Members who were appointed between July 1, 2009 and March 30, 2017 can elect to participate in Tier 3 Enhanced, and members who are appointed on or after April 1, 2017 are automatically members of this new tier.

Two recent bills have been enacted that have created a new pension tier, Tier 3 Enhanced, as well as modified some Tier 3 provisions.

The following outlines the changes to Tier 3 with the new Tier 3 Enhanced legislation:

1. Member contributions

   - 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% that can be raised to 3% based on a financial analysis by the Office of the Actuary every three years. At no time can the total contribution rate exceed 6%.

   - Taxability

   - Tier 3 Original and Revised contributions are taken pre-tax.
   - All Tier 3 Enhanced contributions are taken pre-tax only for members appointed on or after April 1, 2017.
   - 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.

2. Accident Disability Retirement (ADR):

   - The ADR benefit for Tier 3 Enhanced members is 75% of final average salary.
   - Tier 3 Enhanced members have statutory presumptions (i.e. Heart Bill/Exposure Bill).
3. Escalation
   - Tier 3 Enhanced members who retire for Ordinary Disability Retirement (“ODR”) or ADR will not get escalation. Tier 3 Enhanced members get the benefit of COLA, the same as Tier 1 and 2 members.

4. Social Security Offset
   - Tier 3 Enhanced members who retire for ODR or ADR do not have the Social Security Offset.
   - Members who retire for a Service or Vested retirement keep the Social Security Offset.

5. Final average salary
   - Tier 3 Enhanced members have a five year final average salary calculation.
   - Tier 3 Original members who opt in to Tier 3 Enhanced have the five year average for ODR and ADR, but keep the 3 year average for Service or Vested.

The following changes apply to all Tier 3 members (Original, Revised, Enhanced):

1. Eligibility for ADR
   - Members no longer cease to be eligible for ADR at 22 years, and can apply at any time as long as they are active.

2. Safeguards
   - RSSL § 507(d) no longer applies to Tier 3 ADR retirees, rather the Tier 2 safeguards provisions contained in New York City Administrative Code § 13-254. Therefore, all Tier 3 ADR retirees will be treated identically to Tier 2 ADR retirees for Safeguards purposes: this includes earnings limitations and re-employment.
   - Safeguards remains unchanged for ODR retirees, thus they must continue to be in receipt of Social Security Disability benefits to maintain receipt of pension benefits.

Attached to this memorandum is the comparison chart, which was previously provided to members.
# Tier 3 Plans Comparison

**New York City Police Pension Fund**

<table>
<thead>
<tr>
<th>Membership</th>
<th>Tier 3 Original</th>
<th>Tier 3 Revised</th>
<th>Tier 3 Enhanced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appointed</td>
<td>Appointed between 7/1/2009-3/31/2012</td>
<td>Appointed between 4/1/2012-3/31/2017</td>
<td>Appointed on or after 4/1/2017 or opt in on or before 8/10/2017</td>
</tr>
</tbody>
</table>

| Contribution Rate  | Contribution rate is 3% of annual wages. | Contribution rate is 3% of annual wages PLUS an additional 1% that can be raised to 3% based on a financial analysis by the Office of the Actuary every three years. |

| Final Average Salary | The average wages earned by a member during any three 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 from the FAS calculation. | The average wages earned by a member during any five consecutive calendar years or 60 months immediately preceding the member’s retirement date that provide the highest average wage. If the wages earned during any year included in the period exceeds the average of the prior four years by more than 10%, the amount in excess of 10% shall be excluded from the FAS calculation. Please note that Tier 3 Original members who opt in to Tier 3 Enhanced but retire for a Vested or Service pension retain their original three year FAS. |

| Social Security Offset | A member’s service, vested, or disability benefit is reduced, pursuant to statute, by 50% of the member’s primary Social Security retirement or disability benefit. This reduction occurs either at age 62, or at such time the member becomes eligible to receive Social Security Disability benefits, whichever occurs first. The payment will not be reduced if the Social Security benefit increases after separation from service. Even though the reduction occurs at either 62, or upon eligibility for Social Security Disability benefits, the Social Security Offset is determined at the time of the member’s retirement. All public earnings up to the point of retirement from the NYPD will be factored into the calculation of the Offset. | The Offset remains for Vested and Service benefits. There is no Offset if a member retired for Ordinary Disability or Accident Disability. |

| Accident Disability Retirement-calculation | 50% of final average salary -minus- 50% of the primary Social Security Disability benefits upon the earlier of age 62 or receipt of SSDB. | 75% of final average salary (no Social Security Offset) |

| Accident Disability Presumptions | There are no statutory presumptions i.e. the Heart/Stroke Bill or Exposure (HHAT) Bill. | The Heart/Stroke and HHAT presumptions apply. |

| Ordinary Disability Retirement-calculation | 33 1/3% of final average salary -or- 2% of final average salary X years of service (not to exceed maximum years for computing service retirement) -either benefit above, -minus- 50% of primary Social Security Disability benefit | 33 1/3% of final average salary -or- 2% of final average salary X years of service (not to exceed maximum years for computing service retirement) |

| COLA/Escalation | A Tier 3 member is entitled to COLA or Escalation-whichever is greater. | Members who retire for ODR or ADR receive COLA, not escalation |

---

This comparison is intended to be an informational guide for eligible members demonstrating plan changes should they elect to opt in to Tier 3 Enhanced. The Fund can only advise as to changes affecting members and not advise as to opting in or remaining in your present plan.