SUMMARY PLAN DESCRIPTION

New York City Police Pension Fund

Tier 2 Members

New York City Police Pension Fund

Board of Trustees

Table of Contents

Introduction

This booklet is called the Tier 2 Summary Plan Description (SPD). It is published by the New York City Police Pension Fund (NYCPPF, PPF, Fund), and is intended to summarize all of the provisions relating to the retirement plan, programs and other benefits offered to members employed by the New York City Police Department (NYPD), whose membership date is between July 1, 1973 and June 30, 2009. Laws affecting the plan can be enacted in any given year, which may result in inaccuracies 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. PPF manages the Fund’s invested assets and pays out benefits according to formulas set forth in New York State and New York City laws. In general, Tier 2 members are governed by Title 13 of the NYCAC, the Rules of the Fund and certain other applicable statutes.

How to Contact PPF

At PPF, protecting and securing the privacy of member data is a top priority. That is why before taking action on private and confidential pension matters, a personal visit to our office, a written and signed (in some cases notarized) communication, or a judicial subpoena is required. PPF staff does 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.

To communicate with PPF by fax, members are advised to identify a specific staff member in advance and to send the fax directly to the staff member using the fax number specified. Always retain copies of the fax and fax receipt.

For answers to questions of a **general** nature concerning retirement and pensions, please call PPF at (212) 693-5100; or visit the Pension Fund at 233 Broadway, 19th Floor, New York, New York 10279.

The Fund will respond promptly and completely to pension questions. PPF's ongoing mission is to provide excellent service to every member.

Serving the Finest Online

Members can also find the answers to many questions quickly and conveniently by visiting the PPF website: www.nyc.gov/nycppf. A host of information can be found there regarding benefits, recent pension legislation, and frequently asked questions. In the Forms and Publications area, forms may be downloaded for most changes members wish to make, such as beneficiary, guardian, and buyback applications for active members and retiree forms for change of address, direct deposit and Municipal Credit Union deduction actions, among others.

Members can also ask general questions by emailing the Fund directly at policepensioninquiries@nycppf.org. The Fund cannot answer member specific questions regarding financial information or provide legal or tax advice.

The Fund is also now 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 with membership dates between July 1, 1973 and June 30, 2009 are considered Tier 2 members. Contributions to the Fund are made while employed with the NYPD in accordance with the "Contributions" section. Membership in the Fund ceases upon withdrawal of contributions.

Credited Service

Credited service is classified as Allowable Police Service or other credited service. Members may buy back any missing service under Chapter 552, as described below.

Allowable Police Service

Twenty years of Allowable Police Service are required for Service Retirement. Allowable Police Service includes:

- ✓ All service rendered as a uniformed member of the NYC Police Department.
- ✓ Credit for service rendered as a uniformed member of the NYC Fire Department.
- ✓ Credit for service rendered while a member of the New York City Employees' Retirement System uniformed force service immediately preceding appointment as a uniformed member of the New York City Police Department. Such uniformed service includes: service in the Housing Police Department, Transit Police Department, Department of Correction, Sanitation Department, and as an Emergency Medical Technician (EMT).
- ✓ Credit for uniformed service rendered while a member of the New York State Employees' Retirement System or New York State Police and Fire Retirement System.
- ✓ Credit for service as a Peace Officer in accordance with New York State Criminal Procedure Law §2.10
- ✓ Service in the United States Military
    - o Members may be entitled to receive up to five years of credited service for military service. To be eligible, the member must have been a member of a city retirement system upon entering military service and immediately returned to city service upon discharge. Upon request, the Police Pension Fund will provide members with information about other circumstances that may be eligible for military service credit.
    - o Under RSSL §1000, members may purchase up to three (3) years of certain wartime military service performed prior to appointment.
    - o Under Chapter 606 of the Laws of 2000, members may purchase up to four years of combined military service and service as a police officer in a foreign country for the United States Government.
- ✓ Up to one year for each authorized Child Care Leave purchased pursuant to Chapter 594 of the Laws of 2000.

Other Credited Service

Other credited service is any service other than Allowable Police Service. This service counts as additional service credit beyond the required twenty years and will provide an additional monetary benefit.

Other credited service includes membership service rendered while a member in a non-uniformed position. In addition, uniformed service credit that does not immediately precede uniformed service in the New York City Police Department is considered to be Other Credited Service.

Please note buybacks and transfers must be completed within prescribed time limits. For further information please contact Membership Services at (212) 693-5850.

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. Members who receive RMS from the Department of Citywide Administrative Services (DCAS) receive pension credit retroactive to the date awarded by DCAS.

Upon receipt of a letter from DCAS stating the member has RMS, the member is immediately entitled to the same rights, privileges and obligations as if he had served continuously in such position from the date of his appointment. A member's membership date will be adjusted to reflect the RMS Date (RMSD) found in the letter from DCAS; the member's tier and contribution rate are also adjusted accordingly. Members with RMS must, however, make pension contributions that were missed during the period between the RMSD and appointment to the NYPD. Contributions must be completed within the repayment period prescribed by law; the maximum repayment period is the time from the RMSD to the NYPD appointment multiplied by 3, up to a maximum of 5 years. Once contributions are completed within the repayment period, the Pension Fund is required to credit the member's contribution account with the interest that would have credited during this period.

Tier 2 members may elect to not make their contributions, forgoing the interest the Fund would have paid, thereby creating a shortage in their contribution account. If a shortage exists in the contribution account at the time of retirement, the pension will be offset by an actuarial equivalent to the shortage. Payments must be completed by the end of the repayment period, which is calculated as time from the RMSD to the NYPD appointment multiplied by 3, up to a maximum of 5 years.

Members may also elect to make voluntary contributions, i.e., the ITHP Waiver, and/or 50% Additional Contributions, as if they were made during the RMS period. The Fund is responsible for interest on such voluntary contributions. Members who make this election must elect to participate in one or both programs for the entire RMS period.

Please note a member cannot receive RMS and credit for the same military service through a buyback. Members who have already completed a military buyback for time covering the RMS period, will receive a refund for the buyback or the Fund will credit the money toward the RMS payment.

Inquiries regarding eligibility for RMS pension credit should be submitted in writing to the Police Pension Fund, attention Membership Services, 233 Broadway, 19th Floor, New York, New York 10279. General questions may be directed to the Membership Services division at (212) 693-6860.

Prior Transit and Housing Service

Former Transit and Housing Police Officers who became members of the Police Pension Fund Article II due to the 1995 merger, or a rollover, maintain their eligibility based on their original dates of membership in NYCERS. Members should contact Membership Services at (212) 693-5850 to verify membership dates with NYCERS versus their appointment dates.

Transfer of Service

Members with a previous membership in New York City or State public retirement system may be eligible to transfer their prior service to PPF. Members transferring uniformed Police or Fire time, Peace Officer status or EMT time will be granted allowable police service provided the application for such credited service was made within prescribed time limits and such credited service was properly transferred to PPF.

Members should discuss potential transfers with PPF, as well as a representative from the former retirement system to determine eligibility.

Prior State of New York service may be transferred to PPF for up to seven years from the termination of state service, after which point the member must purchase the time to obtain service credit or a pension benefit, as permitted by law. All properly transferred state time is uniformed time. Please note that the New York State Teachers' Retirement System does not allow system-to-system transfers; such prior time must be purchased. Members should initiate the transfer process with PPF Membership Services.

Prior City of New York service may be transferred to PPF for up to one year from termination of city service, after which point the member must purchase the time to obtain service credit or a pension benefit, as permitted by law. Members should initiate the transfer process with the former retirement system.

Under Chapter 498 of the Laws of 2005, active members who properly transferred City or State time that immediately preceded appointment to the NYPD may count this time as uniformed time, provided it is considered to have peace officer status under New York State Criminal Procedure Law § 2.10 or is service as a NYC Emergency Medical Technician (EMT). This law is not retroactive, and it will impact a member's contribution rate. Members who wish to have this time count as uniformed time must ask the Police Pension Fund's Membership Services Unit for application assistance. This time, if properly transferred to the New York City Police Pension Fund as an active member, shall be credited as uniformed time.

To receive credit for this time, PPF members must have had a preceding membership in either NYCERS or the Board of Education Retirement System. See Operations Order 13, dated 03/06/2006, found on the Police Pension Fund website.

Buyback Information

There are several statutory provisions that allow for the purchase of prior service. Some of these buybacks merely grant service credit that will provide an additional monetary benefit at retirement, while others may count toward the number of years necessary to reach Service Retirement. However, those that grant such service credit as “allowable” police service, typically must be immediately preceding the NYPD service (including service in the uniformed transit police force, the housing police force, uniformed corrections force or the uniformed force of the Department of Sanitation.

Prior Service, Chapter 646, Laws of 1999

Chapter 646 allows PPF members with former membership in a New York City or State public retirement system to receive credited service by repaying contributions that system refunded (if any) with interest.

Service purchased pursuant to Chapter 646 can either be non-uniformed service, which increases the pension’s value but does not change the retirement date, or it can be uniformed service, which changes the retirement date. Both types of service change the contribution rate and may cause a shortage due to the rate change.

Former Police Pension Fund members with a lapse in service also can buy back time under Chapter 646. See Operations Order 2-25, c.s. dated 12/11/2002, found on the PPF website.

Military Service, RSSL § 1000

Chapter 548 of the Laws of 2000 created New York State Retirement and Social Security Law (“RSSL”)§ 1000; this allowed former members of the Armed Forces of the United States during certain periods of conflict or in certain combat areas to buy back their military service as uniformed time.

On May 31, 2016, Chapter 41 of the Laws of 2016 was enacted, amending RSSL §1000 by removing the specified periods of time, medal requirements, and theaters of operation in which military service would have to have been rendered for a pre-membership service purchase. Members need only have been honorably discharged from the military to be eligible to purchase pre-membership service credit pursuant to RSSL §1000. This law is not retroactive and does not permit retired members to purchase service credit.

RSSL §1000 service purchases grant an active member who has five years of credited service, not including the military service being purchased, the eligibility to purchase up to three years of military service for pension credit. The member must be able to produce a DD-214 demonstrating an honorable discharge from any branch of the U.S Armed Forces.

The member must render payment for the service credit as follows: 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

The member must apply and remit payment for service credit before the 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. 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.

Prior Service, Chapter 552, Laws of 2000

Chapter 552 allows members to buy back previous service while employed by New York City, State or political subdivisions of the State prior to becoming a member of the Police Pension Fund. Service bought back under Ch. 552 can be uniformed or non-uniformed service, but only uniformed service will change the retirement date. The contribution rate under Chapter 552 always is unchanged. See Operations Order 2-24, c.s. dated 12/11/2002, found on the PPF website.

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 ninety (90) days from the final date of the leave. See Operations Order 11, dated 1/22/01, found on the Police Pension Fund website.

Bosnia Bill, Chapter 606, Laws of 2000

Chapter 606 permits PPF members to purchase police duty rendered on behalf of the U. S. Government that is located in a foreign country (e.g., Bosnia). When such police service is combined with qualifying military service under Chapter 606, a maximum of four years of service may be purchased. See Operations Order 35, dated 05/21/2001, found on the Police Pension Fund website.

Contributions

Tier 2 members contribute a certain percentage of pensionable earnings. Pensionable earnings consist of: base salary, overtime, night differential, holiday pay, worked vacation, portal to portal and allowable longevity. These contributions, and the interest earned, are deposited in the Annuity Savings Fund (ASF). The contribution rate is a percentage assigned based on the member’s age at appointment. This contribution rate when multiplied by a member’s pensionable earnings and the applicable interest rate creates the required amount. For instance, the required amount is the amount that needs to be in a member’s ASF at retirement for the member to be entitled to full pension benefits.

Essential Contributions

The member and the City of New York each contribute a portion of the contribution rate. This arrangement increases member take-home pay (ITHP) because the City relieves the member from paying the full required contribution rate. Currently, the City assumes 5% of member contributions, effectively reducing the required contribution rate by 5%. The member is responsible for contributing the remaining percentage, which is deducted each pay period.

Member contributions and the interest they earn are known as accumulated contributions. The Tier 2 rate of interest is currently 8.25%. A member's accumulated contributions must equal the required amount to be eligible for a full Service Retirement pension benefit.

Per IRS Code § 414(h), member contributions made on or after December 1, 1989, are not subject to federal taxation, but are subject to state and local income taxes. Member contributions made before December 1, 1989 are subject to federal, state and local taxation. ASF interest earned is federally taxable, regardless of when it was earned.

Contribution Rates

This chart shows current rates by age at appointment and how the three contribution rate types relate to one another:

Age at Appointment	Required Rate =	City/ITHP Rate +	Member Rate
17	8.55%	5.00%	3.55%
18	8.40%	5.00%	3.40%
19	8.20%	5.00%	3.20%
20	8.05%	5.00%	3.05%
21	7.85%	5.00%	2.85%
22	7.65%	5.00%	2.65%
23	7.50%	5.00%	2.50%
24	7.30%	5.00%	2.30%
25	7.15%	5.00%	2.15%
26	6.95%	5.00%	1.95%
27	6.80%	5.00%	1.80%
28	6.65%	5.00%	1.65%
29	6.45%	5.00%	1.45%

30	6.30%	5.00%	1.30%
31	6.15%	5.00%	1.15%
32	6.00%	5.00%	1.00%
33	5.85%	5.00%	0.85%
34	5.65%	5.00%	0.65%
35	5.50%	5.00%	0.50%
36	5.35%	5.00%	0.35%
37	5.20%	5.00%	0.20%
38	5.05%	5.00%	0.05%
39	4.90%	5.00%	0.00%
40	4.75%	5.00%	0.00%

Voluntary Employee Contributions

Waive ITHP

To increase pension contributions a member may waive ITHP. By waiving ITHP, the member agrees to contribute 100% of the contribution rate; contributions assumed by the City still remain in effect when a member waives ITHP. *For example,* a member with a required rate of 7.5% who waives ITHP will have 12.5% contributed to his pension: 7.5% by the member and 5% by the City.

50% Additional

Members may make additional contributions equal to 50% of the required rate by participating in 50% Additional. Contributions made in the 50% Additional program are after-tax funds; accordingly, these contributions may be withdrawn tax-free at retirement.

Stop or Reinstate Member Contributions

If necessary, a member may also stop contributing the member portion. Even if a member stops making pension contributions, the City will continue making the ITHP contribution. **It is important to note that stopping member contributions will create a shortage in the ASF account; if that shortage is not repaid it will result in a lower pension upon retirement.** *See the "Shortages" section for further information.*

Members may only stop member contributions until earnings for the year reach the level upon which FICA (Social Security) taxes are no longer imposed. If and when a member's earnings reach that level, member contributions are automatically reinstated.

A member may reinstate member contributions at any time.

Example: In March, 2012, a member with 17 years of service, decided to stop member contributions. Later that year, when this officer's earnings for the year reached $110,100, the member contribution was automatically reinstated. (Note: In 2012, $110,100 was the earnings level above which the FICA tax was no longer imposed.)

Member Contributions While on Military Leaves

Members may take military leaves with or without pay during their career with the NYPD. The settlement in the case of Goodman, et al. v. City of New York, et al., took effect on March 17, 2014. At issue was the calculation of pensionable earnings and member contributions for members on active duty military leaves from the NYPD.

Under the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA") military service members' pensions—as well as employer and employee contributions to pension plans—are required to be computed based on the rate of compensation the employees would have received but for their periods of military service. Pursuant to the Settlement Agreement in the Goodman case, 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. Active Military Service is defined as "active duty, active duty for training, initial active duty for training, inactive duty for training, full-time National Guard duty, a period for which a person is absent from a position of employment for the purpose of an examination to determine the fitness of the person to perform any such duty, and a period for which a person is absent from employment for the purpose of performing funeral honors duty."

Who is Affected by this Settlement Agreement?

Any PPF member who completed military leaves after September 11, 2001.

Active PPF members who performed Active Military Service and returned to NYPD service between September 11, 2001 and March 17, 2014 may voluntarily elect to have their pensionable earnings recalculated. Such members may schedule a counseling session with a military advisor by contacting Membership Services at (212) 693-6860 and/or complete PPF Form 86: Recalculation Request, which is available at www.nyc.gov/nycppf.

Active PPF members who return to the NYPD from Active Military Service on or after March 18, 2014 must have their pensionable earnings calculated pursuant to the agreement.

What Does the Calculation Entail?

For each period of time when a member performed active military service after September 11, 2001, PPF will determine how much compensation the member would have earned, but for the period of military service. 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.

Excess Contributions/Refund of Excess

A member with twenty or more years of service and no shortage may make an application for a refund of any excess funds in the member's account. If no refund request is made by the time of retirement, the pension will be increased by the actuarial value of the excess.

A refund of excess is the return of any funds in a member's account above the amount required on the member's 20^{th} anniversary. **All taxable distributions are subject to a 20% withholding tax as of January 1, 1993.** The withholding tax is credited toward the payment of the tax on the distribution. **Members under the age of 59 ½ are also subject to a 10% penalty on the distribution**; however, if a member is retiring from the service, the age for the 10% penalty is reduced from 59 ½ to age 50. Members retiring are eligible to roll over a taxable distribution into an IRA, thereby avoiding the 20% withholding and 10% penalties.

A member who requests a refund of excess will receive a 1099 from the Comptroller's Office at the end of the year for the distribution.

Refund of Contributions upon Separation From The Fund

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. After this time, the contributions will no longer accrue interest and will be refunded. If a member has a taxable outstanding loan balance, a Form 1099-R will be generated at the end of the separation year.

For further information on refunds, please refer to the Fund's website (www.nyc.gov/nycppf) or call (212) 693-5100 for assistance.

Loans

Overview

To be eligible to take a pension loan, a member must have three years of continuous service. The maximum allowable loan for members with less than ten years, including any outstanding loans, cannot exceed 50% of accumulated contributions, or $10,000; for members with over ten years of uniformed service, the maximum allowable loan is 90% of accumulated contributions, plus interest.

Qualified members may borrow up to $50,000 maximum including Pension Fund and Deferred Compensation Plan loans. Amounts in excess of $50,000 will be considered taxable distributions and are subject to Federal taxes and penalties.

Loans are issued in multiples of $10.00 with a minimum amount of $100. Members are limited to holding 10 outstanding loans at one time, and no more than two new loans may be granted during any 12-month period, unless previously paid in full.

Repayments 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. Payments may not exceed 10% of the bi-weekly gross check without written authorization from the member. Repayment on all loans must occur prior to a member's 63rd birthday. Members must appear in person at the Pension Fund if they desire to repay loans prior to termination.

Loans with a repayment schedule of five years (130 payments) or less are treated as separate loans for purposes of repayment, tax liability and tracking. Loans being repaid with a term of five years or more will be combined, resulting in a single repayment on the combined loan. If there is a prior loan outstanding, a new loan will have a separate repayment schedule unless the consolidated loan will be repaid in full by the original repayment date.

Why Pension Loans Cause Shortages

A pension loan causes a shortage even if the loan is repaid. The interest on a member's ASF account is 8.25%, whereas the interest on a pension loan 4.0%. Accordingly, making regular pension contributions during the loan repayment period, or even fully repaying the loan, does not prevent the shortage from occurring because the loan is repaid at 4.25 percentage points lower than what the borrowed funds would have earned in the account.

When a member's ASF account falls below the required amount there is a shortage in the account. If not repaid, a shortage will reduce the member's pension at retirement.

The Police Pension Fund recommends that members carefully evaluate whether taking a pension loan is the best option.

Loan Repayment and Insurance

Members may repay a loan in full or in part at any time; the minimum partial payment is $500. Additionally, members may change the loan payment amount during the months of May and November.

If a member dies prior to retirement, loans with a combined balance up to $25,000 are insured, subject to how long each loan has been outstanding, as follows:

Days Loan Outstanding	Percentage of Loan Insured
Less than 30 days	0%
30-59 days	25%
60-89 days	50%
90 or more days	100%

Deferred Compensation Plan Loans

The NYC Deferred Compensation Loan Program (DCLP) works in conjunction with Loans taken at the Police Pension Fund.

The maximum DCLP 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 DCLP 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 DCLP maximum.

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

Loan Taxability

A pension loan will be taxed when the member borrows taxable contributions (i.e., 414(h) contributions made after December 1, 1989) and:

- **For members with 10 years or more of uniformed service:**
  - The cumulative loan principal is greater than $50,000; or
  - The term of repayment exceeds five years.

- **<u>For members with over three years but under 10 years of uniformed service:</u>**
  - The loan exceeds the greater of 50% of accumulated deductions or $10,000; or
  - The term of repayment exceeds five years.

The taxable portion of a loan is the portion of the principal consisting of untaxed contributions and associated interest. A member under the age of 59 ½ will incur an additional 10% penalty on the taxable loan amount.

If you borrow previously taxed contributions, the loan is not considered a taxable distribution and is therefore not subject to the maximum five-year repayment term above. Previously taxed contributions include 50% Additional contributions and contributions made before December 1, 1989.

An IRS Form 1099-R is issued if taxable contributions are borrowed. The Fund sends a 1099-R to the address listed on the member's loan application unless an address change is requested in writing to: The New York City Police Pension Fund, 233 Broadway, New York, NY 10279 (attention: Loan Services Unit).

Example: A member with an outstanding loan of $34,997 (Loan 1) requests a new loan (Loan 2) of $15,000 to be repaid in five years with 130 payments of $127.15. These loans may not be combined. When the member starts to repay Loan 2, there will now be two outstanding loans and the following payments will be made each pay period:

	Payment	Number of Payments	Current Principal
Loan 1	**$135.98**	**326**	**$34,997**
Loan 2	**$127.15**	**130**	**$15,000**

Principal Residence Exception

Internal Revenue Code §72(p)(2)(B)(ii) provides an exception to the five-year rule mentioned in "Loan Taxability" above, if the loan is used to purchase a principal residence. If it can be demonstrated that the loan falls within this exception, the IRS will allow deferral of the tax payable on the loan. PPF is required by law to send an IRS Form 1099-R for this loan.

To establish the right to this exception, the IRS requires documentation of the residence purchase. Documentation examples may include: the HUD-1 Settlement Statement, an Affidavit of Occupancy, the Deed of Trust, Mortgage Terms/Note and the Home Insurance Policy. Members wishing to use this exception should consult a tax professional to ensure the appropriate documentation is provided.

Taxability of the Final Withdrawal

A member may elect to withdraw up to 90% of the required amount at retirement. This is called the final withdrawal (sometimes called the "final loan"). The final withdrawal can consist of both taxable and/or non-taxable funds. The final withdrawal will also create a shortage.

The portion of the final withdrawal made up of taxable contributions is subject to federal tax withholding at 20%. Taxable contributions withdrawn are also subject to a possible 10% tax penalty for members younger than 50.

Any portion of the final withdrawal that is made up of tax-free funds may pass directly to you tax-free. Contributions made before December 1, 1989, lump sum contributions made to pay off a shortage, and/or 50% Additional contributions are all made using post-tax funds; accordingly, these contributions may be withdrawn tax-free at retirement.

Members have the option of choosing a direct rollover for the final withdrawal. By choosing a direct rollover, the Fund will make the payment of a final withdrawal directly to the IRA or employer's plan selected by the member. Part of the payment can be made to an IRA or employer's plan with the remainder paid directly to the member.

Members also have the option of receiving the entire payment directly; however, if any taxable money is paid directly to the member, the Fund will withhold 20% of the taxable amount as federal withholding taxes. Members may want to consult a professional tax adviser to assist in making this decision. Questions regarding direct rollovers may be directed to the Pension Fund's Retirement Counseling Unit at (212) 693-5733.

At retirement, the Police Pension Fund provides every retiree with the tax-free/taxable breakdown of their ASF contributions as well as the tax-free/taxable composition of the final withdrawal and any outstanding pension loans, as applicable.

Pension Shortages

Shortage Causes

A shortage occurs whenever a member's ASF balance falls below its required amount. If a member's ASF balance is higher than the required amount, the ASF has an excess. There are four possible causes of a shortage in your ASF:

1. **Pension loan**

   This creates a shortage because loans are repaid at 4% interest, whereas the ASF earns 8.25% interest. Accordingly, the ASF does not earn the additional 4.25% the loan principal would have earned had it stayed in the member's account (8.25% minus 4% = 4.25%). The lost interest creates a shortage, even if the member repays the loan before retirement and continues to make pension contributions.

2. **Insufficient member contributions**

   A shortage may be created anytime a member stops pension contributions. Some members choose to stop making pension contributions and contribute to the NYC Deferred Compensation Plan; by doing so, the member may have a pension shortage at retirement.

3. **Service transfers and most buybacks**

   With service transfers and most service buybacks, the required rate must be adjusted to the rate corresponding to the member's age at the start of the service transferred or purchased, creating a shortage. PPF will inform members of any change in the required amount.

   Example: A member appointed on January 9, 1996 at age 24 (7.30% required rate) purchased three years of uniformed service (January 1, 1991 to December 31, 1993), which changes the membership date to January 1, 1991. As the member was 19 years old on January 1, 1991, the new required contribution rate becomes 8.20%. Because the member was contributing at a lower rate before the buyback occurred, the member now has a shortage.

4. **Contract settlement**

   Receiving back pay from a contract settlement can also create a shortage. At the time a member receives back pay, member contributions are deposited into the ASF account. However, the ASF account did not earn the interest on these contributions while the contract was being settled. Since interest earned on contributions is part of a member's required amount, a shortage may occur.

Effects of a Shortage

If a member has a shortage that has not been repaid prior to retirement, the pension will be reduced by the actuarial value of the shortage. When a member has a pension shortage, the member is given the opportunity to pay back the shortage before retirement. Shortages may be caused in any number of ways, as described above.

Example: A 45-year-old member retires for Service with a $50,000 shortage. To create the actuarial value of this shortage, it is multiplied by the age-driven actuarial factor (per thousand dollars of shortage) of $81.78, resulting in a pension reduction of $4,088 per year.

Reducing a Shortage

Members can reduce or eliminate a shortage in any of the following ways:

1. **Waive ITHP**
   By waiving ITHP, the member agrees to contribute 100% of the required rate; contributions assumed by the City still remain in effect when a member waives ITHP.

City ITHP does not appear on your pay stub, but City ITHP plays a major role in funding your pension. Waiving ITHP can help decrease a shortage and may even result in an account excess.

2. **Choose 50% Additional**
   Choosing 50% Additional has similar benefits to waiving ITHP, but 50% Additional contributions are made from after-tax income rather than pre-tax income. Reducing a shortage by choosing 50% Additional may result in ASF funds that can be withdrawn tax-free at retirement.

3. **Lump Sum Contribution**
   A member may also eliminate a shortage by making a lump sum payment. The Fund will only accept a lump sum payment of $500 or more. This may be done at any time either in person or by mail. The member must request a shortage evaluation at the time of the payment and submit a personal check to the Membership Services Unit payable to the New York City Police Pension Fund. This payment is then credited to the member's ASF account. ***Note:*** Members may only make lump sum contributions if a shortage exists in the ASF account.

Effect of the Final Withdrawal

At retirement, a member may take a final withdrawal (sometimes called a "final loan"). Members may withdraw up to 90% of their required amount, as well as some or all of their excess, if applicable. Taking a final withdrawal has the same effect as creating a shortage; therefore the member's pension will be reduced for the life of the pension. Having an outstanding loan balance at the time of retirement may also have the effect of creating a shortage.

Retirement

Applicants for Service Retirement should call the Retirement Counseling Unit at the Fund at (212) 693-5733 for an appointment three to four weeks before filing for retirement. Filing for retirement must be done in person at least ten days prior to the start of terminal leave and at least 30 days prior to the retirement date. Patrol Guide Procedure 205-42 authorizes that an administrative tour be granted to members appearing at PPF to file for retirement.

Pension checks are mailed to the home 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. Change of address forms and EFT forms are available on the Fund's website (www.nyc.gov/nycppf). 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 the PPF's Retirement Counseling Unit. 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. All NYPD equipment listed on the Property Receipt (PD-520-013) must be turned in at the member's command. A member appearing at PPF for retirement must be in possession of his shield and identification card.

Firearms

Members who are New York City residents and wish to obtain a New York City Pistol License must submit a notarized NYPD Handgun License Application (PD-643-041) to be delivered in person to the NYPD License Division, Room 110, 1 Police Plaza (8:30 a.m. to 3:00 p.m., Monday-Friday). The Application should be submitted two weeks prior to the member's scheduled appointment for retirement processing, otherwise the member may be subject to vouchering firearms until the permit is processed.

To obtain the Handgun License Application, visit www.nyc.gov/nypd, and select "Permits" at the left of the page. Additionally, complete the "Acknowledgement of Person Agreeing to Safeguard Firearms" and, if necessary, "Affidavit of Co-habitant." Questions regarding the Handgun License Application should be directed to the License Division at (646)610-5536. Members who are not New York City residents must provide a copy of the Property Clerk Invoice (PD 521-141) for all firearms listed on the NYPD Force Record Card.

If the member is not returning to work, a copy of the Handgun License Application must be provided to PPF before the retirement process begins. In all other cases, a copy of this form must be provided before terminal leave begins. If terminal leave is waived, PPF requires the form before the retirement date. For questions regarding firearm licenses outside New York City, please contact the relevant county or municipality.

Health Insurance Information

Members, and in some cases beneficiaries, may be eligible for health benefits from the City of New York. Members appointed on or before December 27, 2001 need at least five years of credited service; members appointed on or after December 28, 2001 need at least ten years of credited service. Please note members who retire on an Accidental Disability Retirement are eligible for health benefits immediately; members who retire on an Ordinary Disability Retirement need at least five years of credited service to be eligible for health benefits.

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. 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).

Counseling Process

During the counseling process at the PPF, members are advised regarding health insurance, pension options, employment restrictions, withholding tax and other important retirement issues. The member's retirement date will be set, and questions unique to the member's situation will be answered. In addition, 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 counselor—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. All accrued time must be used prior to the start of terminal leave. During terminal leave, members remain on the active payroll. Terminal leave will not be granted if a member has charges pending with the Police Department.

Application Withdrawal

A member being processed for Vested or Service Retirement may withdraw the retirement application while it is still pending by appearing at the Fund 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

- **Members appointed before July 1, 2000—**Final average salary is the greater of pensionable earnings in one of the following periods:
    - Final 12 months immediately preceding the retirement date; or
    - Average of the final 36 months immediately preceding the retirement date; or
    - Average of the best three consecutive calendar years.
- **Members appointed on or after July 1, 2000—**Final average salary is defined as pensionable earnings in the final 12 months of service.

Pensionable Earnings

Pensionable earnings are made up of salary, overtime, night shift differential, worked vacation and allowable longevity. If the final 12 months immediately preceding the retirement date are used to calculate final average salary, pensionable earnings may not exceed 120% of the previous 12 months' pensionable earnings. If the average of the final 36 months immediately preceding the retirement date or average of the best three consecutive calendar years is used to calculate the final average salary, no single year's pensionable earnings may exceed 120% of the average of the two previous years' pensionable earnings.

A member's uniform allowance, Fair Labor Standards Act (FLSA) payments and excluded longevity are not pensionable earnings. After 20 years of service, longevity is pensionable only at the 5- and 10-year levels. After 25 years of service, full longevity is pensionable.

Vested Retirement

A member "vests" after five years of uniformed service and becomes eligible for pension benefits. The member may apply for Vested Retirement at any point between "vesting" and eligibility for Service Retirement. The application for Vested Retirement must be filed at the Police Pension Fund at least 30 days before discontinuance of active police service.

A Vested Retirement Pension starts on the earliest date the member would have been able to retire for Service. Vested retirees are not entitled to terminal leave before separation from service, Variable Supplements Fund payments or the Reserve for Increased Take-Home Pay.

Note: New York State service may not be counted for vesting purposes until after the completion of five years of New York City uniformed service.

A Vested Retirement pension benefit is as follows:

1/40 x final average salary x years of uniformed service

plus

75% x 1/60th x last five-year average earnings
x years (to the day) of all prior non-uniform service

plus

Annuity value of ASF in excess of the required amount

less

Annuity value of ASF balance shortage

A member decides to vest at age 36 with 10 years of uniformed service, a final average salary of $46,705 (which excludes longevity of $4,745), final 12-month earnings of $51,450 and five-year average earnings of $49,800. The member also has a shortage of $54,000 and two years of non-uniform prior city service. The Vested benefit is calculated as follows:

1/40 x $46,705 x 10.0 = $11,676

plus

75% x 1/60 x $49,800 x 2.0 = $1,245

less

Annuity value of $54,000 = ($4,460)

Annual Vested Retirement Pension = $8,461

Health benefits note: Health benefits stop on the vested separation date, but vested retirees become eligible to receive health benefits beginning on their 20th anniversary. However, the credited service required in order to receive health benefits varies by appointment date.

Service Retirement

Members are eligible for Service Retirement upon completion of 20 years of Allowable Police Service. The application for Service Retirement must be filed at the Police Pension Fund at least 30 days before discontinuance of active police service.

A Service Retirement pension benefit is as follows:

50% of final average salary

plus

1/60th of total earnings after the 20th anniversary

plus

75% x 1/60th x average earnings for the last five years x number of years (to the day) of all prior non-uniform service

plus

Annuity value of City ITHP contributions after the 20th anniversary

plus

Annuity value of ASF in excess of the required amount

less

Annuity value of ASF shortage

A member elects to retire at age 44 with 23 years of uniformed service, a final average salary of $63,288, $141,233 in total earnings after the 20th anniversary and average earnings of $50,379 over the last five years. The member also has a shortage of $69,120 and two years of non-uniform prior service. The Service benefit is calculated as follows:

50% x $63,288 = $31,644

plus

1/60 x $141,223 = $2,354

plus

75% x 1/60 x $50,379 x 2.0 = $1,260

plus

Annuity value of City ITHP contributions = $235

less

Annuity value of $69,120 = ($5,600)

Annual Service Retirement Pension = $29,893

Termination

Pursuant to Chapter 514 of the Laws of 2011, if a member is dismissed from the NYPD, for any reason other than a felony conviction, and the member has at least 20 years of Allowable Police Service, the member will be deemed to have retired as of the date of his dismissal and will suffer no loss of rights or benefits from the PPF. If a member is convicted of a felony, the member may forfeit any right to a retirement benefit. This law applies only to members who are terminated after September 23, 2011.

Variable Supplements Fund

Members who **retire for Service** on or after October 1, 1968 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. The annual VSF benefit for 2011 and every year thereafter is $12,000. ***Vested members and members who retire for Ordinary or Accident Disability are not eligible for VSF benefits.***

VSF DROP (Deferred Retirement Option Plan)

In addition to the annual VSF benefit discussed above, members who continue on active duty beyond the 20th anniversary, and ultimately retire for Service, may be entitled to the VSF DROP (Deferred Retirement Option Plan), also known as the "Banked Variable." The VSF DROP was designed to retain experienced members of the NYPD by guaranteeing a lump sum payment upon retirement for each year the member remains in active service beyond the member's twentieth police anniversary. Accrued VSF DROP funds are eligible for rollover, subject to IRS regulations.

The VSF DROP is not payable to members who die in active service or retire for a disability.

VSF Payment Schedule

VSF payments and VSF DROP payments will be made or credited on or about December 15th of the retirement year. Members who retire in the month of December are not eligible for a prorated VSF for the month; however, if the member is eligible for the VSF DROP, it will not be paid until December of the following year.

Disability Retirement

An application for Ordinary or Accident Disability may be made by a member who is incapacitated from performing the duties of a police officer.

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.

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.

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.

If a member has 20 years or more of allowable police service, the application for Ordinary Disability Retirement may be withdrawn and the member may retire for Service, provided the Police Pension Fund Board of Trustees has not made a final disability determination. The application withdrawal request must be sent in writing to the Executive Director of the Police Pension Fund. This request also requires the approval of the Chairman of the Police Pension Fund Board of Trustees.

Note: Under either Ordinary Disability or Accident Disability Retirement, a member may choose either the Maximum Retirement Allowance or a pension option to provide for a beneficiary upon the death of the member.

Ordinary Disability Retirement (ODR)

Members are eligible to apply for an Ordinary Disability Pension regardless of age or years of uniformed service. To be granted an Ordinary Disability Retirement, a member must be found to be physically or mentally unable to perform regular job duties by the Medical Board. If the Medical Board finds the member to be disabled, the Police Pension Fund Board of Trustees then makes the final determination for or against Ordinary Disability Retirement.

The ODR benefit is calculated differently depending on a member's length of credited service.

Member with less than ten years of credited service:

Pension equal to 33 1/3% of final average salary

plus

An annuity based on ASF balance in excess of required amount

less

Annuity value of any shortage

Member with ten or more years of credited service:

Pension equal to 50% of final average salary

plus

An annuity based on ASF balance in excess of required amount

less

Annuity value of any shortage

Member with twenty or more years of credited service:

Pension equal to (years of all credited service) /40 x final average salary

plus

An annuity based on ASF balance in excess of required amount

less

Annuity value of any shortage

A member retires on an Ordinary Disability at age 44. The member has 21 years of uniformed service, two years of non-uniformed service, a final average salary of $63,288 and $69,120 shortage. The Ordinary Disability benefit is calculated as follows:

23 (yr.) / 40 x $63,288 = $36,391

less

Annuity value of $69,120 ($5,917)

Annual Ordinary Disability Retirement Pension = $30,474

Accident Disability Retirement (ADR)

Members are eligible to apply for an Accident Disability Pension regardless of age or years of uniformed service. In order to be granted Accident Disability Retirement, the Medical Board must find the member to be physically or mentally unable to perform police duties as the result of an accident sustained in the line of duty. If the member is found to be disabled in this way, the Police Pension Fund Board of Trustees then makes the final determination regarding ADR. An ADR pension becomes effective after the last day a member is on the active NYPD payroll.

An ADR pension benefit is as follows:

75% of final average salary

plus

1/60th of total earnings after the 20th anniversary

plus

Annuity value of ITHP Reserve Account

plus

Annuity value of ASF account balance

A member retires on an Accident Disability at age 44 with 23 years of uniformed service. The member has a final average salary of $63,288, total earnings after the 20th anniversary of $141,233 and an ASF balance of $23,040. The ADR pension is calculated as follows:

75% x $63,288 = $47,466

plus

1/60 x $141,223 = $2,354

plus

Annuity value of ITHP reserve account = $4,854

plus

Annuity value of $23,040 = $1,972

Annual Accident Disability Retirement Pension = $56,646

World Trade Center Disability Law

Active and retired Police Pension Fund members who participated as active member in the World Trade Center rescue, recovery, and clean-up operations may receive an Accident Disability Pension if found to be disabled as a result of such participation. A Notice of Participation must be been filed by September 11, 2022 to preserve eligibility applying.

2009 Taxability Change

Pension benefits are non-taxable for members who retired on ADR before January 1, 2009.

Members who retired on ADR on or after January 1, 2009 are subject to taxation on the following portions of the Accident Disability Pension:

- ✓ The portion of the pension that is attributable to member contributions under IRC § 414 (h) and accumulated interest on all member contributions; and
- ✓ ITHP attributable to years after 20 years of service; and
- ✓ The additional 1/60th benefit for years after 20 years of service.

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

Members are required to ensure that federal income taxes are withheld from their pensions. The tax laws of all states are different and subject to change; when relocating after retirement, the Fund recommends researching the state's tax laws, or consulting a tax professional.

Cost of Living Adjustments (COLA)

A retiree becomes eligible for Cost of Living Adjustments (COLA) at age 62 if retired for at least five years, or at age 55 if retired for at least ten years, and all disability retirees are eligible for COLA after being retired for five years. The COLA amount is calculated at ½ the Federal Consumer Price Index (CPI), with the minimum amount being 1% and the maximum being 3%.

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.

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. COLA payments to Service retirees are subtracted from their VSF payments until attainment of age 62, after which point the retiree will receive both the full COLA and full VSF payments.

Pension Options

Through a pension option, a member may elect to receive a smaller retirement allowance while alive in order to provide a benefit for a beneficiary upon the member's death. There are nine options that provide such benefits; a member may elect one at the time of retirement. Each option has a cost, determined by the member's age and the beneficiary's age at the time of the member's retirement. Option selection is generally irrevocable.

To receive the Maximum benefit and yet still provide for a beneficiary, commercial life insurance policies or annuities should be considered.

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 Two: 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.

Note: Option 4-2 below has the same beneficiary and payment structure as Option 2, 100% Joint and Survivor, except that Option 4-2 allows the pension to revert to the Maximum Retirement Allowance should the beneficiary predecease the member.

Option Three: 50% Joint and Survivor

Upon the member's death, the designated beneficiary receives 50% of the total monthly benefit for the rest of his or her life upon the death of the member. 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.

Note: Option 4-3 below has the same beneficiary and payment structure as Option 3, 50% Joint and Survivor, except that Option 4-3 allows the pension to revert to the Maximum Retirement Allowance should the beneficiary predecease the member.

Option 4: Lump Sum

Upon the member's death, the designated beneficiary, or beneficiaries, will receive a specific amount (lump sum), determined at the time of finalization. More than one beneficiary may be designated, and such beneficiaries can be changed at any time.

Option 4: Annuity

Upon the member's death, the designated beneficiary receives a retirement allowance specified by the member 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.

Note: Option 4-4 below has the same beneficiary and payment structure as Option 4, Annuity, except that Option 4-4 allows the pension to revert to the Maximum Retirement Allowance should the beneficiary predecease the member.

Option 4-2: 100% Joint and Survivor with "Pop-Up"

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 revert to the Maximum Retirement Allowance.

Option 4-3: 50% Joint and Survivor with "Pop-Up"

Upon the member's death, the designated beneficiary receives 50% 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 revert to the Maximum Retirement Allowance.

Option 4-4: Annuity with "Pop-Up"

Upon the member's death, the designated beneficiary receives a retirement allowance specified by the member 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 revert to the Maximum Retirement Allowance.

Option 5: Five 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 6: Ten 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.

Pre-finalization Pension

After retirement, members will receive a monthly pension of approximately 90% of their estimated final pension. Full monthly pension payments will not be received until the benefit is certified by the Chief Actuary of the City of New York. Upon certification by the Actuary, a pension is considered finalized. After finalization, members begin to receive full monthly pension payments. Any retroactive adjustments are included in the first full pension payment.

Note: Members considering choosing an option may wish to withhold more than 10% from the pre-finalization pension because choosing an option results in a pension lower than the Maximum Retirement Allowance because of the cost of the option.

Finalization Requirement

A pension cannot be finalized unless either the Maximum Retirement Allowance or a pension option is selected. The Fund will send three notices for option selection; if no response is received after the third notice, the Fund will finalize the pension at the Maximum Retirement Allowance. Finalization is generally irrevocable.

Reinstatement to the NYPD

Before the 20th Anniversary

If a member separates from service before becoming eligible for Service Retirement and subsequently rejoins the NYPD as a uniformed member the member will maintain all membership rights and credited service earned prior to separation from service, as long as the member did not withdraw any contributions upon separation.

After the 20th Anniversary

If, after Service Retirement, a member rejoins the NYPD the pension stops and an active membership begins in the Police Pension Fund. The member will receive a new Tax ID number upon reinstatement. The member will receive a new required rate based on age at reinstatement and start pension contributions as any new PPF member would.

Note: If a member reinstates at age 39 and older, the member contribution rate will be negated by the ITHP unless ITHP is waived and/or the member participates in 50% Additional. The required rate for members 39 and older is less than the 5.0% the City assumes with ITHP.

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.

If a member qualifies for the full value of a recalculated pension, a member must first repay to the Police Pension Fund all pension funds received prior to reinstatement. Any prior pension amount not repaid at the time of the member's second retirement will be actuarially deducted from the recalculated pension.

If the member retires for a second time before completing five years of uniformed service after reinstatement, the pension will be the original pension, adjusted for additional 1/60th and ITHP values.

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. Members are encouraged to consult with PPF prior to accepting any post-retirement employment.

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

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 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 $30,000 and the position is with a former employer (except the NYC Dept. of Education), the maximum salary or compensation the non-disability retiree may receive is calculated as follows:

Basis:	**Current salary at retirement rank** (salary = base salary + all overtime types + uniform allowance + worked vacation)
Less:	**Retirement allowance**
Equals:	**Maximum annual earnings (rounded to the next highest $500)**

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

Section 211(b) – No Earnings Cap

If the position the non-disability retiree seeks is not with a former employer, 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 $30,000). A retired PPF member must notify the Executive Director of NYCPPF in writing if he intends to exercise this right. If the retiree's earnings exceed the state-established limit, PPF will suspend the pension benefit.

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 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 Transportation Authority
- New York City Housing Authority
- New York City Transit Authority

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

Safeguards

Before the 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 portion of the retirement allowance if the retiree earns more than the maximum annual earnings.

After the 20th Anniversary

After the 20th anniversary, disability retirees are governed by Section 1117 of the New York City Charter (i.e., the retirement allowance pension portion plus the job's salary or compensation must be less than $1,800.00 per year). RSSL §§ 211 and 212 do not apply to disability retirees after the 20th anniversary as per RSSL § 210.

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 portion of the member's retirement allowance; however disability retirees may be employed by public benefit corporations and non-public organizations with no earnings limitations after the 20th anniversary.

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 portion of the retirement allowance will be suspended; when active membership in the second retirement system ends, pension portion payments will resume.

Active Member Death Benefits

This section describes death benefits available to beneficiaries following the death of an active member. Whenever such a death occurs, the Police Pension Fund Death Benefits staff is available to meet upon request with the designated beneficiary/ies to explain all available benefits.

Payments for All Deaths

The following payments are made in the event of an active member's death, regardless of the cause of death:

- Refund of accumulated contributions, which includes pension loan insurance, if applicable;
- Payment of unpaid salary;
- Payment of worked vacation and lost time, if any

Ordinary Death Benefit (non-line-of-duty, under 20)

This death benefit will be paid provided the member was in service for 90 days or more at the time of death and the member was a salaried PPF member at the time of death.

If the deceased member had under 20 years of service, and the death was not in the line of duty, the beneficiary will receive a lump sum payment equal to three times the member's final years earnings, rounded up to the nearest $1,000.

Death Gamble Benefit (non-line-of-duty, over 20)

The Death Gamble applies to active members with over 20 years of service and to members retired for Service awaiting finalization of their pension benefit. Under the Death Gamble, members are presumed to have taken Service Retirement the day before they died. The beneficiary of a Death Gamble may receive this benefit either as a lump sum payment of the member's pension reserve accounts or as an annuity for life.

Accidental Death Benefit

An application must be made to the Medical Board to determine whether a member's death was the result of an accident sustained in the line of duty. If the Police Pension Fund Board of Trustees ratifies an affirmative determination from the Medical Board, an Accidental Death Benefit is paid.

The Accidental Death Benefit consists of four parts:

1. A lump sum equal to the member's accumulated deductions and any insured loan amount paid to the designated beneficiary(ies), or the member's estate if no beneficiary.

2. A lump sum payment of the balance in the member's ITHP reserve account.

3. A New York City-paid pension based on 50% of the member's determined salary. This benefit is paid to the spouse; if there is no surviving spouse, or if the surviving spouse dies before any child of the member attains the age of 18 years, or is a full-time student before such child attains the age of 23 years, then the benefit is paid to such a child (or children) under such age until every such child dies or attains such age. If the member has no surviving spouse or qualifying child, then the benefit is paid to a dependent father or mother for life.

4. A Special Accidental Death benefit (SADB). This is a New York State-paid pension equal to the member's final year's salary, less the New York City-paid pension and Social Security benefits. The SADB is payable to the surviving spouse or dependent child/children at the time of your death. The SADB is not payable to dependent parents, and it may be increased periodically by the New York State Legislature. Effective September 1, 2000, any Cost of Living Adjustment (COLA) received on the New York City-paid 50% pension must be subtracted from the Special Accidental Death Benefit.

Vested Death Benefit

The Vested separation period begins on the date a member leaves police service after vesting and ends on the member's 20th anniversary. A Vested Death Benefit is available to beneficiaries of members who die during the Vested separation period.

The benefit varies with the member's length of allowable police service prior to Vested Separation:

- If the member had less than ten years of service upon vested separation and dies before the 20th anniversary, the beneficiary will receive only the remaining accumulated contributions.

- If the member had ten or more years of service upon vested separation and dies before the 20th anniversary, the beneficiary is entitled to one-half the Ordinary Death Benefit that would have been payable upon the member's separation from uniformed police service.

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, either visit PPF in person or mail a request to the New York City Police Pension Fund, 233 Broadway, 19th Floor, New York, New York, 10279, 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 the 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:

Police Officers	Patrolmen's' Benevolent Association (PBA)	212-349-7560
Sergeants	Sergeants' Benevolent Association (SBA)	212-431-6555
Detectives	Detectives' Endowment Association (DEA)	212-587-1000
Lieutenants	Lieutenants' Benevolent Association (LBA)	212-964-7500
Captains & above	Captains Endowment Association (CEA)	212-791-8292

Changing Beneficiaries

The PPF Change of Beneficiary Form is available on the PPF website. The form must be notarized and may be mailed to: New York City Police Pension Fund, 233 Broadway, 19th Floor, New York, New York, 10279, attention: Membership Services.. Questions may be directed to Membership Services at 212-693-5850.

Changing Health Insurance Dependents (Active Members)

To change the dependents on health insurance by mail or in person, please contact the NYPD Health Insurance Section, 51 Chambers Street, 3rd Floor, New York, New York 10007 or call 646-610-5122 for information.

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. Click on Forms and Downloads and download the Beneficiary Distribution Guide/Form.

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 (prompt receipt will expedite the ability to make payments):

   - ✓ 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.

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.		212-587-1000
SBA	35 Worth St.	First and second floor	212-431-6555
LBA	40 Peck Slip		212-964-7500
CEA	40 Peck Slip		212-791-8292

4. Health Benefits Program (Retired Members)

Contact the NYC Employee Health Benefits to request the appropriate health benefits forms. This office is located at 40 Rector Street, 3rd Floor, New York, NY 10006 and can be reached at 212-513-0470.