



SUMMARY PLAN DESCRIPTION

New York City Police Pension Fund
Tier 3 Members

New York City Police Pension Fund

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Introduction

This booklet is called the Tier 3 Summary Plan Description (“SPD”). This SPD applies to the following Tier 3 plans: Original, Revised, and Enhanced. It is published by the New York City Police Pension Fund (“NYCPPF,” “PPF,” “Fund”), and is intended to summarize provisions relating to the retirement benefits offered to uniformed employees of the New York City Police Department (NYPD) who are subject to the various Tier 3 plans.

This booklet is not intended to be comprehensive. Laws affecting the plan can be added to or changed at any time, which may result in discrepancies within this SPD. In the event of a conflict between the contents of this booklet and any applicable law and/or rules, including, but not limited to, the Administrative Code of the City of New York (“NYCAC”), the New York State Retirement and Social Security Law (“RSSL”), and the Rules of NYCPPF, the applicable Law or Rule will govern.

About PPF

In 2001, legislation provided Corpus Funding for the Pension Fund to begin operations in September 2002 at its new location at 233 Broadway in New York City. The PPF is governed by the Board of Trustees. The Comptroller of the City of New York is Custodian of the funds of the System, and by delegation of the Board of Trustees, has the power to invest those funds. The Executive Director is the chief administrative officer of the agency. The Chief Actuary for the City of New York provides actuarial services to the PPF. The Office of Corporation Counsel provides legal services to the Fund.

NYCPPF is a defined benefit plan, meaning that a specific benefit is provided at retirement in amounts that are paid either on a fixed-dollar basis or as a percentage of compensation. PPF manages the Fund’s invested assets and pays out benefits according to formulas set forth in New York State and City laws. In general, Tier 3 members are governed by Article 14 of the RSSL, the NYCAC, the Rules of the Fund, and certain other applicable statutes.

How to Contact PPF

The Fund cannot answer member specific questions regarding financial information or provide legal or tax advice.



webCOPS is a secure website where members can view pension account information and connect with PPF online. Members who register on webCOPS can check their current account balance, verify contact and beneficiary information, and download and submit member request forms. webCOPS will continue to evolve with scheduled updates over the next few years.

For members with an active account, you can log onto webCOPS at <https://webcopsmss.v3locity.com/>

To register for webCOPS members can call the PPF's Call Center at (646) 905-5596 and request that a PIN be mailed to your address on file. PPF's Call Center is also available to provide webCOPS support during standard business hours.

Members can also find the answers to many questions quickly and conveniently by visiting PPF's public website: www.nyc.gov/nycppf.

At PPF, protecting and securing the privacy of member data is a top priority. Therefore, forms not submitted via webCOPS require notarization; affidavits must always be notarized regardless of how they are submitted. PPF staff do not respond to telephone or e-mail inquiries relating to private member information because the identity of the caller or e-mail writer cannot be confirmed.



For answers to questions of a **general** nature concerning retirement and pensions, please call PPF at (212) 693-5100.



You may send forms or letters to the Pension Fund at 233 Broadway, 25th Floor, New York, New York 10279.



The Fund is also on Facebook! Members, their beneficiaries, and fans of the Fund can "like" us on Facebook at www.facebook.com/nycppf.

In person and online, PPF is proud to be serving the FINEST.

Membership

Uniformed members of the New York City Police Department appointed on or after July 1, 2009, are subject to Article 14 of the RSSL, also known as Tier 3. Contributions to the Fund must be made while employed with the NYPD but are not required after 25 years of service. Membership in the Fund ceases upon withdrawal of contributions. There are three different plans within Tier 3: Original, Revised, and Enhanced.

Members appointed	Plan
Between July 1, 2009 – March 31, 2012	Tier 3 Original
Between April 1, 2012 – March 31, 2017	Tier 3 Revised
On or after April 1, 2017 (or opted in)	Tier 3 Enhanced

Tier 3 Original or Revised members who elected to opt-in to Tier 3 Enhanced are subject to the rights, benefits, and provisions provided by the Enhanced plan. The period to opt-in to Tier 3 Enhanced is now closed.

Credited Service

Participation in the Fund is mandatory for uniformed members of the service. A member will not receive retirement credit for any day not on the payroll, e.g., suspended without pay. Military service with the federal government may be credited pursuant to New York State Military Law §243, the Uniformed Services Employment and Reemployment Rights Act (USERRA), and RSSL §1000, as explained below.

Prior Service Credit

A member is eligible to obtain service credit for any New York State Police and Fire time, or service with the New York City Fire Department. This credited service may count toward the requirements for vesting and retirement.

Transfer to New York City Police Pension Fund

A member may transfer a membership from another public retirement system within the State of New York to PPF. In Tier 3, transferring prior City or State service, other than Police or Fire time, does not provide service credit or an additional monetary benefit. There may, however, be a transfer into a prior tier depending on membership dates. Before deciding whether to transfer service from another pension system, an eligible member should speak with Membership Services. A transfer that does not provide a benefit upon separation from service will be refunded.

Buyback of Prior Service

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

Chapter 646 of the Laws of 1999

Chapter 646 of the Laws of 1999 amended RSSL § 645, which allows for the purchase of prior service in another retirement system for a membership that has ceased. Chapter 646 may allow for a Tier change or Tier reinstatement. A member who may be eligible to purchase service under this provision should contact Membership Services.

Chapter 552 of the Laws of 2000

Chapter 552 of the Laws of 2000 allows members the ability to purchase any prior service rendered before becoming a member of the Fund, or any other New York State or New York City retirement system. Only prior police or fire service will provide service credit.

Child Care, Chapter 594, Laws of 2000

Chapter 594 allows members who were on leave without pay for purposes of authorized child care leave to purchase uniformed credited service. A member must file an application not later than 90 days from the final date of the leave.

Military Service, RSSL § 1000

New York State Retirement and Social Security Law ("RSSL") § 1000 allows members to purchase up to three years of pre-membership military service.

To be eligible for this service credit purchase, the member must:

- ✓ Be in active City service; and
- ✓ Have five years of credited service with PPF, not including the military service being purchased; and
- ✓ Produce a DD-214 demonstrating an honorable discharge from any branch of the U.S. Armed Forces.

The cost of this buyback is dependent on appointment date:

- *If the member has a membership date with PPF on or prior to March 31, 2012:*
 - 3% of the member's compensation earned during the 12 months of credited service immediately preceding the application date multiplied by years of military service claimed
- *If the member has a membership date with PPF on or after April 1, 2012:*
 - 6% of the member's compensation earned during the 12 months of credited service immediately preceding the application date multiplied by years of military service claimed.

If upon death, retirement, or separation, the service purchase does not produce a greater benefit, the cost of the service purchase must be refunded to the member with interest.

Retroactive Military Seniority (RMS)

Retroactive Military Seniority ("RMS") is awarded to a member after being appointed to the NYPD from a special list, retroactive to the date the member would have been appointed had the member not been serving in the military. Information contained herein applies only to pension benefits, not employment benefits.

Members who are awarded RMS from the Department of Citywide Administrative Services (DCAS) are eligible to receive pension credit retroactive to their RMS date upon remitting the cost of the pension contributions to the Fund. This entitles the member to the same rights, privileges and obligations as if they had served continuously in such position from the RMS date, including Tier status.

Contributions must be completed within the repayment period prescribed by law; the maximum repayment period is the time from the RMS date to the NYPD appointment multiplied by 3, up to a maximum of 5 years. Payments can be made via certified check or money order or through bi-weekly payroll deductions. Upon completion of the payment, interest will be credited to the account as it would have been earned during the period.

Please note a member cannot receive RMS and credit for the same military service through a buyback. Members who have already completed a RSSL \$1000 buyback for the same time will receive a refund for the buyback or the City will credit the money toward the RMS payment.

Contributions

Contributions to the New York City Police Pension Fund are mandatory for all members but are not required after 25 years. Contribution rates vary by Tier 3 plan. Pensionable earnings consist of base salary, overtime, night differential, holiday pay, worked vacation, portal to portal, and allowable longevity. Member contributions are based on gross pay and will be deducted from pay before federal taxes are deducted.

Contribution Rates

Member contributions and the interest they earn are known as accumulated contributions. The Tier 3 rate of interest is currently 5%. A member's accumulated contributions must equal the required amount (the 3% contribution rate plus statutory interest) to be eligible for a pension.

Plan	Contribution Rate
Tier 3 Original	3%
Tier 3 Revised	3%
Tier 3 Enhanced	4%*

** Tier 3 Enhanced members contribute 3% of pensionable earnings PLUS an additional contribution rate to help fund the enhanced disability benefit. Currently, the additional contribution rate is 1%. This additional 1% can be raised to up to 3% based on a financial analysis by the Office of the Actuary, which is conducted every three years. At no time can the total contribution rate exceed 6%.*

Taxability of Contributions

Tier 3 Original and Revised contributions are taken pre-tax. Tier 3 Original and Revised members who opt into Tier 3 Enhanced will have split taxability: the base 3% is pre-tax, however the additional contribution (currently 1%) will be taken after tax.

Tier 3 Enhanced contributions in their entirety are taken pre-tax only for members appointed on or after April 1, 2017.

Pensionability of Longevity

Longevity payments are not automatically pensionable. "Pensionable" means what portion of your earnings are included in the final average salary. When a member has 20 years of service, the payments for five- and ten-year longevity become pensionable. At 25 years of service, the payments for 15- and 20-year longevity become pensionable.

Member Contributions While on Military Leaves

Members may take military leaves with or without pay during their career with the NYPD; however, all members must be given the opportunity to purchase pension credit for such leaves. The Uniformed Services Employment and Reemployment Rights Act of 1994, 38 U.S.C. §§ 4301–35 (“USERRA”) requires military service members’ pensions—as well as employer and employee contributions to pension plans—to be computed based on the rate of compensation the employees would have received but for their periods of military service.

Therefore, when a member goes on a military leave, PPF must impute, for purposes of pension calculations, overtime and night-shift differential compensation that members would have earned had they not taken military leaves during their careers with the NYPD.

For example, the member may ordinarily have earned overtime or night-shift differential compensation but missed the opportunity to do so because of military obligations. Military service begins on the day a member begins his or her leave from the NYPD for the purposes of military service; this may include use of annual leave and/or compensatory time. The military service is deemed completed on the day before the member returns to the NYPD.

To determine the amount of earnings a member would have earned, PPF will average any additional differential payments and overtime the member earned during the 12 months immediately preceding his or her active military service. PPF will then add the base pay to the imputed earnings to reach the pensionable earnings for the military leave. Members are responsible for making additional pension contributions to the Fund.

Refunds of Member Contributions

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

If a member separates from the Fund for reasons other than retirement (resignation, termination, or death) a request for a refund of accumulated contributions plus interest may be made. If contributions are left with the Fund, the money will continue to earn interest for a maximum of five years from the date of separation.

Upon separation of service (either by way of resignation or dismissal), contributions may be withdrawn until a member has 10 years of credited service. After 10 years of service, contributions may not be withdrawn, and members will receive a vested retirement benefit.

Shortages

A shortage occurs when a member’s pension account balance falls below the required amount. Members are responsible for any account shortages; there is no actuarial offset if a member has a shortage at retirement. A member cannot collect a retirement benefit with a shortage.

Shortages may occur because of delays in contract settlements. Retroactive pay from a contract settlement does not include the interest that would have been earned on these contributions. Interest earned on contributions is part of a member’s required amount; therefore, a shortage can occur.

The Fund will notify any member with a shortage prior to retirement. Members may opt to make a lump sum payment(s) or biweekly payroll deductions to reduce any shortage.

Loans

Overview

Members must have one year of uniformed police or fire service credit to be eligible to take a pension loan. Only one loan is permitted in any 12-month period.

The amount a member may borrow is limited, as described below. The amount borrowed must be repaid together with interest, currently set by statute at a rate of 7%. Loan interest stops accruing either when the loan is repaid or at retirement. Please see Loan Repayment below for information about retiring with an outstanding loan balance.

All loans issued must be at least \$1,000 and must be in increments of \$10.

Maximum Allowable Loan Amount

While the maximum allowable loan for members is determined as a percentage of member contributions at the time the application is submitted, the loan does not come directly out of a member’s contribution account (Member Contribution Account Fund). Rather, the loan is disbursed from the Police Pension Fund’s Contingent Reserve Fund; therefore, taking a pension loan will not cause an account shortage.

The maximum allowable loan amount varies depending on membership date:

July 1, 2009-December 31, 2017	On or After January 1, 2018
75% of total member contributions, reduced by any outstanding loans	the lesser of:
	\$50,000
	or 50% of total member contributions, reduced by any outstanding loans

Loan Repayment

If there are outstanding loans, each loan will have a separate repayment schedule.

Loan payments are automatically deducted from salary checks in the amount specified by the member, but in no event less than 2% of the bi-weekly gross check.

If the loan payment deduction cannot be taken from a member's salary, or if the member is on leave without pay (other than a military leave), they must make loan payments directly to the Fund. These payments must be made on a monthly basis via certified check or money order; interest will continue to accrue.

Members may repay a loan in full or in part at any time via certified check or money order payable to NYC Police Pension Fund. The minimum partial payment is \$500.

Loan repayment terms cannot exceed five years.

Note: Loans may not be redeposited once they are issued. You may repay the loan if you've changed your mind, but the balance will be considered for future loan eligibility and taxability; a 1099-R will be issued, if applicable, even if the loan is repaid.

Retiring With an Outstanding Loan

Retiring with an outstanding loan balance will result in a member's pension benefit being reduced by the actuarial equivalence of the balance.

This reduction is calculated by the New York City Office of the Actuary as an annuity equivalence of the amount of the outstanding loan, utilizing PPF's mortality tables for option election and interest rate on 30-year United States treasury bonds in effect on January 1 of the member's calendar year retirement.

At retirement, members will be told the value of the reduction on their benefit. **This monthly reduction of the benefit does not constitute a loan payment, rather is a permanent lifetime reduction.**

If a member wants to remove the reduction for the outstanding loan, they may make a one-time lump sum payment equal to the outstanding loan balance as of their retirement date. Such a payment will not cause any previously issued 1099-Rs to be amended or change the tax status of the pension benefit.

Loan Insurance

All loans are insured against the death of a member thirty days after disbursement. The insured amount is equal to the amount of the loan outstanding at the time of death.

Insurance premiums will be charged as part of the loan repayment. The premium payable by the member for such insurance, as set by the Board (and reviewed annually), is currently 0.1% of the borrowed amount.

Deferred Compensation Plan Loans

The NYC Deferred Compensation Plan (DCP) also has a loans program, that works in conjunction with Loans taken at the Police Pension Fund.

The maximum DCP loan is the lesser of:

- 50% of a participant's DCP account balance; or
- \$50,000, reduced by the highest outstanding principal at the Police Pension Fund during the 12-month period ending on the date of the proposed DCP loan.

Police Pension Fund members seeking a DCP loan must have the Police Pension Fund certify their highest outstanding PPF loan balance during the above period. NYC Deferred Compensation will not issue a loan if the combined PPF/DCP loan balance exceeds the \$50,000 DCP maximum.

For more information visit www.nyc.gov/nycppf and click the Loan Services link, then click the Deferred Compensation Loans link.

Loan Taxability

An IRS Form 1099-R will be issued for all taxable and defaulted loans.

A loan will be considered taxable if the combined principal of the new loan, PLUS the balance in the last 12 months for **BOTH** DCP AND PPF loans exceeds the lesser of \$50,000 or one-half of the member's contribution account balance.

When applying for a loan, if "Maximum Non-Taxable Amount" is selected on the application, the member will receive the maximum loan possible without triggering a taxable event.

An additional 10% tax will be charged by the IRS if you take a taxable loan and are under age 59 1/2.

Failure to make any loan payments in a 90-day period will result in a defaulted loan.

Note IRS Form 1099-Rs will ONLY be sent to your legal address on file.

Retirement

When a member decides to retire, there is no statutory minimum time period by which the member must file before retiring. However, it is recommended that applicants for Service Retirement call the Retirement Processing Unit for an appointment three to four weeks before filing for retirement.

Filing for retirement should be done in person at least 10 days prior to the start of terminal leave. Members are authorized to take an administrative tour for retirement processing.

A member appearing at PPF for retirement must be in possession of his or her shield and identification card.

Pension checks are mailed to a member's mailing address on file with the Fund unless a member requests otherwise. Members may have pension payments directly deposited to any bank upon the submission of an Electronic Funds Transfer (EFT) Form. It is the member's responsibility to keep address information current with the Fund, even after retirement.

Procedures for all members applying for retirement

Property Receipt—Discontinuance of Service (PD 520-013)

This form must be completed and signed by the Commanding Officer of the member's permanent command, or an officer at least a rank above the member within the command and delivered by the member to Retirement Processing.

The field, "Next Scheduled Tour After Leaves, Except Terminal Leave" must be filled out on this form. The date in this field is the starting date of terminal leave. It is the responsibility of the member to return Department property to the appropriate locations.

Firearms

Members who are New York City residents and wish to obtain a New York City Pistol License must visit www.licensing.nypdonline.org. The Application should be submitted four weeks prior to the member's obtaining a retired ID card for processing, otherwise the member may be subject to vouchering firearms until the permit is processed. Questions regarding the Handgun License Application should be directed to the License Division at (646) 610-5536 or <https://licensing.nypdonline.org>.

Members who are not New York City residents may need to provide a copy of the Property Clerk Invoice (PD 521-141) for all firearms listed on the NYPD Force Record Card if an HR218 card is not obtained. Please contact your resident county for further instructions regarding their process.

Health Insurance Information

Members, and in some cases their beneficiaries, may be eligible for health benefits from the City of New York. A member needs at least 10 years of credited service to be eligible for health benefits upon retirement. Health benefits are only available to a person actually collecting a pension.

For example, a member who vests with 10 years of service and does not collect a retirement allowance until what would have been the member's 20th anniversary is not eligible for health benefits until the Fund begins to disburse the retirement allowance. Likewise, a member who retires with 20 years of service and elects to defer payment of the pension until what would have been 25 years for escalation purposes would not be eligible to receive health benefits until collection of the pension benefit.

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

For health insurance purposes, the following information must be provided when a member appears at the Fund to retire:

- ✓ GHI, HIP or other health plan card;
- ✓ Spouse's date of birth and Social Security Number;
- ✓ Date of marriage;
- ✓ Dates of birth and Social Security Numbers of dependent children;
- ✓ If spouse is employed and has health insurance, bring pertinent information (name of employer, health plan, and policy number).

Retirement Processing

During the retirement process at PPF, members are provided information on health insurance, pension survivor options, employment restrictions, withholding tax, and other important retirement issues. The member's retirement date will be set and estimates for both final pension and pre-finalization pension will be provided.

Estimate of Final Pension

An applicant for retirement will receive a pension estimate after meeting with a retirement processor—this is only an estimate. Any additional overtime, night differential and worked vacation earned between the estimated retirement date and the actual retirement date will be included at finalization. Any difference in monthly average earnings between the retirement processing date and the finalization date will be disbursed as a retroactive payment.

Terminal Leave

Members are entitled to take all accrued time and terminal leave after the last day on active duty. Members may request a lump sum payment any terminal leave time not used. All accrued time must be used prior to the start of terminal leave. During terminal leave, members remain on the active payroll.

Application Withdrawal

A member being processed for Vested or Service Retirement may withdraw the retirement application while it is still pending by appearing at PPF in person at least one business day prior to the scheduled retirement date. Any terminal or annual leave used prior to withdrawal of the retirement application may not be restored; however, unused terminal leave may be used toward a future retirement. A member must work 30 days after withdrawing an application for retirement to be eligible for annual leave in the next calendar year.

Final Average Salary

The compensation base that is used to calculate a pension benefit is referred to as your Final Average Salary (FAS).

For all Tier 3 members, their FAS is the average wages earned during any 3 consecutive calendar years or 36 months immediately preceding the member's retirement date that provides the highest average wage. If the wages earned during any year included in the period exceeds the average of the prior two years by more than 10%, the amount in excess of 10% shall be excluded.

If the member was on a leave of absence without pay (e.g. suspension) at any time during the FAS period, that time will be excluded from the calculation and the same period of time immediately preceding the FAS period will be included for the final average salary.

Pension Longevity Enhancements

PPF members may be entitled to the following longevity enhancements depending on their rank and years of service. These enhancements will increase their pension benefit regardless of retirement type.

Police Officer Longevity Enhancement

Members who retire in the rank of Police Officer, who have served twenty-five years in the rank of Police Officer will have a portion of their pension benefit calculated using the highest salary rate of a 3rd Grade Detective in the NYPD. Members who retire in the rank of Police Officer, who have served thirty years in the rank of Police Officer will have a portion of their pension benefit calculated using the highest salary rate of a Sergeant in the NYPD. Only Retro Military Seniority, Childcare Leave, and Active Military Service performed while a member of the NYPD will count toward these enhancements.

Detective, Sergeant, and Lieutenant Longevity Enhancement

Members who retire in the ranks of Detective, Sergeant, and Lieutenant, who have reached the following longevity milestones receive the applicable percentage of the highest rank in their respective unions (plus longevity) added to their final average salary calculation. Members must have at least three years in rank to be eligible for this enhancement. Only Retro Military Seniority, Childcare Leave, and Active Military Service performed while a member of the NYPD will count toward these enhancements.

Members Retiring With:	Percentage Increase
25 Years	5%
30 Years	10%

35 Years	15%
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Captain and Above Longevity Enhancement

Members who retire in the rank of Captain and above who have reached the following longevity milestones will have a portion of their pension benefit calculated using the salary of the applicable rank.

Years in the Rank of Captain:	Rank Salary
5-10 Years	Deputy Inspector
10-15 Years	Inspector
15 Years +	Deputy Chief

Social Security Offset

Most pension benefits in Tier 3 are reduced by a Social Security Offset. Tier 3 Enhanced members who retire for an ADR or ODR will not have their pension benefits reduced by the Social Security Offset.

Tier 3 Original and Tier 3 Revised members who retire for Ordinary Disability Retirement (“ODR”) will have their benefit offset by 50% of their primary Social Security Disability Insurance (“SSDI”) benefit. The benefit will not be further reduced if the Social Security benefit increases after separation from service.

Members who retire for Accident Disability Retirement (“ADR”) follow the regular Offset, as described below, unless they receive SSDI for the same disability claimed from the Fund. Upon receipt of SSDI, ADR retirees will have their benefit offset by 50% of their SSDI, as described above.

All other pension benefits are reduced by a regular Social Security Offset at age 62, regardless of whether the member is in receipt of Social Security Benefits. This offset is determined at the time of the member’s retirement. All public earnings for which the member has accrued service credit will be factored into the calculation of the Offset.

Mandatory Retirement

A member must separate from uniformed service upon turning 62 years old. The separation must occur regardless of whether the member is eligible for a Service Retirement.

- Members appointed between July 1, 2009 and March 31, 2012: The retirement benefit may be calculated the same as Service Retirement, or the member may be entitled to a Vested benefit. This Vested benefit will be reduced 1/15th for each year that a member's early retirement age is in excess of age 60, as described in the Vested Retirement section. Members who must retire for mandatory retirement and do not have 20 years of service are not eligible for the VSF.
- Members appointed on or after April 1, 2012: If a member attains mandatory retirement age and does not have enough service credit for a Service Retirement, the member must take a Vested Retirement. Accordingly, if a member reaches age 62 with less than 20 years of NYPD service, the member is not eligible for the VSF.

Vested Retirement

After five years of uniformed service a member is eligible for vested retirement benefits. Please note that to be eligible for health benefits in retirement, a member must have completed ten years of service.

Vested benefits are payable upon attainment of the 20th anniversary of NYPD service.

A member may elect to receive the Vested benefit early, if the member attains age 55 prior to reaching the 20th anniversary, subject to a reduction of 1/30th for each year the benefit commenced before the 20th anniversary.

To be eligible for annual escalation, a member may elect to defer payment of the vested pension benefit until 22 years and one month or more, up to 25 years. See the Escalation section of this SPD for an explanation of how appropriate escalation is calculated.

Vested retirees are not entitled to terminal leave before separation from service, nor eligible for Variable Supplement Fund payments.

The vested pension benefit is as follows:
 2.1% of the final average salary x years of credited service
 -minus-
 50% of primary Social Security benefit commencing at 62

Service Retirement

A member is eligible to retire for Service without reduction upon the completion of 20 years of uniformed service.

The Service Retirement benefit is:
 50% of FAS-less-

Disability Retirement

An application for Ordinary or Accident Disability may be made by a member in active service, and who is incapacitated from performing the duties of a police officer. Applications for ODR and ADR are made at the Medical Division, 1 Lefrak City Plaza, 59-17 Junction Boulevard, Corona, New York, 11368. Applicants will be notified of the time to appear before the Medical Board for examination.

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

After the examination, the Medical Board will report to the NYCPPF Board of Trustees with a recommendation for approval or disapproval of the disability application. After the Board of Trustees meeting, members are informed of the decision and other necessary information.

Ordinary Disability Retirement (ODR)

To be eligible for Ordinary Disability Retirement, a member must be in active service and have at least five years of credited service. To retire for ODR a member must be approved for primary Social Security disability benefits ("SSDI"). Payment of ODR is contingent on active receipt of SSDI, such proof is required annually until age 65.

The Ordinary Disability Retirement benefit is the greater of:

33 1/3 % of FAS

-or-

2% of FAS x years of credited service

-either benefit above, less-

50% of SSDI

Accident Disability Retirement (ADR)

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

A Tier 3 ADR pension is calculated as follows:

Tier 3 Original and Revised	Tier 3 Enhanced
50 % of FAS less 50% of primary Social Security Disability	75 % of FAS

Taxation of Benefits

ADR pensions are generally not subject to taxation.

All other pensions (Service, Ordinary Disability, and Vested) are subject to Federal tax, but are exempt from New York City, New York State and Social Security taxes.

The tax laws of all states are different and subject to change; if relocating after retirement, the Fund recommends researching the state's tax laws, or consulting a tax professional.

Escalation

Members may be eligible for Escalation on their pension. Escalation is a post-retirement increase (or decrease) to retirement benefits and is calculated by the New York City Office of the Actuary. Escalation is capped annually at 3%. In the event of negative escalation, your benefit will never be reduced below your initial pension amount.

Tier 3 Enhanced members who retire for a disability, do not receive escalation, rather Cost of Living Adjustments ("COLA").

Tier 3 members eligible for Escalation will receive the greater of COLA or Escalation as calculated on a cumulative basis.

Full Escalation Date

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

- **Vested and Service Pensions:** The first day of the month after a member completes, or would have completed 25 years of service.
- **Disability Pensions (Tier 3 Original and Revised only):** The first day of the month following the day on which a member retires for ODR or ADR. Note Tier 3 Enhanced members do not receive escalation on disability benefits.
- **Death Benefits:** The first day of the month following the day on which a beneficiary first becomes eligible for a death benefit paid as other than a lump sum.

Partial Escalation

Partial escalation is calculated on benefits that commence prior to the member's full escalation date. A retiree will be eligible to receive 1/36th of the escalation rate for each month the benefit starts after the 22nd anniversary, but before the 25th anniversary.

Deferred Benefit for Escalation – 22 years of service or less

A member who retires for Service or a member who Vests with less than 20 years of credited service may choose to defer the retirement benefit for the purpose of becoming eligible for annual escalation, in exchange for a reduction in their pension. The reduced Vested pension benefit would then be calculated as follows:

$\begin{array}{c} 2\% \times \text{FAS} \times \text{each year of credited service} \\ \text{-less-} \\ 50\% \text{ of the Primary Social Security Benefit at age 62} \end{array}$
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If a member chooses the above option, the member will receive the escalation rate in effect at the time pension benefits become payable.

Deferred Benefit for Escalation –Service Retirement

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

Deferred Benefit for Escalation and the VSF

A service retiree with over 20 years of service is eligible for the VSF, as described below. A member who defers their benefit for escalation, will be paid any banked Variable (VSF DROP) in the year he or she retires, regardless of the duration of the deferral. VSF will not be accrued during the deferral period, nor will there be death benefits or health insurance. When the member begins receipt of the retirement benefit, payment of the VSF will resume.

Cost of Living Adjustments (“COLA”)

Tier 3 Enhanced members who retire for ODR or ADR become eligible for Cost-of-Living Adjustments (“COLA”) after being retired for five years. COLA is calculated annually by the New York City Office of the Actuary.

The COLA amount is applied to the first \$18,000 of the retirement allowance, or to the full retirement allowance if less than \$18,000.

Spouses collecting a benefit under a joint and survivor option may also be eligible to receive COLA; however, the beneficiary receives 50% of the amount that the member/retiree would have received.

Variable Supplements Fund

Members who **retire for Service, with at least 20 years of credited police service** are eligible to receive an annual statutorily defined Variable Supplements Fund (“VSF”) payment in addition to regular pension payments. The VSF is prorated based upon the number of full months of retirement in the retirement year. The annual VSF benefit is \$12,000. **Only members who retire for Service Retirement are eligible for VSF benefits.**

VSF DROP (Deferred Retirement Option Plan)

In addition to the annual VSF benefit discussed above, members who continue on active duty beyond the 20th anniversary, and ultimately retire for Service Retirement, may be entitled to the VSF DROP, also known as the “Banked Variable.” Accrued VSF DROP funds are eligible for rollover, subject to IRS regulations.

The VSF DROP is not payable to members who die while in active service.

VSF Payment Schedule

VSF payments and VSF DROP payments will be made or credited on or about December 15th of the retirement year (for members who retire prior to December 1). Members who retire in the month of December and are eligible for the VSF DROP will not be paid until December of the following year.

Options

A member may elect to receive a reduced retirement allowance while alive in order to provide a continued benefit for someone else upon the member’s death. There are five options that provide such benefits; a member may elect one. Each option has a cost, determined by the member’s age and the beneficiary’s age at the time of the member’s retirement.

Members will be presented with the estimated cost prior to finalization. A member will be required to choose the option within 30 days of being informed of option costs or the maximum retirement allowance will be granted.

- **Maximum Retirement Allowance:** The Maximum Retirement Allowance is the highest pension to which a member is entitled by law. Under the Maximum Retirement Allowance, the pension ceases upon the member’s death, and no further pension payments may be made to any survivors.

- **Option 1: 100% Joint and Survivor:** Upon the member's death, the designated beneficiary receives 100% of the member's total monthly benefit for the rest of his or her life. Only one beneficiary may be named and may not be changed. If the beneficiary predeceases the member, pension payments continue at the reduced rate unchanged; a new beneficiary may not be named and benefits cease upon the death of the member.
- **Option 2: Annuity:** Upon the member's death, the designated beneficiary receives a retirement allowance of ninety percent or less (but not less than ten percent) payable for the life of the designated beneficiary. Only one beneficiary may be named, and that beneficiary may not be changed. If the beneficiary predeceases the member, pension payments continue at the reduced rate unchanged; a new beneficiary may not be named and all benefits cease upon the death of the member.
- **Option 3: 5 Year Certain:** If a member elects this option, the benefit is payable to the retiree for life; however, if the member dies within 5 years of retirement, the benefit is only payable to the designated beneficiary until the 5th anniversary of the member's retirement. For example, a member may elect this option and live for 15 years after retirement, upon the member's death the benefit would cease and not be payable to a beneficiary. Conversely, if a member died one year after retirement, under this option the benefit would be payable to the beneficiary for 4 more years.
- **Option 4: 10 Year Certain:** If a member elects this option, the benefit is payable to the retiree for life; however, if the member dies within 10 years of retirement, the benefit is only payable to the designated beneficiary until the 10th anniversary of the member's retirement. For example, a member may elect this option and live for 25 years after retirement, upon the member's death the benefit would cease and not be payable to a beneficiary. Conversely, if a member died 3 years after retirement, under this option the benefit would be payable to the beneficiary for 7 more years.
- **Option 5A: 50% Joint and Survivor with "Pop-up":** Upon the member's death, a retirement allowance in an amount equal to 50% of the member's retirement allowance shall be paid for life to the designated beneficiary. If the beneficiary pre-deceases the member, the retirement allowance "pops up" or reverts to the Maximum Retirement Allowance, as if no retirement option was selected. The revision is prospective from the date of the beneficiary's death.
- **Option 5B: 100% Joint and Survivor with "Pop-up":** Upon the member's death, a retirement allowance in an amount equal to 100 % of the member's retirement allowance shall be paid for life to the designated beneficiary. If the beneficiary pre-deceases the member, the retirement allowance "pops up" or reverts to the Maximum Retirement Allowance, as if no retirement option was selected. The revision is prospective from the date of the beneficiary's death.

Reinstatement and Restoration of Membership

Before Service Retirement Eligibility

Return within five years and member contributions were not withdrawn

If member contributions have not been withdrawn and the member returns to service within five years of the separation date, membership with the Fund has not ceased. Accordingly, the prior service must be automatically credited to the member. The member's required contribution rate would continue to be based on the member's original tier and appointment date.

Return after five years or member contributions are withdrawn

To receive credit for the prior NYPD time if contributions have been withdrawn, the member must purchase the prior service through a Chapter 646 or Chapter 552 buyback. Members who are rehired and would obtain an earlier membership date that would bring them into eligibility for an earlier Tier 3 plan will be placed in that plan. A Chapter 552 buyback would not move a member to another Tier 3 Plan.

Tier 3 to Tier 2

If a member resigned while Tier 2 was in effect and reinstated after Tier 3 was enacted (July 1, 2009) that member would have to complete a Chapter 646 buyback to tier reinstate pursuant to New York State Retirement and Social Security Law (RSSL) § 645. The member's contribution rate would be governed by RSSL § 645.

After Service Retirement

If, after Service Retirement, a member rejoins the NYPD (i.e., reinstates as a uniformed member), the pension stops and an active membership begins in the Police Pension Fund. A reinstated member must work at least five years after reinstatement before the new service and the prior service from the earlier retirement may be combined for purposes of retiring on a recalculated pension or receiving escalation benefits.

Retiree Employment Restrictions

NYCPPF retirees must comply with post-retirement earnings restrictions to ensure any portion of the retirement allowance is not jeopardized. All PPF retirees are subject to post-retirement limitations and reemployment restrictions. Violations of any of these laws and/or rules may jeopardize some or all of the retirement allowance.

Service and Vested Retirees Under 65

Section 211: Waiver Required

RSSL Section 211 enables New York State or any of its political subdivisions to hire non-disability retirees who possess certain qualifying skills; however, such an employer needs to obtain a Section 211 Waiver on behalf of the employee. It is the retiree's responsibility to ensure

the employer obtains the 211 Waiver and it remains in force throughout the employment period. The NYS Civil Service Commission and the NYC Department of Citywide Administrative Services (DCAS) are among the entities empowered to grant a Section 211 Waiver.

Section 211(a) – Earnings Cap

If the position's salary or compensation is over \$35,000 and the position is with a former employer (City of New York, except the NYC Dept. of Ed.), the maximum salary or compensation the non-disability retiree may receive is calculated as follows:

Base: **Current salary* at retirement rank**

Less: **Pension**

Equals: **Maximum annual earnings**

**Salary is defined as base pay plus overtime, uniform allowance for rank at retirement and worked vacation.*

The Police Pension Fund will suspend the pension if the retiree earns more than the maximum annual earnings; this includes any VSF payment.

Section 211(b) – No Earnings Cap

If the position the non-disability retiree seeks is not with a former employer (a municipality in New York State other than NYC), the retiree may be hired with no earnings limitations. However, the employer must obtain a Section 211 Waiver on behalf of the employee.

Section 212: Earnings Cap

Under RSSL Section 212, a non-disability retiree under 65 years of age may be employed by New York State or any of its political subdivisions without prior approval of the New York State Civil Service Commission or DCAS. However, the employee's annual salary or compensation must be equal to, or less than, an amount determined by the New York State Legislature (currently \$35,000). A retired PPF member must notify the Executive Director of NYCPPF in writing if he intends to exercise this right, using the RSSL 212 Certification Form. If the retiree's earnings exceed the state-established limit, PPF will suspend, and if necessary recoup, the pension for that calendar year, including any VSF payment.

Retirees Age 65 and Over

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

Public Benefit Corporations

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

The following are some common PBCs, including but not limited to:

- 👍 Metropolitan Transit Authority
- 👍 New York City Housing Authority
- 👍 New York City Transit Authority
- 👍 New York City Dormitory Authority
- 👍 New York City School Construction Authority
- 👍 New York City Convention Operating Corporation
- 👍 New York City Health and Hospitals Corporation
- 👍 New York City Economic Development Corporation
- 👍 New York/New Jersey Port Authority
- 👍 New York State Urban Development Corporation
- 👍 Waterfront Commission of New York Harbor

Safeguards: Accident Disability Retirees

Before 20th Anniversary

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

However, New York City Administrative Code § 13-254 limits the earnings of pre-20th anniversary disability retirees. Maximum earnings are defined as follows:

Base: Current salary* at next highest rank (immediately above retirement rank)

Less: Pension portion of the retirement allowance

Equals: Maximum annual earnings

**Salary is defined as base pay plus overtime, uniform allowance for rank at retirement and worked vacation.*

The Police Pension Fund will suspend the pension if the retiree earns more than the maximum annual earnings. Note this may result in money being owed to the Fund retroactively.

After 20th Anniversary

After the 20th anniversary, disability retirees are governed by Section 1117 of the New York City Charter. RSSL §§ 211 and 212 do not apply to disability retirees after the 20th anniversary as per RSSL § 210. Therefore, such retirees are prohibited from working for the State of New York or any of its political subdivisions.

Note: If a disability retiree becomes an employee of New York State or any of its political subdivisions after the 20th anniversary, PPF will suspend the pension; however disability retirees may be employed by public benefit corporations and non-public organizations with no earnings limitations after the 20th anniversary.

Safeguards: Ordinary Disability Retirees

If a disability retiree becomes **ineligible** for primary Social Security benefits before reaching age 65, the retirement benefits from the Fund shall cease.

If the disability retiree is found to be ineligible for disability benefits but is otherwise eligible for City employment, the retiree will be placed on a preferred eligible list of the City of New York. The disability benefit will continue until the retiree is offered a civil service position from the preferred eligible list, at which time the disability benefit shall cease.

Second Retirement System Membership

A retiree may not join another New York State retirement system as an active member while receiving a pension from the Police Pension Fund. If a retiree does so, the pension will be suspended, including any VSF payments; when active membership in the second retirement system ends, pension payments will resume.

Death Benefits

In Service

To be eligible for an Ordinary Death Benefit, a member needs to have completed ninety (90) days of uniformed service with the NYPD.

The Ordinary Death Benefit is calculated as follows:
3 x member's salary raised to the next highest multiple of \$1,000
-plus-
a return of the member's accumulated contributions

The Ordinary Death Benefit is paid to a beneficiary designated by the member. Members may designate multiple beneficiaries.

Any death benefits paid, except for the Accidental Death Benefit, are in lieu of all other statutory death benefits.

Vested But Not Yet Collecting

A vested member who dies prior to payability is entitled to 50% of an ordinary death benefit.

Accidental Death

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

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

Eligible beneficiaries are dictated by statute, payable in the following hierarchy:

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

In the event that a class of eligible beneficiaries consists of more than one person, the benefit will be divided equally.

The benefit is calculated as follows:

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

If an Accidental Death Benefit payment to an eligible beneficiary does not exceed what an Ordinary Death Benefit would have been, a lump sum payment of the difference between the Ordinary Death Benefit and what was paid as an Accidental Death Benefit will be paid to an eligible beneficiary as described above.

If there are no eligible beneficiaries, the death benefit will be converted to an Ordinary Death Benefit and the Fund will pay the designated beneficiary on file.

Additionally, a Special Accidental Death benefit (SADB) may be payable. Eligible beneficiaries are dictated by statute, payable in the following hierarchy:

1. A surviving spouse; or
2. Surviving children until age 25; or
3. Parents.

If there is no spouse, eligible children, or parents, the benefit is not paid.

The benefit is calculated as follows:

A New York State-paid pension equal to the member's final year's salary,
less the New York City-paid pension as calculated above and any Social Security benefits that are payable.

Beneficiaries

All members designate a beneficiary (or beneficiaries) for Death Benefits when joining the PPF; however, whenever a member's social condition changes (e.g., marriage, separation, divorce), the beneficiary designation should be updated.

Reviewing beneficiary designations regularly is well worth the time and effort; doing so protects both assets and heirs. Tax filing and open enrollment periods are recommended times to do this. Major life events, e.g., marriage, remarriage, divorce, birth, adoption and death, often create the need to update beneficiaries.

Checking Your Beneficiary

To obtain beneficiary information, please visit webCOPS. If you do not have webCOPS, inquiries can be mailed to PPF, attention: Membership Services Unit. Due to privacy concerns, telephone and e-mail requests are not permitted.

Changing Line Organization Beneficiaries

Whenever checking beneficiary information with PPF, remember to also contact the appropriate line organization at the address and number listed below to obtain beneficiary information in those records, as well:

<i>Police Officers</i>	Patrolmen's Benevolent Association (PBA)	212-349-7560
<i>Sergeants</i>	Sergeants' Benevolent Association (SBA)	212-431-6555
<i>Detectives</i>	Detectives' Endowment Association (DEA)	212-587-9120
<i>Lieutenants</i>	Lieutenants' Benevolent Association (LBA)	212-964-7500
<i>Captains & above</i>	Captains' Endowment Association (CEA)	212-964-7500

Changing Beneficiaries

You can change your beneficiary on webCOPS. If you do not have webCOPS, you can download Change of Beneficiary forms on PPF's website and mail them to PPF, attention: Membership Services Unit.

Changing Health Insurance Dependents

To change the dependents on active health insurance by mail or in person, please contact the NYPD Health Insurance Section, 1 Police Plaza, Room 1014, New York, New York 10038 or call 646-610-5122 for information.

To change dependents on retiree health benefits, contact the NYC Health Benefits Program to request the appropriate health benefits forms. This Program is located at 22 Cortlandt Street, 12th Floor, New York, NY 10007 and can be reached at 212-513-0470.

Changing Deferred Compensation Plan Beneficiaries

If enrolled in the NYC Deferred Compensation Plan, call 212-306-7760 for information about updating Plan Beneficiaries. Information is also available at www.nyc.gov/OLR.

Guide for Surviving Beneficiaries

There are few situations in life more stressful than the loss of a loved one; there are no words of comfort at such a difficult time. This section is designed to aid the survivors of PPF members by providing a checklist of who to contact upon the death of a PPF member or retiree, and the information that is required. There are four calls to make:

1. NYPD Operations Unit

- Survivors should call NYPD Operations at 646-610-5580, located at NYPD Headquarters, 1 Police Plaza, New York, New York 10038. Pall bearers may be requested at that time and are available for all five City boroughs, Long Island, Westchester, Rockland, Orange and Putnam counties.

2. NYC Police Pension Fund

- Please notify PPF in writing at 233 Broadway, 19th Floor, New York, NY 10279, attention: Death Benefits Unit or by telephone at 212-693-5619/5919. Please have the following information available at the time of the phone call: the first, middle and last name of the deceased; the date of death; Social Security Number of the deceased; name of the next of kin; and name, address and phone number of the executor or executrix of the estate, if applicable.
- The Fund will need:
 - ✓ A certified copy of the death certificate;
 - ✓ A copy of the paid funeral bill;
 - ✓ A copy of the marriage certificate, if applicable; and
 - ✓ A copy of the beneficiary's Social Security card.

Prompt receipt of these items will expedite the Fund's ability to make payments to any beneficiaries.

3. Member's line organization

- Contact the appropriate line organization below, and ask about a possible life insurance policy and whether any continuing optional benefits are available:

PBA	125 Broad St.	11th Floor	212-349-7560
DEA	26 Thomas St.		212-587-9120
SBA	35 Worth St.	First and second floor	212-431-6555
LBA	40 Peck Slip		212-964-7500
CEA	40 Peck Slip		212-964-7500

4. Health Benefits Program

- Contact the NYC Health Benefits Program to request the appropriate health benefits forms. This Program is located at 22 Cortlandt Street, 12th Floor, New York, NY 10007 and can be reached at 212-513-0470.