

Tier 2 Benefits Summary

Applies to Members who began pension contributions
on or after January 1, 2011 and their Survivors

PARTICIPANT BENEFITS

Requirements

- Must have a minimum of 10 years of pension credit
- Minimum age to retire is 62

Pension Benefit Formula

- Age 67 or greater: 2.4% x Years of Pension Credit x Final Average Salary
- Ages 62-66: 2.4% x Years of Pension Credit x Final Average Salary x Discount
 - Discount is ½% for each month the Participant is under age 67
- Maximum benefit is 80% of Participant's Final Average Salary

Final Average Salary Information

- Defined as the average of the 8 highest consecutive years salary within the last 10 years of service
- For pension purposes, salary is capped. Salary was capped at \$106,800 in 2011. This amount increases each year by the lesser of 3% or one-half of the increase of the Consumer Price Index-urban

Automatic Annual Increase

- Eligible either January 1st on or after attainment of age 67 or the first anniversary of the annuity start date, whichever is later
- Increase is 3% or one-half of the increase in the Consumer Price Index-urban, whichever is lower, and is applied to the original annuity

Annuity Examples

Age 62 at retirement with 25 years of pension credit		Age 67 at retirement with 25 years of pension credit	
Final Average Salary	\$4,000.00	Final Average Salary	\$4,000.00
25 years at 2.4%	<u>60%</u>	25 years at 2.4%	<u>60%</u>
Subtotal	\$2,400.00	Subtotal	\$2,400.00
Age 62 Discount	<u>70%</u>	No Age Discount	<u>100%</u>
Monthly Annuity	\$1,680.00	Monthly Annuity	\$2,400.00

SURVIVING SPOUSE BENEFITS

References to spouse in this Summary also apply to civil union partners. The same eligibility requirements would need to be met by the civil union partner as are required for a surviving spouse.

Participant Dies in Service

- Requirements: Must be married at time of death
- Pension Benefit: 66 2/3% of Participant's earned annuity

Participant withdraws from service and dies before being eligible for annuity

- Requirements
 - Must be married prior to withdrawal from service
 - Participant must have 10 years of pension credit
- Pension Benefit: 66 2/3% of Participant's earned pension benefit

Participant dies while receiving an annuity

- Requirements: Marriage must have occurred before Participant withdraws from service
- Pension Benefit: 66 2/3% of Participant's annuity at time of death

Automatic Annual Increase

- If the Participant died prior to receiving an annuity, the spouse's benefit will increase on each January 1st after the first anniversary of the start of the annuity
- If the Participant died while receiving an annuity, the spouse's benefit will increase on each January 1st on or after the start of the annuity
- Increase is 3% or one-half of the increase in the Consumer Price Index-urban, whichever is lower, and is applied to the original annuity

CHILD'S ANNUITY

Requirements

- Child must be unmarried and under 18 at time of Participant's death
- Child must be born while Participant is still in service
- The Participant must die in service or, if the Participant dies while receiving an annuity, must have withdrawn from service on or after age 62

Pension Benefits

- Child receives \$220 per month when there is an eligible surviving spouse
- Child receives \$250 per month when there is not an eligible surviving spouse
- Annuity is payable until the earlier of the child turning 18 or the child marrying

REFUNDS

Participants can take a refund if they withdraw from service prior to age 62 with any amount of pension credit or withdraw from service with less than 10 years of pension credit, regardless of age.