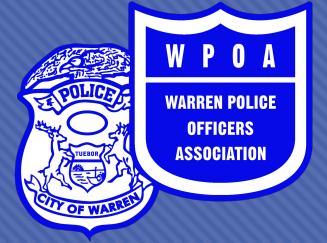


Police Pension System Explained

Pension System Explained



- Public Act 345 Police & Fire Retirement Act
- Only Applies to Sworn Police Officers & Fire Fighters

Years of
Service



Multiplier
2.5%

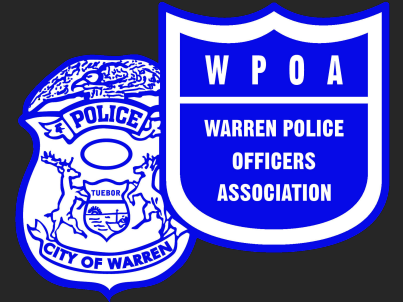


F.A.C.



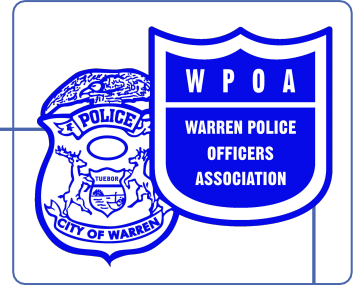
Pension

Pension System Explained



Years of Service

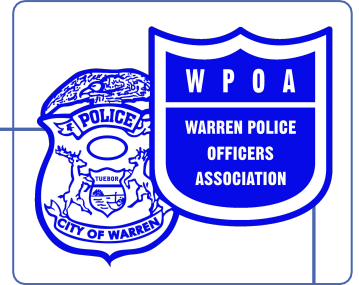
- 25 Years of Service (or)
- 10 Years of Service + Age 60



Years of
Service

Multiplier

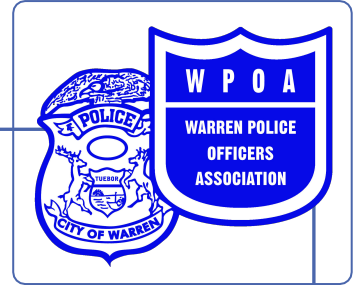
- 2.5 % for every year of service
- 25 years – 62.5 %
- Over 25 years – 1% per year up to 5 Years



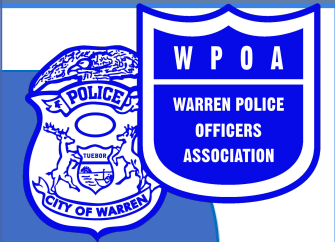
Multiplier
2.5%

Final Average Compensation

- Formula using the best 3 of your last 10 years of service.
- To calculate your best 3 years – start at your last day on the job and go back 364 days. This is your “last year”. These same “dates” will be used to determine your other 2 best years.
 - If you left today, your last “year” is Feb 5, 2020 to February 4, 2021. This Feb 5th to Feb 4th will be used for ALL of your best 3 years.



F.A.C.



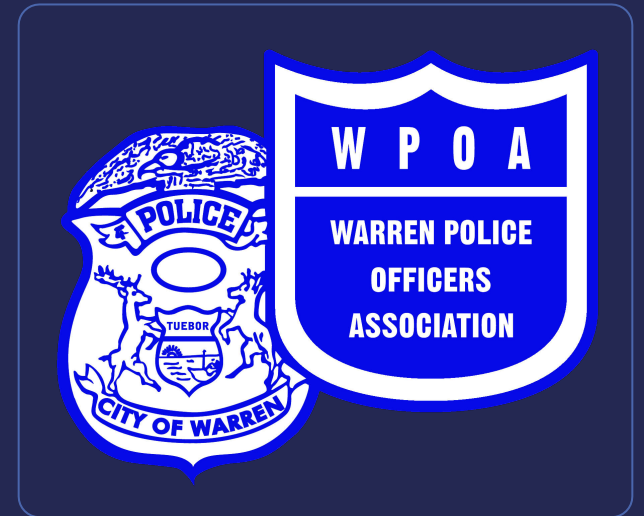
FINAL AVERAGE COMPENSATION (FAC)

YOUR BEST 3 OF YOUR LAST 10 YEARS OF SERVICE AND INCLUDES:

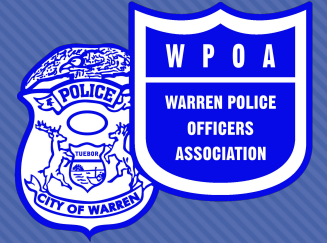
- LONGEVITY PAY
- HOLIDAY PAY
- EDUCATION ALLOWANCE
- GUN ALLOWANCE
- SHIFT & PREFERRED JOB PREMIUMS
- SICK DAY REDEMPTION (MAX 6 DAYS PER YEAR)
- AWL/COMP BANK

Final Payouts

- At retirement, your banks will be cashed out at the following rates/limits:
 - Sick Days – 80% of 140 Days
 - AWL/Comp Bank – 150 Hours
 - Retirement Furlough Bank – 30 Days
- Using the example of \$73,000 salary (\$35.10 per hour), if all of your banks are full, your final payouts will be \$45,139.



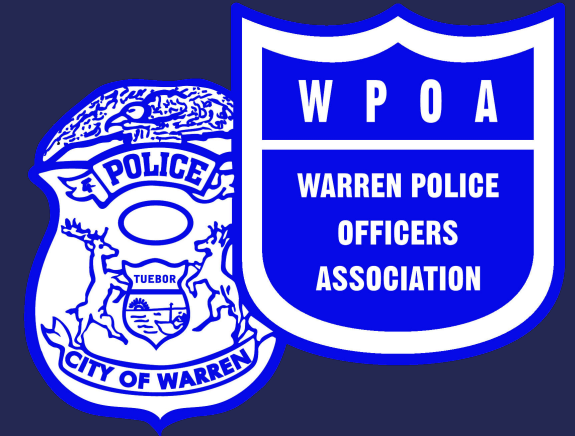
Example

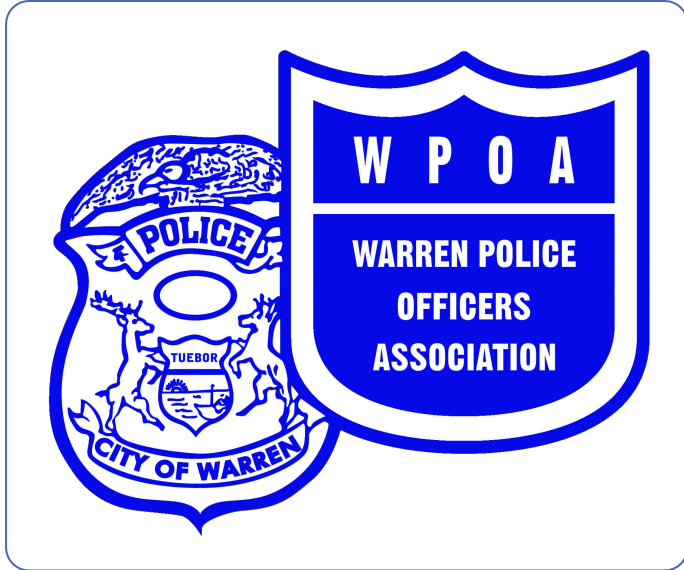


- 25 Year Police Officer with Associates Degree; Assigned to Days; Salary of \$73,000.
- In this example, we are assuming no overtime, and no shift premium.
- $\$81,650 + \$81,650 + \$118,365 \div 3 = \$93,888$ FAC

Annuity

- You can take a full pension and leave your accumulated annuity in the pension fund (or)
- You can take the lump sum of annuity and your pension amount is reduced by a % that reflects the amount of your annuity withdrawal and is based on the current interest rate set by the Pension Benefit Guaranty Corporation.





If you are married upon retirement:

- Straight Life Pension - your spouse will receive 60% of your pension for life after your death
- Survivor Pension – your spouse will receive 100% of your pension for life after your death
 - Selecting this option, your pension is reduced to .884 of your pension.

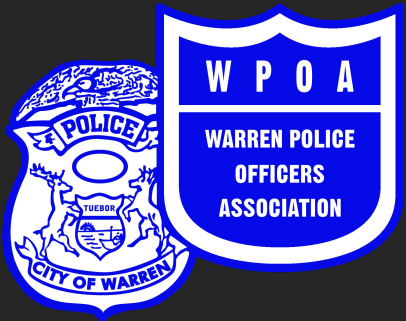
Survivor Spouse Benefit

80 % Rule

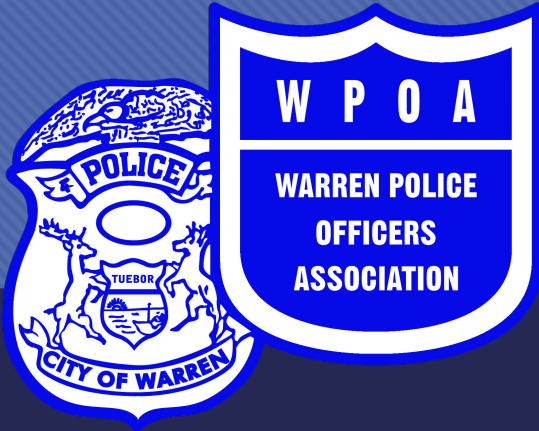
- In this example, the base wage at retirement was \$73,000 and 80% = \$58,400
- After selecting your annuity choice, and your survivor benefit choice, the final number will be your annual pension amount.
- This final # cannot be greater than 80% of your base wage at the time of retirement.

$$25 \text{ YRS} \times 2.5 \% \times \$93,888 = \$58,680$$

- In this example, your pension is \$58,680, but if you take the survivor benefit, and withdraw your annuity, your pension will be around \$50,000.



Other Benefits



\$5,000 Bonus – if you retire within 120 days of your first eligible retirement date, you will receive a one-time \$5,000 bonus on your second pension check after retirement.



Retirement Watch – the WPOA provides a voucher for up to \$200 for a watch.