line-of-duty condition (Ordinary Disability)
- c) not disabled for retirement purposes (Denied)
- d) decision deferred until the 1-B Medical Board has evaluated the consultant's report or other additional evidence.

The 1-B Medical Board's certification of each case is forwarded to the Board of Trustees for a final determination of the disability application.

STEP III: REVIEW BY THE BOARD OF TRUSTEES

The Board of Trustees consists of City and Union representatives, each with an equal number of votes. During its monthly meetings, the Board reviews the reports of the 1-B Medical Board, the relevant medical records and the relevant CD-72s. Although the Board of Trustees cannot change the 1-B Medical Board's decision on whether a member is permanently disabled from full duty, it can overrule the 1-B Medical Board's recommendation on causation. When the Board of Trustees cannot reach the vote necessary to pass a motion (7/12 or 14 votes) on the cause of the disability, the member will be retired for ordinary disability. This is based on a court case known as the "Schoeck Decision."

WITHDRAWAL OF DISABILITY RETIREMENT APPLICATION

If the Fire Commissioner applied for a member's disability retirement, only the Fire Commissioner can stop the process. If a member has applied for disability retirement, the member may stop the process by withdrawing the application. If the 1-B Medical Board's doctors have found the member disabled for retirement purposes, the member may not return to full duty. However, members found to be disabled by the 1-B Medical Board will be afforded the opportunity to request a reasonable accommodation as outlined in PAID 1/2000.

A request to withdraw a disability retirement application by the member shall be made on a letter-head report to the Fire Commissioner and processed through the chain of command. The report shall include:

NAME, RANK, UNIT, SOCIAL SECURITY NUMBER,
REASON MEMBER SUBMITTED RETIREMENT APPLICATION,
REASON FOR REQUESTING WITHDRAWAL,
DATE(S) OF PREVIOUS RETIREMENT APPLICATIONS AND WITHDRAWAL REQUEST

Upon receipt of the request, the Bureau of Personnel shall direct the member to the Bureau of Health Services for examination. The Fire Commissioner may elect to either withdraw or keep in effect the Fire Commissioner's application for retirement. An application to withdraw shall be denied for either of the following reasons:

The member is found unfit for any duty by the Fire Department BHS Medical Board;
The member has had disability certified by the Board of Trustees prior to receipt of his/her withdrawal application.

If the application to withdraw is approved, member will be notified to report to the Bureau of Personnel for clarification of duty status and suitable assignment.

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. NOTE: Health insurance is not provided for members with less than ten (10) years of service, retiring on an ordinary disability.

Members are generally entitled to take all vacation leave, accrued and terminal leave (normally one (1) day per four (4) completed months of service) after their last day on duty, and remain on the active payroll during this time. 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 Retirement Counseling Unit must be notified at least ten (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 Personnel. The retiree must forward a copy of the Property Release Form to the Pension Bureau 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.

TIER I: SERVICE RETIREMENT ALLOWANCE

Members will be eligible to receive a retirement allowance after completing 20 years of allowable fire service.

The Service retirement allowance is calculated as follows:

50% of final salary
plus
1/60th x total earnings after your 20th anniversary
plus
1/80th x average annual earnings of the last 5 years x the years and days of other credited service,
if applicable
plus
a pension based on the actuarial value of the ITHP contributions made after completion of 20 years of
allowable fire service, together with the interest earned on those contributions
plus
an annuity based on any accumulations in excess of minimum required contributions remaining in the
member's account at retirement, including interest earned on those contributions
less
the annuity value of any shortage in the member's account (shortages result from a contribution rate
deficiency, prior loans, unpaid loans, and/or nonpayment of contributions).

TIER I: DISABILITY RETIREMENT ALLOWANCE

ORDINARY DISABILITY RETIREMENT

A member is eligible to receive an ordinary disability retirement allowance, regardless of age or years of credited service, provided the I-B Medical Board and the Board of Trustees have found the member physically or mentally unable to perform his/her regular job duties.

An Ordinary Disability retirement allowance is calculated as follows:

years and days of all service, (uniformed and other credited service)
divided by 40 and multiplied by final salary
less
the annuity value of any shortages in the member's account
(shortages result from prior loans, unpaid loans, and/or nonpayment of contributions)
plus
a lump-sum return of any accumulated deductions in excess of the minimum required contributions
remaining in the account at retirement, including interest earned on these contributions.

ACCIDENTAL DISABILITY RETIREMENT

There is no minimum service requirement for accidental disability retirement. The I-B Medical Board must find a member physically (includes the presumptive Lung Law, and the Heart/Cancer/Infectious Diseases/WTC Bills) or mentally unable to perform his/her regular job duties because of an accidental injury received in the line-of-duty. Such disability must not be the result of a member's own negligence.

An Accidental Disability retirement allowance is calculated as follows:

a pension equal to 75% of final salary
plus
 $1/60^{\text{th}}$ x total earnings after the member's 20th anniversary
plus
an additional pension based on the actuarial value of the ITHP reserve account
as of the effective date of retirement
plus
an annuity based on the actuarial value of accumulated deductions
as of the effective date of retirement
less
a deduction for the annuity value of any loan outstanding at time of retirement.

Notes:

For members retiring on or after January 1, 2009, accidental disability pensions are federally taxed on the $1/60^{\text{th}}$ portion, ITHP over 20 years, and the annuity based on contributions attributed to 414H and interest. The balance of an accidental disability pension is Federally tax-free. However, the entire accidental disability is exempt from New York State and New York City Income Tax.

There is no credit for prior non-uniformed City service for IBP members granted an accidental disability pension.

TIER I: OPTIONS

MAXIMUM RETIREMENT ALLOWANCE (NO OPTION)

At retirement, a member may elect to receive the maximum retirement allowance. The maximum retirement allowance is the largest benefit that can be received. Payments are made throughout the retiree's lifetime and cease upon death. There are no survivor benefits under the maximum retirement allowance.

OPTIONS

An option is an election that provides a continued pension benefit or lump-sum payment to a beneficiary. When electing an option, the member accepts 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 selected cannot be changed. There are four options available to Tier I members.

OPTION 1

This option sets up an initial pension reserve. If the retiree dies before receiving payments equal to this total pension reserve (the reserve set aside to pay benefits over a retiree's lifetime), the difference between the total pension reserve and all payments received will be awarded to the beneficiary. This option may be selected for the annuity reserve, the pension reserve, or both. More than one beneficiary may be named, and the beneficiary(ies) may be changed at any time.

OPTION 2

Joint and 100% Survivor: The retiree receives a reduced monthly lifetime allowance. Upon the death of the retiree, this option allows the named beneficiary to receive 100% of the reduced pension allowance for life. Only one beneficiary may be named, and the designated beneficiary may not be changed once the option is in effect.

OPTION 3

Joint and 50% Survivor: The retiree receives a reduced monthly lifetime allowance. Upon the death of the retiree, this option allows the named beneficiary to receive 50% of the reduced pension allowance for life. Only one beneficiary may be named, and the designated beneficiary may not be changed once the option is in effect.

OPTION 4

Lump Sum: The retiree receives a reduced annual pension allowance for life with the provision that upon the death of the retiree, the beneficiary(ies) will receive a limited lump-sum payment specified by the retiree at the time the option is chosen. More than one beneficiary may be named and the beneficiary(ies) may be changed at any time;

or

Annuity: The retiree receives a reduced annual pension allowance for life with the provision that upon the death of the retiree, the beneficiary will receive a specified annual annuity, as pre-determined by the retiree. Only one beneficiary may be named, and the designated beneficiary may not be changed once the option is in effect.

“POP-UP” OPTION MODIFICATION

Under this option modification, if the named beneficiary predeceases the retiree, the retirement allowance reverts back to the maximum retirement allowance. The “Pop-Up” may ONLY be applied to Option 2, Option 3, and Option 4 annuities. There is an extra cost for this option.

Notes:

Fifty percent (50%) of any cost-of-living adjustments (COLAs) are paid to a spouse under Options 2 and 3, under Option 4 Annuity, and any “Pop-Up” option, whose deceased spouse, if alive, would be eligible for a COLA benefit increase.

Under current tax laws, for the beneficiary(ies) of line-of-duty (accidental) disability retirees, all options are federally taxed on a portion of the pension that was taxable to the retiree, however, the total pension received under an option is exempt from New York State and New York City taxation.

TIER I: SURVIVOR BENEFITS

Tier I survivor benefits are paid if a member dies before retirement, whether death occurs on or off the job.

There are two types of death benefits:

Death Gamble Benefit – for ordinary (non-line-of-duty) deaths.
Accidental Death Benefit (Line-of-Duty).

DEATH GAMBLE BENEFIT

For non-line-of-duty deaths, the benefit is computed as though the member had retired the day before his/her death. The designated beneficiary(ies) will be eligible to receive an amount equal to the reserve for the service retirement allowance that would have been payable had the member retired on the day before his/her death. If the beneficiary predeceases the member, this death benefit is paid to the member's estate.

ACCIDENTAL (LINE-OF-DUTY) DEATH BENEFIT

If the 1-B Medical Board determines that death is the result of an accidental injury received in the line of duty, an accidental death benefit will be paid as follows:

a pension equal to 50% of final compensation will be paid to a surviving spouse, to continue for life;

or

if there is no surviving spouse or if a surviving spouse dies before any eligible child attains 18 years of age (or, if a student, 23 years of age), then to such child or children under such age, until every such child dies or attains such age;

or

if there is no surviving spouse or eligible child under the age of 18 years (or 23 years, if a student), then to the member's dependent parent(s) to continue for life;

plus

a lump sum equal to the balance of the member's ITHP reserve account

plus

a lump sum equal to the member's accumulated deductions/contributions
will be paid to the designated beneficiary(ies)

plus

a Special Accidental Death benefit under Section 208-f of the General Municipal Law (State portion).

This Special Accidental Death benefit, when added to the 50% of final compensation pension paid by the City, and any Social Security Death Benefits payable to a surviving spouse, equal 100% of the member's final salary (final salary is defined as the last 12 months of earnings, and is never less than the full salary of a first-grade Firefighter). The Special Accidental Death Benefit is increased from time to time by act of the New York State Legislature and is not payable to dependent parents. Effective September 1, 2000, any COLA (Cost of Living Adjustment) received on the 50% pension payable from the Fund shall be subtracted from the Special Accidental Death benefit (State's portion).

BENEFICIARY DESIGNATION

Upon membership in the Fund, a beneficiary(ies) for the Life Insurance benefit and for Death Benefits is(are) elected. A member may change beneficiary(ies) at any time by filing the appropriate form(s) with the Pension Bureau. Please note that the beneficiary(ies) designated on the Death Benefits beneficiary form will receive this 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 beneficiary(ies) in accordance with the Administrative Code of the City of New York and other applicable sections of the law.

TIER II: SERVICE RETIREMENT ALLOWANCE

A member is eligible to receive a Service retirement allowance after the completion of twenty years of allowable service. The Service retirement allowance is calculated as follows:

50% of final average salary
plus
1/60th x total earnings after the member's 20th anniversary
plus
1/80th x average annual earnings of the last 5 years x the years and days of other credited service,
if applicable
plus
a pension based on the actuarial value of the ITHP contributions made after completion of 20 years of
allowable fire service, together with the interest earned on those contributions
plus
an annuity based on any accumulations in excess of minimum required contributions remaining in the
member's account at retirement, including interest earned on those contributions
less
the annuity value of any shortage in the member's account (shortages may result from a contribution rate
deficiency, any prior loans, unpaid loans, and/or nonpayment of contributions, i.e., 138-B regulation).

TIER II: VESTING

Vesting occurs after completion of five (5) years of service. A vested retirement allowance will become payable on the earliest date a member could have retired with twenty (20) years of allowable fire service. Note that prior state service is not counted for the first five (5) years of fire service for vesting purposes. In addition, longevity is not included for vesting purposes. Applications must be filed at the NYC Fire Pension Fund at least thirty (30) days before discontinuance.

If a member dies after discontinuing fire service with less than ten (10) years of service, but before becoming eligible to receive benefits, the member's beneficiary receives only the member's accumulated deductions, including accrued interest. No other death benefit is payable.

If a member dies after discontinuing fire service with ten (10) or more years of service, but before becoming eligible to receive benefits, the member's beneficiary is entitled to one-half of the ordinary death benefit.

NOTE:

If a member has separated from service as a vested member, he/she will not be covered by City paid health insurance until receipt of the first pension check. In addition, members appointed on or after December 27, 2001 must have ten (10) years as a member of the pension system in order to be eligible for health coverage. A vested retiree is NOT eligible for terminal leave or the Variable Supplements Fund payment.

A Vested Retirement allowance is calculated with no longevity as follows:

$$\begin{aligned} & 1/40\text{th} \times \text{final average salary} \times \text{years and days of allowable fire service} \\ & \quad \text{plus} \\ & 1/80\text{th} \times \text{average annual earnings of the last 5 years} \times \text{the years and days of all other credited service, if any} \\ & \quad \text{less} \\ & \quad \text{the annuity value of any shortages in the member's account (shortages result from a contribution rate} \\ & \quad \text{deficiency, prior loans, unpaid loans, and/or nonpayment of contributions)} \\ & \quad \text{plus} \\ & \quad \text{the annuity value of any surplus in the member's account.} \end{aligned}$$

TIER II: DISABILITY RETIREMENT ALLOWANCE

ORDINARY DISABILITY RETIREMENT

A member will be eligible to receive an ordinary disability retirement allowance, regardless of age or years of credited service, provided the 1-B Medical Board and the Board of Trustees have found the member physically or mentally unable to perform his/her regular job duties.

NOTE:

Members appointed after December 27, 2001 who are retiring with less than 10 years of credited service should contact the Office of Labor Relations for information regarding health insurance.

An Ordinary Disability retirement allowance is calculated as follows:

if the member has less than 10 years of allowable service, the retirement allowance would equal one-third (1/3) of final average salary

or

if the member has 10 but less than 20 years of credited service, the retirement allowance would equal 50% of final average salary

or

if the member has 20 or more years of allowable service, the retirement allowance would be equal to years and days of all allowable service, including other non-uniformed credited service, divided by 40 and multiplied by final average salary

less

the annuity value of any shortage in the member's account (shortages result from any prior loans, unpaid loans, and/or nonpayment of contributions)

plus

a lump-sum return of any accumulations in excess of minimum required contributions remaining in the member's account at retirement, including interest earned on these contributions.

ACCIDENTAL DISABILITY RETIREMENT

There is no minimum service requirement for Accidental Disability retirement. The 1-B Medical Board must find the member physically (includes the presumptive Lung Law, and the Heart/Cancer/Infectious Diseases/WTC Bills) or mentally unable to perform his/her regular job duties because of an accidental injury received in the line of duty. Such disability cannot be the result of the member's own negligence.

An Accidental Disability retirement allowance is calculated as follows:

75% of final average salary

plus

1/60th x total earnings after the member's 20th anniversary

plus

an additional pension based on the actuarial value of the member's ITHP reserve account as of the effective date of retirement

plus

an annuity based on the actuarial value of accumulated deductions as of the effective date of retirement

less

a deduction for the annuity value of any loan outstanding at time of retirement.

Notes:

For members retiring on or after January 1, 2009, Accidental Disability pensions are federally taxed on the 1/60th portion, ITHP over 20 years, and the annuity based on contributions attributed to 414H and interest. The balance of an accidental disability pension is Federally tax-free. However, the entire accidental disability is exempt from New York State and New York City Income Tax.

There is no credit for other non-uniformed prior service for IBP members granted an accidental disability pension.

TIER II: OPTIONS

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.

OPTIONS

An option is an election that provides a continued pension benefit or lump-sum payment to a beneficiary. In electing an option, the retiree accepts 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. The following options are available to Tier II members.

FIVE-YEAR OR TEN-YEAR CERTAIN

A retiree receives a reduced monthly lifetime allowance. If the retiree dies within five or ten years of retirement, a reduced allowance will be paid to the retiree's surviving beneficiary until the 5th or 10th anniversary of retirement. Should such beneficiary predecease the retiree, an actuarially equivalent lump sum will be paid to the retiree's estate.

OPTION 1

Not available to Tier II members

OPTION 2

Joint and 100% Survivor: The retiree receives a reduced monthly lifetime allowance. Upon the death of the retiree, this option allows the named beneficiary to receive 100% of the reduced pension allowance for life. Only one beneficiary may be named, and the designated beneficiary may not be changed once the option is in effect.

OPTION 3

Joint and 50% Survivor: The retiree receives a reduced monthly lifetime allowance. Upon the death of the retiree, this option allows the named beneficiary to receive 50% of the reduced pension allowance for life. Only one beneficiary may be named, and the designated beneficiary may not be changed once the option is in effect.

OPTION 4

Lump Sum: The retiree receives a reduced annual pension allowance for life with the provision that upon the death of the retiree, the beneficiary(ies) will receive a limited lump-sum payment specified by the retiree

at the time the option is chosen. More than one beneficiary may be named and the beneficiary(ies) may be changed at any time;

or

Annuity: The retiree receives a reduced annual pension allowance for life with the provision that upon the death of the retiree, the beneficiary will receive some other specified annual annuity. Only one beneficiary may be named, and the designated beneficiary may not be changed once the option is in effect.

“POP-UP” OPTION MODIFICATION

Under this option modification, if the named beneficiary predeceases the retiree, the retirement allowance reverts back to the maximum retirement allowance. The “Pop-Up” may ONLY be applied to Option 2, Option 3, and Option 4 annuities. There is an extra cost for this option.

Notes:

Fifty percent (50%) of any cost-of-living adjustments (COLAs) are paid to a spouse under Options 2 and 3, under Option 4 Annuity, and any “Pop-Up” option, whose deceased spouse, if alive, would be eligible for a COLA benefit increase.

Under current tax laws, for the beneficiary(ies) of line-of-duty (accidental) disability retirees, all options are federally taxed on a portion of the pension that was taxable to the retiree, however, the total pension received under an option is exempt from New York State and New York City taxation.

TIER II: SURVIVOR BENEFITS

Tier II benefits are also 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
- Death Gamble Benefit
- Accidental Death Benefit

ORDINARY DEATH BENEFIT

The Ordinary Death Benefit is paid to the beneficiary(ies) of a member who had less than twenty (20) years of service on the date of death.

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,
(2) was not gainfully employed since last paid, and
(3) was credited with at least one year 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 beneficiaries also receive a return of the member's accumulated contributions including interest.

DEATH GAMBLE BENEFIT

If a member was eligible for service retirement at the time of death, the benefit is computed as though the member had retired the day before death. The member's designated beneficiary will be eligible to receive an amount equal to the reserve for the service retirement allowance that would have been payable had retirement occurred on the day before death. If the designated beneficiary predeceases the member, this benefit is paid to the member's estate. This benefit may be paid as a lump sum or in the form of an annuity.

ACCIDENTAL (LINE-OF-DUTY) DEATH BENEFIT

If the 1-B Medical Board determines that death is the result of an accidental injury received in the line of duty while a member, an accidental death benefit will be paid as follows:

50% of final compensation will be paid to a surviving spouse, to continue for life
or

if there is no surviving spouse or if the surviving spouse dies before any child or children attains 18 years of age (or, if a student, 23 years of age), then to such child or children under such age, until every such child dies or attains such age

or

if there is no surviving spouse or child(ren) under the age of 18 years (or 23 years, if a student), then to dependent parent(s), to continue for life

plus

a lump sum equal to the balance of the ITHP reserve account

plus

a lump sum equal to accumulated deductions/contributions will be paid to the member's designated beneficiary(ies)

plus

a Special Accidental Death Benefit under Section 208-f of the General Municipal Law (State portion).

This Special Accidental Death benefit, when added to the 50% of final compensation pension paid by the City, and any Social Security Death Benefits payable to a surviving spouse, equal 100% of the member's final salary (final salary is defined as the last 12 months of earnings, and is never less than the full salary of a first-grade Firefighter). Final compensation is defined as the five (5) year average, but is never less than the full salary of a first-grade Firefighter. The Special Accidental Death Benefit is increased from time to time by act of the New York State Legislature and is not payable to dependent parents. Effective September 1, 2000, any COLA (Cost of Living Adjustment) received on the 50% pension payable from the Fund shall be subtracted from the Special Accidental Death benefit (State's portion).

BENEFICIARY DESIGNATION

Upon membership in the Fund, a beneficiary(ies) for the Life Insurance benefit and for Death Benefits is(are) elected. A member may change beneficiary(ies) at any time by filing the appropriate form(s) 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(ies) 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 beneficiary(ies) in accordance with the Administrative Code of the City of New York and other applicable sections of the law.

COST-OF-LIVING ADJUSTMENT (COLA)

A Cost-of-Living Adjustment is included in the monthly pension check of eligible retirees and beneficiaries. The COLA is payable to: all retirees who have attained age sixty-two (62) and have been retired for five years; all retirees who have attained age fifty-five (55) and have been retired for ten years; all disability retirees regardless of age who have been retired for five years; and all line-of-duty widows and children who have been receiving an accidental death benefit for five years.

In general, 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.
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 rate of increase in the Consumer Price Inflation (CPI) Index 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) benefit until the 1st day of the month next following the month in which the retired member attains the age of 62.

VARIABLE SUPPLEMENTS FUND (VSF)

All members who retired or will retire with a Service retirement allowance 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 Wipers and UFA members and on or about January 31st of the following year for UFOA and MEBA members. In 2007 and each year thereafter, the benefit will be \$12,000. Variable Supplements Fund 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. The VSF is not payable to Disability or Vested retirees. Members appointed after July 1, 1988, and have equated NY State or NYC Sanitation time prior to July 1, 1988, will receive a reduced amount of VSF until the year 2008.

VARIABLE SUPPLEMENTS FUND (VSF) “DROP”

Chapter 216 of the Laws of 2002 established the Deferred Retirement Option Program (DROP) which provides Service retirees, who retire with more than twenty (20) years of service, with a single additional lump sum VSF equal to the total amount of VSF payments that would have been received had retirement commenced upon the completion of twenty (20) years of service. Active members will have the VSF banked as of their 20th anniversary date or January 1, 2002, whichever is later. Upon retirement, a service retiree is eligible to receive the banked VSF DROP amount, computed from the first full month following his/her 20th anniversary, or January 1, 2002, whichever is later, through the month of retirement. This banked VSF will be paid to Wipers and UFA members on or about December 15th. For UFOA and MEBA members, the banked VSF will be paid on or about January 31st of the calendar year following retirement. The VSF DROP is paid separately from the regular annual VSF payment. 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 at 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. Members retiring with any Line-of-Duty or any Non-Line-of-Duty pension **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, information may be requested 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.

LOANS

A member who has completed three or more years of credited uniformed City service may borrow up to 75% of his/her accumulated deductions/accumulated contributions. Two loans may be taken out during any consecutive twelve (12) month period.

A pension loan is repaid through payroll deductions at a minimum rate of 5% of gross salary. The annual interest rate charged on the unpaid balance is currently 4%. Repayment of each loan must also be completed by the member's 65th birthday. A loan may be repaid in full at any time.

If a member should die before retirement with an outstanding loan, any unpaid balance up to a maximum of \$25,000 is insured as follows:

Loan Outstanding Insured Amount:

Less Than 30 Days:	0%
30 – 59 Days:	25%
60 – 89 Days:	50%
90 Days or Longer:	100%

Federal tax law applies when untaxed contributions (414(h) pension contributions, which commenced in December 1989) and any interest earned thereon are borrowed. For vested members (five (5) or more years of service), if the total outstanding loan exceeds \$50,000 or is to be repaid over a period in excess of five (5) years, then a portion of that loan may be taxable. For non-vested members (fewer than 5 years), if the total outstanding loan exceeds the greater of one half of required contributions plus interest, or \$10,000, or is to be repaid over a period in excess of five (5) years, then a portion of that loan may be taxable. In order to satisfy the limitations on the maximum amount that may be loaned, the IRS treats the loans from all plans of an employer as one loan. Thus, Deferred Compensation Plan (Section 457 and Section 401(k)) loans are applied toward the limitations. Members will be required to disclose such outstanding loans before a new pension loan is issued.

Notes:

The Internal Revenue Code Section 72(p)(2)(b)(ii) provides an exception to the five year rule where the proceeds of the loan are used to purchase a principal residence. The Fund will report all loans which violate the five (5) year rule to the IRS. If this exception is met, a tax professional should be consulted.

Effective January 1, 2004, new Internal Revenue Service regulations significantly changed the procedures utilized in calculating pension loans. These changes result in increased taxability and/or higher loan payments for members that combine outstanding loan balances with new loans.

Members are no longer permitted to refinance an existing loan with a new loan and extend the payment schedule beyond the original five-year period without incurring additional tax liability. Instead, multiple loans, with separate maturity dates and repayment schedules, will be implemented. As a result, higher loan payments are required under the new regulations.

The amount of a loan that is taxable is the total amount of interest and untaxed contributions borrowed. Additionally, a member under the age of fifty-nine and one-half (59 1/2) will incur an additional 10% federal tax penalty on any taxable distribution. If no interest or untaxed contributions are borrowed, i.e., funds borrowed that were deposited as "50% Additional Contributions" or contributions made prior to the enactment of 414(h), the loan will not be considered a taxable distribution and will not be subject to repayment within five years.

Loan checks are mailed to the address listed on the application. Additionally, if a loan is taxable, a member will receive a Form 1099-R which will be used when filing income taxes. This form is mailed to the address on the loan application form unless the Loan Unit receives written notification requesting a change of address. Please note that a change of address filed with the Bureau of Personnel is not forwarded to the Fund and therefore will not preclude the forwarding of the Form 1099-R to the old address. Members should note that even after full repayment with interest, the loan will create a shortage or deficit in their pension account. The shortage results from the fact that before withdrawal, contributions earn interest at a rate of 8.25%. However, borrowed funds are repaid at an interest rate of only 4%, thus resulting in a shortage/deficit.

PENSION LOANS AT RETIREMENT

Upon retirement, a member may borrow up to 90% of his or her required accumulated deductions. Outstanding loans, or those taken at retirement, will result in a shortage in the member's account. The actuarial equivalent of this shortage will reduce the retirement allowance for life. At retirement, any outstanding interest or untaxed contributions are subject to federal tax. Members who are under age fifty (50) will also be subject to an additional 10% federal tax penalty. Any taxable portion may be rolled over directly into an IRA or the NYC Deferred Compensation/401K plans to defer taxation and avoid the penalty.

RETURN TO SERVICE AFTER LEAVING EMPLOYMENT

MAINTAINING MEMBERSHIP RIGHTS

If a member leaves employment and later returns to work as a Uniformed member of the Fire Department, he/she will be able to maintain membership rights in the Fund and retain credited service earned prior to discontinuance under the buyback provisions of Chapter 646 of the Laws of 1999.

If a member returns to employment after retiring on a service retirement, he/she maintains Tier I or Tier II membership rights in the Fund and retains credited service before retirement. Members must complete at least five years of additional service credit before being allowed new additional benefits.

MISCELLANEOUS

Approved leaves of absence without pay do not terminate your membership.

Members who leave the Department due to resignation, termination, etc., should note that their accumulated deductions will continue to earn interest for a period of five (5) years, if not immediately withdrawn.

TAXES

Effective January 1, 2009, members who retire on or after this date with an accidental disability pension will be federally taxed on the 1/60th portion, ITHP over 20 years, and the annuity based on contributions attributed to 414H and interest. The balance of an accidental disability pension is Federally tax-free. However, the entire accidental disability is exempt from New York State and New York City Income Tax. All service and ordinary disability pensions are subject to federal income tax, but are exempt from New York City and New York State taxes. Members should arrange for federal income taxes to be withheld from disability and service pensions upon retirement. If no Federal Tax Withholding Form (W4-P) is submitted to the Pension Bureau, federal tax withholding on service and ordinary disability pensions will default to that withheld for a person claiming Married with 3 Exemptions. In addition, members relocating to another state are advised to check with that state's tax department to determine whether or not the New York City Fire Department pension will be subject to state income taxation.

TRANSFERS

If a retiree accepts another position with the City or State of New York (or any of its political subdivisions) that entitles him/her to membership in that City or State retirement system, he/she may be eligible to transfer Fire Pension Fund membership to that system. This must be done before withdrawing employee contributions and before five years have elapsed from the date of separation. If a retiree wishes to transfer membership to the New York City Employees' Retirement System (NYCERS) or the New York City Police Pension Fund, application to the Fund must be made to transfer membership within one year from the date of appointment to a NYCERS or Police Department position. Transferring to the New York State Retirement System must be applied for within five years of the Fire Department resignation date. Members are advised to speak with representatives of both retirement systems before leaving their current position.

NEW YORK FIRE DEPARTMENT LIFE INSURANCE FUND

Upon appointment, each Firefighter becomes a member of the New York Fire Department Life Insurance Fund. A deduction of \$4.15 is taken from every 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(ies). 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 \$6,000 (\$5,800 for deaths occurring prior to July 1, 2007) is paid to the decedent's designated beneficiary(ies).

REEMPLOYMENT OF RETIREES

SERVICE RETIREES' REEMPLOYMENT IN NEW YORK PUBLIC SERVICE

“New York public service” includes employment with the State, the City, a county, town, village, school district, special district, or any political subdivision within the State. Reemployment in New York public service by a service retiree is regulated by law and, under some circumstances, can result in reduced pension payments or suspension of a retiree’s pension for the duration of the employment.

Under Section 212 of the Retirement and Social Security Law, a service retiree may be employed in “New York public service” and may earn up to an amount set by the Legislature each year (the amount is \$30,000 for 2009) without a reduction in his or her City pension. In order to work under this provision, a retiree is required to file a statement with the Fund that he or she is electing to be reemployed in New York public service under the provisions of Section 212 of the RSSL.

If a retiree earns over the amount set by the legislature, Section 1117 of the New York City Charter states that reemployment by a New York State municipality will result in reduction or suspension of his or her pension during the duration of employment, unless he or she obtains a Section 211 waiver. Specifically, a service retiree may be employed in New York public service outside of the City of New York and earn more than the limitation amount (\$30,000 for 2009) in RSSL Section 212 without any reduction in the retiree’s City pension, provided that such employment is approved by the State Civil Service Commission or another authorized agency as provided in Section 211. Approval must be requested by the retiree’s new employer and will not be granted unless certain requirements are met.

A service retiree may be reemployed by the City of New York without any reduction in the retiree’s City pension, as long as such reemployment is approved by the City Civil Service Commission or another authorized agency and the retiree’s salary does not exceed the difference (raised to the next \$500) between:

the retiree’s annual retirement allowance excluding the annuity portion
(computed before any reduction for a survivor’s option) plus any retiree COLA received,
and
the retiree’s “final salary” or the retiree’s salary on which the retirement allowance is based,
whichever is greater.

To the extent a retiree’s salary exceeds these limitations, his/her pension would be reduced accordingly for the duration of employment. Exception: Service retirees appointed to the Office of the New York City Marshal are subject to the rules under Chapter 713 of the Laws of 2006 (see Appendix A).

REEMPLOYMENT AT AGE 65

Under Section 212 of the Retirement and Social Security Law, a service retiree may have unlimited earnings in New York public service in the calendar year in which the retiree attains age 65 (age 70 prior to 8/20/02) and years thereafter, regardless of whether the retiree returns to work for a former employer or another public employer in New York State.

REEMPLOYMENT OUTSIDE OF NEW YORK PUBLIC SERVICE

A service retiree may be employed outside of “New York public service,” for example, in private industry, by the federal government, or by another state, without any reduction in the retiree’s City pension, and without requiring any prior approval or notice to the Fund.

REEMPLOYMENT OF DISABILITY RETIREES

Before the 20th anniversary of a disability retiree’s appointment to the Fire Department, the retiree may be employed in any employment (in private industry, or public employment) without any reduction in the retiree’s disability pension, as long as the salary earned in such employment does not exceed the difference between:

the retiree’s retirement allowance excluding the annuity portion
and
the current maximum salary for the rank next higher than the rank held at retirement.

After the 20th anniversary of appointment to the Fire Department, a disability retiree can earn any amount in private employment, 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. Retirees with a disability application pending may be considered in violation of Section 1117 of the New York City Charter retroactively once a disability pension is approved, even though employment occurred during the period while receiving a service pension.

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 allowance beginning September 1, 2005.

PUBLIC BENEFIT CORPORATIONS

The Office of the Corporation Counsel has interpreted Section 1117 of the New York City Charter as not applying to Public Benefit Corporations, so that retired City employees could work for such corporations without suspension of benefits. The Corporation Counsel has determined the following authorities to be Public Benefit Corporations:

NEW YORK CITY HOUSING AUTHORITY
NEW YORK CITY TRANSIT AUTHORITY
NEW YORK STATE DORMITORY AUTHORITY
NEW YORK CITY HEALTH & HOSPITALS CORPORATION
METROPOLITAN TRANSIT AUTHORITY
URBAN DEVELOPMENT CORPORATION
PORT AUTHORITY OF NY/NJ
WATERFRONT COMMISSION
NEW YORK CITY SCHOOL CONSTRUCTION AUTHORITY
NEW YORK CITY CONVENTION OPERATING CORPORATION

LINE-OF-DUTY BENEFITS

Dependent Beneficiaries (widow, children to age 18 (23, if student)), receive a City Pension, Social Security benefit, and a State supplement, which equals the last 12 month's earnings prior to death, but can never be less than the salary of a first-grade Firefighter. A dependent parent receives only the City pension.

CITY PORTION

The beneficiary receives one-half of five-year average earnings or a first-grade firefighter's pay, whichever is greater. In addition, dependent beneficiaries also receive from the pension fund:

1. Return of pension contributions less any uninsured loan
2. Return of ITHP
3. Life insurance of \$8,500

STATE PORTION

The State portion is the last 12 months' earnings less the City's portion and Social Security offset. This benefit is only paid to a surviving spouse or dependent child(ren). Dependent parents are not entitled to this benefit.

ONE-TIME PAYMENTS (TAX FREE)

- One year's salary from the Mayor's office (final salary plus overtime), never less than the salary of a 1st 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 (\$328,612.73 as of October 1, 2012).
- Funeral expenses paid for by the City up to a maximum of \$20,000.

ADMINISTRATIVE LINE-OF-DUTY DEATH

This usually occurs when a member dies from a disease that is covered under the presumptive Lung Law, the heart, cancer, infectious diseases or WTC bills. 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
- Public Safety Officers' Benefit
- Funeral paid for by the City

ADDITIONAL INFORMATION

Vesting Notes

- If a member has separated from service as a vested member, he/she will not be covered by City paid health insurance until receipt of the pension checks. In addition, members appointed on or after December 27, 2001, must have ten (10) years as a member of the pension system in order to be eligible for health coverage.
- Vested members are not entitled to terminal leave.
- A vested retiree may continue the Fire Department's \$8,500 life insurance policy with the City and union health benefits by paying the required premiums. A vested retiree may also continue optional union life insurance coverage. Contact your applicable union for details.
- COBRA may only be purchased for 18 months by vested members.

APPENDIX A: RECENT LEGISLATION / UPDATES

The deadline to file the WTC Notice of Participation has been extended to September 11, 2022.

Chapter 173 of the Laws of 2008 – Revocation of Certain Beneficiary Designations This law revokes certain prior beneficiary designations made by a member where the beneficiary has become an ex-spouse due to divorce, annulment of a marriage or judicial separation, except as provided by the express terms of a domestic relations order (DRO). The beneficiary designations affected by this law include the ordinary death benefit, life insurance, any lump sum retirement option under which the member is permitted to change the beneficiary, and pension contributions. Designations that are irrevocable by law, such as the beneficiary designation of a joint and survivor retirement option, or designations that are required under a domestic relations order on file with the Fire Pension Fund, are not affected by this law. Members should contact the Fire Pension Fund for further information.

Chapter 489 of the Laws of 2008 – Amendments to the WTC Presumption Statutes The legislation extends the Notice of Participation deadline from June 14, 2009 to September 11, 2010 and permits members who retired for non-WTC accidental disability to be reclassified for WTC-related accidental disability. This bill also expands the scope of the WTC presumption coverage to include:

Non-uniformed workers who did not undergo a pre-employment physical examination, but who can provide access to medical records which demonstrate the absence of evidence of the qualifying condition or impairment prior to September 11, 2001.

- 911 dispatchers and supervisors who worked within 24 hours after the first airplane hit the towers and who are disabled as a result of a qualifying psychological condition
- members other than 911 dispatchers and supervisors who performed covered WTC work for any period of time within the first 48 hours after the first airplane hit the towers
- members who repaired, cleaned, or rehabilitated vehicles or equipment, including emergency vehicle radio equipment owned by the City of New York that was contaminated by WTC site debris as long as the work was done prior to decontamination
- certain WTC-participating members who terminated employment with a vested right to deferred benefits and who subsequently become incapacitated from a qualifying WTC condition

Chapter 5 of the Laws of 2007 – WTC Bill Technical Corrections This law provides technical corrections to the provisions of the World Trade Center accidental death presumption law enacted by Chapter 445 of the Laws of 2006. This law provides for: a) inclusion of retirees in the special accidental death benefit provisions of Section 208-f of the General Municipal Law; b) includes active members in the accidental death benefit provisions of the Retirement & Social Security Law and the NYC Administrative Code; c) clarifies that ALL members/retirees must have met the underlying criteria of the WTC Presumptive Disability Law, OR, for retirees only, would have met the criteria if not already retired on an accidental disability; d) clarifies that eligible beneficiaries who successfully apply and are awarded death benefits under this law shall relinquish their rights to prospective benefits payable under a service or disability retirement benefit, including any post-retirement death benefits, since the retiree's death.

Chapter 637 of the Laws of 2007 – Certain Prior Service to Count as Uniformed Service This law amends sections 13-144 and 13-318 of the NYC Administrative Code by providing that the following types of service, which immediately preceded service in the Fire Department, shall be credited by the Fire Department Pension Fund as uniformed fire service for retirement eligibility and benefit purposes, including the 20-year requirement for service retirement, in accordance with the existing provisions of sections 13-144 and 13-318:

- ❑ Prior NYCERS service as an Emergency Medical Technician (EMT)
- ❑ Allowable Peace Officer service (as defined in Section 2.10 of the Criminal Procedure Law)
- ❑ Sheriff, Deputy Sheriff, Marshal, D.A. Investigator
- ❑ Any position specified in Appendix A of the agreement dated October 27, 2005 among the City of New York, the Uniformed Firefighters' Association and the Uniformed Fire Officers' Association.

Chapter 74 of the Laws of 2006 - Service Retiree Income Limitation This law amends RSSL § 212 by increasing the amount that service retirees can earn without pension diminution to \$30,000 for 2007 and thereafter.

Chapter 445 of the Laws of 2006 – WTC Death Benefit Law This law amends the World Trade Center Presumption Law enacted in 2005 to provide line-of-duty death benefits to the statutory beneficiaries of eligible members who die from illnesses or diseases contracted as a result of participation in the WTC rescue, recovery or cleanup operations.

Chapter 652 of the Laws of 2006 – Death Benefits as an Annuity This law amended the Tier 2 ordinary death benefit provisions of RSSL § 448 to permit a Tier 2 member, or the member's designated beneficiary, to elect to have the lump sum death benefit paid in the form of an annuity.

Chapter 654 of the Laws of 2006 – Stroke Bill This law amends the "heart bill" provisions of General Municipal Law § 207-k to establish the same presumption where a police officer or firefighter becomes disabled or dies as the result of a stroke.

Chapter 712 of the Laws of 2006 – Reclassification of Chief of Department This law: 1) added a new section 15-103.1 to the NYC Administrative Code provisions governing the FDNY to reclassify the position of Chief of Department from the competitive class to the exempt class of the civil service, and to provide for the selection of the Chief of Department from among persons holding the title of Deputy Chief (Fire); 2) amended section 13-314 of the NYC Administrative Code to include in the membership of the Fire Department Pension Fund a person holding the position of Chief of Department in the exempt class; and 3) amended section 13-351 of the NYC Administrative Code, which previously permitted a person appointed to the position of Chief of Department from a civil service list to elect to retire for service on a pension generally equal to two-thirds of salary, by making such benefit available to a person appointed to the position of Chief of Department in the exempt class.

Chapter 713 of the Laws of 2006 – Reemployment of Certain Fire Marshals This law amended the RSSL: 1) to permit persons who retired for service as a NYC police officer, uniformed correction officer, deputy

sheriff or Fire Marshal, and who are appointed to the office of New York City Marshal, to collect their full retirement allowance payments while receiving compensation as a City Marshal; and 2) to provide that a service retiree of any New York City or New York State retirement system who is appointed to the office of New York City Marshal, and who obtains an approval pursuant to RSSL § 211, will not be subject to the more restrictive “former employer” provisions of Section 211, but rather will be entitled in all cases to the full amount of his or her retirement allowance payments.

Chapter 93 of the Laws of 2005, amending Chapter 104 of the Laws of 2005 – WTC accident disability presumption law- This law creates a presumptive eligibility for an accidental disability in connection with the World Trade Center tragedy and is deemed to have been in effect on September 11, 2001. All eligible vested, active and retired members must: a) file a timely Notice of Participation Form with the pension fund; b) meet the requirements of the Law regarding participation at the WTC locations in WTC Rescue, Recovery or Cleanup Operations; and c) incur or develop a “qualifying condition” as defined in the WTC Disability Law.

Chapter 104 of the Laws of 2005 – World Trade Center accident disability presumption law This law was amended by Chapter 93 of the Laws of 2005.

Chapter 105 of the Laws of 2005 – Accidental Death Benefits for Certain Survivors This law provides accidental death benefits and other related benefits to the eligible survivors of public retirement system members who died on active military duty on or after June 14 2005, provided that the member was in active service upon which his or her retirement system membership is based at the time of being ordered to active military duty with the armed forces of the United States, other than for training purposes, pursuant to Title 10 of the United States Code.

Chapter 579 of the Laws of 2005 – Disability Retirees who become Elected Officials This law permits a disability “retiree of any New York state police or fire retirement system” who is receiving compensation as “an elected public official” to continue to receive the full amount of his or her disability retirement allowance, beginning September 1, 2005.

Chapter 4 of the Laws of 2004 - Service Retiree Income Limitation This law amends RSSL § 212 by increasing the amount that service retirees can earn without pension diminution to \$27,500 for 2004.

Chapter 158 of the Laws of 2004 – 90% Retirement Loan This law provides that upon retirement, a member of the Fund may borrow up to 90% of his/her accumulated contributions/accumulated deductions.

Chapter 661 of the Laws of 2004 – VSF for Prior Correction Officers This law provides that where a Fire service retiree is otherwise eligible for payments from the Firefighters’ Variable Supplements Fund, and that retiree has transferred credit from NYCERS to the NYC Fire Pension Fund for uniformed correction service which immediately preceded uniformed fire service, then the earliest date of such transferred correction service, rather than the date of entry into uniformed fire service, shall be used to determine the variable supplements benefits to be paid in accordance with the more generous schedule of payments applicable to persons who become firefighters prior to July 1, 1988.

Chapter 106 of the Laws of 2003 – Patriot Law This law permits the suspension of loan payments during any period a member is on military duty. Any suspension of loan repayments based on absence for military

duty shall extend the time for repayment of the unpaid balance for the same period of time as the loan is suspended.

Chapter 428 of the Laws of 2003 – GML §208-f Acting in Higher Rank - This law amends General Municipal Law §208-f, for the LOD Special Accidental Death Benefit, by adding that the term “salary” shall in no case be less than the earnings that would have been payable at the highest grade of the higher rank for members acting in such higher rank.

Chapter 531 of the Laws of 2003 – GML §207-kk, Cancer Law Amendment - This bill changes the GML by granting a performance of duty presumption for Firefighters with any condition of impairment of health caused by cancer affecting the neurological, breast, or reproductive systems.

Chapter 216 of the Laws of 2002 – Variable Supplements Fund (VSF) “DROP” This law provides service retirees with a single additional lump sum VSF payment equal to the total amount of VSF payments they would have received if they had retired upon completion of 20 years of service. The VSF DROP is included with the retiree’s first VSF payment. Active members will have the VSF banked as of their 20th anniversary date or January 1, 2002, whichever is later.

Chapter 310 of the Laws of 2002 – Service Retiree Income Limitation This law amends RSSL § 212 by increasing the amount that service retirees can earn without pension diminution to \$27,500 for 2004.

Chapter 474 of the Laws of 2002 – Service Retiree Age Limitation for Public Service This law amends RSSL § 212 to permit a service retiree who attains age sixty-five (65) to earn an unlimited amount from public service without diminution of his or her retirement allowance. Previously, the earnings limitations of RSSL § 212 applied until the service retiree reached age seventy (70).

Chapter 547 of the Laws of 2002 – Refund of Military Service Purchase This law amends RSSL § 1000, which permits eligible members to purchase up to three (3) years of credit for certain military service, by providing for a refund of the purchase price for such military service credit to the extent that such purchased credit does not produce a larger retirement allowance or death benefit.

Chapter 666 of the Laws of 2002 – Tier II Death Gamble This law is a technical correction to Chapter 551 of the Laws of 2000, which provides for Death Gamble coverage to Tier II members who die in active service while eligible to retire for service. Chapter 666 corrects that oversight by extending death gamble coverage to Tier II members who die after retirement, but before *the first full payment of his/her retirement allowance (finalization)*.

Chapter 589 of the Laws of 2001 – Thirty-Year Cap This law removes the thirty (30) year cap for Tier II uniformed members so as to permit the retirement allowance to be based on the total service credited at the time of retirement.

Chapter 125 of the Laws of 2000 - COLA This law establishes an automatic Cost-of-Living Adjustment (COLA) to eligible retirees, i.e., (1) all retirees who have attained age 62 and have been retired for 5 years; (2) all retirees who have attained age 55 and have been retired for 10 years; (3) all disability retirees regardless of age that have been retired for at least 5 years; and (4) anyone receiving an accidental death benefit regardless of age who has been receiving such benefit for five (5) years. This legislation includes a

“catch-up” component that provides for COLA benefits that became payable September 2000 to eligible retirees who retired prior to 1997.

Chapter 372 of the Laws of 2000 - One-Year FAS This law provides for the utilization of a one-year Final Average Salary base for Tier II members. However, if the salary or wages earned during the one-year period immediately prior to retirement or separation from service due to vesting exceeds that of the previous one-year period by more than twenty percent (20%), the amount in excess of twenty percent (20%) shall be excluded from the computation of final average salary.

Chapter 373 of the Laws of 2000 - 5% ITHP Effective October 1, 2000, this provision increased the Increased-Take-Home-Pay (ITHP) rate from 2.5% to 5% of salary.

Chapter 548 of the Laws of 2000, Military Buy Back This law allows members who served in the Armed Forces of the United States during certain periods of conflict to purchase up to three (3) years of credit by paying 3% of salary.

Chapter 552 of the Laws of 2000, Previous Public Service This law allows members of public employee retirement systems for two (2) years to purchase service credit for previous public service if such previous service would have been creditable in any public employee retirement system in New York State, even if the member had not joined the previous retirement system.

Chapter 552 of the Laws of 2000 – Amendment Any member who purchases service credit under this law, and where the previous retirement system membership is based on certain designated law enforcement service, such service shall be credited as “allowable” up-front service. For this purpose, such service shall include:

- a) Uniformed service in the police department, fire department or sanitation department of the City of New York or the State of New York or any agency or political subdivision thereof;
- b) service as a peace officer as specified in §2.10 of the Criminal Procedure Law; or
- c) service in the title of sheriff, deputy sheriff, marshal, district attorney investigator or other State law enforcement positions.

Chapter 641 of the Laws of 1999 – Infectious Diseases Bill This law establishes a presumption that members who contract HIV, tuberculosis or hepatitis will be presumed to have contracted such disease as a natural and approximate result of an accidental injury received in the performance of duty.

Chapter 646 of the Laws of 1999 – Prior Service, Tier Shift This law allows members who had previous membership in any of the New York State or New York City Retirement Systems, *including teachers*, to transfer prior service credit. If the prior service pre-dates July 1, 1973, the member may request Tier I benefits. The service need not be continuous and does not have to be rendered within the previous five (5) year period. Prior service purchased under this bill will be credited as additional service credit after the completion of twenty (20) years.

Chapter 646 of the Laws of 1999 – Amendment Any member who purchases service credit under this law, and where the previous retirement system membership is based on certain designated law enforcement service, such service shall be credited as “allowable” up-front service. For this purpose, such service shall include:

- a) Uniformed service in the police department, fire department or sanitation department of the City of New York or the State of New York or any agency or political subdivision thereof;
- b) service as a peace officer as specified in §2.10 of the Criminal Procedure Law; or
- c) service in the title of sheriff, deputy sheriff, marshal, district attorney investigator or other State law enforcement positions.

Chapter 659 of the Laws of 1999 – Five (5) Year Vesting Effective February 4, 2000, any member who has completed five (5) years of allowable service, and does not withdraw his or her accumulated deductions in whole or in part, shall have a vested right to receive a deferred retirement allowance.

APPENDIX B: GLOSSARY

Accumulated Deductions

The total of all contributions made by members in the Improved Benefit Plan, plus interest (currently 8.25%) earned on those contributions. Contributions are required for the first twenty (20) years of allowable service, and may be voluntarily continued for members in the IBP.

City Service

Service in the uniformed force of the department and includes service credit acquired by eligible transfer pursuant to applicable sections of the Administrative Code of the City of New York and the Retirement and Social Security Law.

Credited Service

Service that is allowable for a twenty (20) year service retirement. In addition to Uniformed service in the Fire Department, such service may include NYC uniformed Police service, uniformed NYCERS service, NYS Policemen's and Firemen's Retirement System service, and certain military, transferred, and buyback service.

Death Gamble Benefit

For members with 20 or more years of service, this amount is payable for a non-Line-of-Duty death to a member's beneficiary(ies). The benefit is equal to the reserve for the service retirement allowance that would have been payable had the member retired on the day before his/her death.

Deficit

The annuity value of any shortage in the member's accumulated deductions, which reduces a member's pension at retirement. A deficit may result from prior loans, outstanding loans, and/or nonpayment of contributions.

Excess

The annuity value of any excess in the member's accumulated deductions, which may result in an additional monthly pension at retirement, or return of excess contributions. An excess may be accumulated by waiving the ITHP, or by making additional voluntary contributions (50% indicator).

Fifty-Percent (50%) Indicator

Voluntary additional contributions that may be elected by Improved Benefit Plan members. These additional contributions equal 50% of the member's certified rate of contribution, and are not covered under section 414(h) of the Internal Revenue Code.

414(h) Contributions

Contributions made since 1989 which are federally tax-deferred. Member required contributions, as well as those contributed under the ITHP waiver, are 414(h) contributions.

Final Average Salary (FAS)

For Tier II members appointed prior to July 1, 2000, the total pensionable compensation earned during the final twelve (12) months immediately preceding retirement, or the average pensionable compensation

earned during any consecutive three (3) year period based on the month and day of retirement, whichever is greater. The compensation used in this calculation for any year during the three-year period cannot exceed 120% of the average of the two previous years. If FAS is based on the final twelve (12) months preceding retirement, this amount cannot exceed 120% of the earnings in the previous twelve (12) month period. For members appointed after July 1, 2000, FAS is defined as the total pensionable compensation earned during the last twelve (12) months immediately preceding retirement. For members with 20 years of pension service credit up to but not including 25 years of pension service credit, 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 pension service credit, the salary at the 20-year longevity level will be used in pension computations.

Final Compensation (used for computing survivor benefits)

For Improved Benefits Plan members, final compensation is defined as the average salary in the five years immediately preceding death, but in no case shall it be less than the full salary of a first-grade Firefighter.

Final Salary

For Tier I members, the contract rate of base pay and holiday pay on the last day paid, plus any overtime and night shift differential earned in the 12 months preceding retirement, plus applicable longevity which is calculated as follows: For members with 20 years of pension service credit up to but not including 25 years of pension service credit, consisting of fire service and/or prior uniformed City service and/or equated prior State service and/or purchased laid-off service credit, the salary at the 10-year longevity level will be used in pension computations. For members with 25 or more years of pension service credit, consisting of fire service and/or prior uniformed City service and/or equated prior state service and/or purchased laid off service credit, the salary at the 20-year longevity level will be used in pension computations.

Five-year Average Compensation (used in computing survivor benefits)

For Improved Benefits Plan members, the average annual compensation earnable by such members for City service during his or her last five years of city service, or during any other five consecutive years of City service since he or she last became a member.

Improved Benefits Plan Members

Those who become members of the Fire Pension Fund on or after July 1, 1981, or Original Plan members who opted to join the IBP.

Increased-Take-Home-Pay (ITHP)

Refers to the City's contribution to the Fund on behalf of each member, and is currently 5%. The ITHP reduces the amount of the pension contribution rate required by the member.

Increased-Take-Home-Pay (ITHP) Waiver

Refers to the waiver of ITHP that may be elected by a member, so that the member contributes his/her full pension contribution rate. The City continues to contribute the ITHP amount on behalf of the member.

Kingston Law

For all members of the Fund appointed between June 17, 1971 and June 30, 1973, the pensionable compensation for the final year of service is limited to 120% of the pensionable compensation for the year immediately preceding the final year.

Minimum Required

The amount of accumulated deductions that are required to be in the member's account at any given time. The total minimum required is determined on the member's 20th anniversary.

138-B Regulation

An option that may be elected by members in the Improved Benefits Plan in which employee required contributions are reduced by the amount of Social Security contributions (OASDI portion), currently 6.2%. For example, a member with a pension contribution rate of 7.5% is required to contribute 2.5% (because the City contributes the 5% ITHP). Because the required pension rate is less than the Social Security rate, the member will not be making any pension contributions, thus creating a deficit in his/her pension account.

Option

An election that actuarially reduces a retiree's pension allowance, but provides a continued pension benefit or lump sum payment to a beneficiary upon the death of the retiree.

Ordinary Death Benefit

For members with less than 20 years of service, this amount is payable to a member's beneficiary(ies) for a non-line-of-duty death. The benefit is equal to three times the member's last twelve (12) month's of earnings, raised to the next higher multiple of \$1,000. This death benefit is only paid if the member was in service for 90 or more days, and was on the payroll at the time of death.

Original Plan Members

Those who became members of the Fund prior to July 1, 1981, and did not opt to join the IBP.

Other Credited Service

Service that is counted as additional service credit after completing the required twenty (20) years.

Tier I Membership

Those who became members of the Fund prior to July 1, 1973, or who were otherwise made eligible for Tier I benefits.

Tier II Membership

Those who become members of the Fund on or after July 1, 1973.

Variable Supplements Fund (VSF)

An annual lump-sum payment in addition to the regular pension for service retirees. For most members, the VSF for 2007 and each year thereafter is \$12,000.

Variable Supplements Fund (VSF) "DROP"

A one-time lump-sum payment to Service retirees which is equal to the total amount of VSF payments that would have been received had retirement commenced upon the completion of 20 years. Active members will have the VSF banked as of their 20th anniversary date or January 1, 2002, whichever is later. This amount is computed from the first full month following the member's 20th anniversary, or January 1, 2002 whichever is later, through the month of retirement.

APPENDIX C: FREQUENTLY ASKED QUESTIONS -- FAQs

What is my minimum required?

Minimum required is the mandatory amount that must be in your pension contribution account at any given time. Contributions are required for the first twenty (20) years of service.

What is my pension contribution rate?

Your pension contribution rate is a percentage of all earnings that is deducted from your pay for pension contributions. This rate is based on age at appointment, and is also reduced by ITHP contributions made by the City, currently 5%. For example, a member appointed at age 24 will have a pension contribution rate of 7.3%. With current ITHP of 5%, the member is only required to contribute 2.3% of earnings, while the City contributes the other 5%. These contributions are federally tax-deferred, and currently earn 8.25% interest.

What is ITHP?

ITHP, Increased Take Home Pay, is the portion of the pension rate contributed by the City on behalf of a member, to his/her pension contribution account. For example, if a member's pension contribution rate is 7.3%, the member is required to contribute 2.3% of earnings since the City currently contributes 5% for ITHP. The City's ITHP contributions currently earn 8.25% interest.

How can I create an excess in my pension contribution account?

A member can create an excess in his/her account by waiving the ITHP. By doing so, the full pension contribution rate is contributed by the employee, while the City continues to make its employer contributions. Amounts contributed by waiving the ITHP are federally tax-deferred. A member may also elect to make additional contributions via the "50% Indicator." This election enables the member to make additional pension contributions at a rate equal to 50% of the regular pension contribution rate. Contributions made with the 50% Indicator are not federally tax-deferred, however, they continue to earn interest.

I was appointed when I was 24. I currently waive the ITHP and make additional pension contributions with the 50% Indicator. How much is being contributed to my pension contribution account?

Since you were appointed at age 24 you have a pension contribution rate of 7.3%. Of this amount, you are only required to contribute 2.3%, since the City contributes the 5% ITHP on your behalf. By electing the ITHP Waiver, you are contributing the full rate of 7.3% to your pension account. The City continues to make its employer contributions of 5% to your account, even if you elect the ITHP Waiver. By electing the 50% Indicator, you are also making additional voluntary contributions of 3.65% (50% of 7.3%), which are not federally tax-deferred. Your total pension contributions, including the ITHP Waiver and 50% Indicator, as well as the City's 5% ITHP contributions, continue to earn interest, which is currently 8.25%. With the contributions you make by electing the ITHP Waiver and the 50% Indicator, you are creating an excess above your minimum required contributions.

When am I eligible for a COLA (Cost-of-Living Adjustment)?

A service retiree must be 62 years of age and retired for 5 years or more, OR, 55 years of age and retired for 10 or more years. A disability retiree is eligible if retired for five years, regardless of age.

When am I eligible for the VSF?

A retiree is eligible for the VSF when he/she retires for service, regardless of age.

How much is the VSF for 2009?

The VSF for 2009 is \$12,000. However, a member retiring during 2009 for service will be paid the VSF only for the number of full months following the month of retirement.

I'm retiring on July 1, 2009. I had 20 years of service on May 26, 2006. How much VSF am I entitled to in 2009?

In 2009, you will be eligible for the banked VSF DROP as follows:

June - Dec. 2006	$\$11,500 \times 7/12 =$	\$ 6,708.33
2007		\$12,000.00
2008		\$12,000.00
Jan. -- July 2009	$\$12,000 \times 7/12 =$	\$ 7,000.00
TOTAL VSF DROP		\$37,708.33

Your regular VSF payment for 2009 will be: $\$12,000 \times 5/12 = \$5,000$. Therefore, your total VSF payment, including the DROP, to be received for 2009 is \$42,708.33. Your DROP amount is computed through the month of retirement, while the regular VSF payment is calculated from the first full month following retirement.

When will the VSF and DROP payment be received?

The UFA and Wiper VSF, including any eligible DROP, is paid in December each year, for the current calendar year. The current year UFOA and MEBA VSF, including any eligible DROP, is paid in January of the following calendar year.

What is the maximum loan amount I may borrow without being taxed?

Vested members may borrow up to 75% of required contributions, less any outstanding loan balance. This loan cannot exceed \$50,000 and must be repaid within five years. Non-vested members may borrow the greater of one-half of required contributions or \$10,000. However, multiple loans for all members are subject to the new IRS regulations effective 1/1/04 which may result in increased taxability. Upon retirement, a member may borrow up to 90% of his/her required accumulated deductions.

I was appointed on September 30, 1989 and I'm retiring on October 1, 2009. How will my pensionable compensation be calculated?

For Tier II members, the total pensionable compensation is referred to as Final Average Salary (FAS). Since you were appointed prior to July 1, 2000, your FAS will be the total pensionable compensation earned during the final twelve months immediately preceding retirement, or the average pensionable compensation earned during any consecutive three-year period based on the month and day of retirement, whichever is greater. The compensation used in this calculation for any year during the three-year period cannot exceed 120% of the average of the two previous years. If FAS is based on the final twelve (12) months preceding retirement, this amount cannot exceed 120% of the earnings in the previous twelve (12) month period.

Since you are retiring on October 1, 2009, your earnings during the final twelve months preceding retirement will include all pensionable earnings from October 1, 2008 through September 30, 2009, as long as these earnings do not exceed 120% of the total earnings from October 1, 2007 through September 30, 2008. Your three-year average may be the average of any three-year consecutive period that runs from October 1 of any year through September 30 of the third succeeding year, and this amount may not be more than 120% of the average of the two previous years. For example, if you are retiring on October 1, 2009, and your highest overtime was earned between January and May of 2004, your three-year average period would be October 1, 2003 through September 30, 2006. This three-year average may not be more than 120% of the average of the total pensionable earnings from October 1, 2001 through September 30, 2003. In other words, the ending month and day of any three-year period must coincide with your retirement month and day.



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