

RETIREMENT BENEFITS FACT SHEET POLICE TIER 2*

| Contributions | |
|--|---|
| Employee | 17.71% of base salary (Pension: 13.71%, VEBA: 4.00%) as of 7/1//2018 |
| City | 13.71% of base salary (Pension: 13.71%) as of 7/1/2018 |
| Service Required To Leave Contributions In Retirement Plan | 5 Years of Service with the City in the Police and Fire Department Plan (Year of Service = 2080 hours worked in the applicable 12-month period) |
| VEBA | |
| VEBA Contributions | <p>All Police Tier 2 Employees are mandated to contribute 4.00% of base salary to the VEBA. The funds in the VEBA may be used to reimburse post-retirement out-of-pocket health care costs incurred by you, your spouse, and qualified dependents on a pre-tax basis. There is no “vesting period” for the VEBA.</p> <ul style="list-style-type: none"> Contact VOYA Financial at (408) 881-0110 for more information about how to access your VEBA account and direct your investments. The Office of Retirement Services does not administer the VEBA. Visit www.sanjoseca.gov/VEBA or contact veba@sanjoseca.gov for additional information. |
| Service Retirement | |
| Age/Years of Service | 57 with 5 Years of Service with the City in the Police and Fire Department Plan 50 with 5 Years of Service with the City in the Police and Fire Department Plan. A reduction factor of 7% per year for each year between age fifty-seven (57) and the Tier 2 member's age at retirement, prorated to the closest month. |
| Deferred Vested Retirement | At least 5 Years of Service with the City in the Police and Fire Department Plan (This applies to members who separate from City service before retirement and leave their contributions in the retirement system.) Can begin at age 50 with reduction fact of 7% per year for each year between age fifty-seven and the Tier 2 member's age at retirement, prorated to the closest month. |
| Allowance | <p>First 20 years of Service: 2.4% per year of service X Final Compensation Beginning of 21st year of service: 3.0% per year of service X Final Compensation Beginning of 26th year of service: 3.4% per year of service x Final Compensation</p> <ul style="list-style-type: none"> "Final Compensation" is the average annual base pay plus any premium pays authorized by ordinance for the highest 3 consecutive Years of Service [SJMC 3.36.020.05] Maximum benefit is 80% of Final Compensation |
| Disability Retirement (Service Connected) | |
| Minimum Service | NONE |
| Allowance | <p>An individual who is granted a service-connected disability retirement is entitled to a monthly allowance equal to the greater of:</p> <ol style="list-style-type: none"> 50% of Final Compensation; A service retirement allowance, if he or she qualified for such; or An actuarially reduced factor, as determined by the plan's actuary, for each quarter year that his or her service age is less than 50 years, multiplied by the number of Years of Service subject to the applicable formula, if not qualified for a service retirement. |
| Disability Retirement (Non-Service Connected) | |
| Minimum Service | 5 years |
| Allowance | <p>An individual who is granted a non-service-connected disability retirement is entitled to a monthly allowance equal to the greater of:</p> <ol style="list-style-type: none"> If less than age 50: 1.8% per Year of Service or If older than age 50: The amount of service pension benefit as calculated based upon the service pension formula. |
| Reciprocity | |
| Reciprocity | As of September 30, 1994, the City of San José adopted a reciprocal agreement with CalPERS. This may result in improved benefits for members who transfer between CalPERS and this retirement plan. Please call the Retirement Department or CalPERS for more information. Final eligibility for reciprocity is determined at the time of retirement. Final eligibility for reciprocity is determined at the time of retirement. |
| Cost-of-Living Adjustments (COLA) | |
| COLA | Retirees are eligible for an annual cost-of-living adjustment (COLA) limited to the increase in the Consumer Price Index (San Jose-San Francisco-Oakland, U.S. Bureau of Labor Statistics index, CPI-U, December to December), capped at 2.0% per year. The first COLA will be prorated based on the number of months retired. |

*Police Tier 2 Employees are those hired after August 4, 2013.



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SURVIVORSHIP BENEFITS

| Death Before Retirement | |
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| <p>Non-Service Connected Death with less than 2 years of service</p> | <p>Greater of:</p> <p>(1) Return of contributions, plus interest, to surviving spouse/domestic partner; where there is no surviving spouse/ domestic partner to member's surviving children, or where there are no surviving children either, to the member's estate, or</p> <p>(2) \$1,000, whichever is greater [SJMC 3.36.1210]</p> |
| <p>Non-Service Connected Death with more than 2 years of service, but <u>not</u> eligible for a service retirement</p> | <p><u>To surviving spouse/domestic partner</u> : 24% of Final Compensation +0.75% of Final Compensation for each year in excess of 2 (37.5% maximum).</p> <p>and to surviving children:</p> <p>If 1 Child: Final Comp x 25% [SJMC 3.36.1210(G), 1300(B)]</p> <p>If 2 Children: Final Comp x 37.5% [SJMC 3.36.1210(G), 1300(D1)]</p> <p>If 3 or More Children: Final Comp x 50% [SJMC 3.36.1210(G), 1300(F1)]</p> <p>There is an 80% cap on Final Compensation that can be paid to survivors. [SJMC 3.36.1205, 1210(F), 1280(B)]</p> <p>If no surviving spouse/domestic partner nor surviving children, to the estate: Return of contributions, plus interest, or \$1,000 whichever is greater [SJMC 3.36.1210(E),1210(I)]</p> |
| <p>Death before retirement, but while eligible for service retirement – Non-Service Connected death</p> | <p><u>To surviving spouse/domestic partner</u>: 37.5% to 42.5% of member's Final Compensation depending on the years of service [SJMC3.361200(F),1270(B)]</p> <p>For example:</p> <p>Member's benefit = 76% Survivorship benefit = 38% of Final Compensation</p> <p>Member's benefit = 80% Survivorship benefit = 40% of Final Compensation</p> <p>Member's benefit = 82% Survivorship benefit = 41% of Final Compensation</p> <p>Member's benefit = 85% Survivorship benefit = 42.5% of Final Compensation</p> <p>and to surviving children:</p> <p>If 1 Child: Final Comp x 25% [SJMC 3.36.1200(G), 1300(B)]</p> <p>If 2 Children: Final Comp x 37.5% [SJMC 3.36.1200(G), 1300(D1)]</p> <p>If 3 or More Children: Final Comp x 50% [SJMC 3.36.1200(G), 1300(F1)]</p> <p>If no surviving spouse/domestic partner nor surviving children, to the estate: Return of contributions, plus interest, or \$1,000, whichever is greater [SJMC 3.36.1200(E), 1200(I)]</p> |
| <p>Service Connected Death regardless of year of service</p> | <p><u>To surviving spouse/domestic partner</u>: 37.5% to 42.5% of member's Final Compensation depending on the years of service</p> <p>and to surviving children :</p> <p>If 1 Child: Final Comp x 25% [SJMC 3.36.1200(G), 1300(B)]</p> <p>If 2 Children: Final Comp x 50% [SJMC 3.36.1200(G) , 1300(D2)]</p> <p>If 3 or More Children: Final Comp x 75% [SJMC 3.36.1200(G) , 1300(F2)]</p> <p>There is an 80% cap on Final Compensation that can be paid to survivors. [SJMC3.36.1200(F), 1205,1270(B)]</p> <p>If no surviving spouse/domestic partner nor surviving children, to the estate: Return of contributions, plus interest, or \$1,000 whichever is greater [SJMC 3.36.1200(E), 1200(I)]</p> |

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| Death After Retirement | |
|-----------------------------|--|
| Service Retirees | To surviving spouse/domestic partner: Survivorship allowance equal to fifty percent (50%) joint and survivor annuity as determined by the Plan's actuaries. |
| Optional Settlements | |
| Optional Settlements | Retiree may choose an optional settlement at retirement that reduces their allowance to provide a higher survivorship allowance to their spouse/domestic partner. |
| Post-Retirement Marriage | |
| Post-Retirement Marriage | If a retiree marries after retirement, the retiree can elect to take a reduction on their pension benefit in order to allow for a survivorship benefit to the surviving spouse/domestic partner. |

Note: The maximum total combined benefit payable to a surviving spouse/domestic partner and surviving children is 80% of final compensation. If necessary, the children's survivorship allowance will be reduced so that the total benefit does not exceed 80% of final compensation.

The information contained on this Fact Sheet is a summary for the Police Tier 2 members of the Police and Fire Department Retirement Plan. Please consult the Municipal Code for complete information.

For more information, please contact the Office of Retirement Services at
(408) 794-1000 or 1 (800) 732-6477. Or, go online at www.sjretirement.com.

For questions regarding the VEBA, visit www.sanJoseca.gov/VEBA or contact veba@sanJoseca.gov.