

## RETIREMENT BENEFITS FACT SHEET FEDERATED TIER 2B\*

Contributions	
Employee	10.01% (8.01% Pension, 2% VEBA**) as of 6/25/2023
City	8.01% as of 6/25/2023
Service Required to Leave Contributions in the Retirement System	5 years Federated City Service Years of service (Year of Service = 2080 hours worked in the applicable 12-month period)
VEBA	
VEBA Contributions	<p><b>All represented Federated Tier 2B Employees are mandated to contribute 2% 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.</b></p> <ul style="list-style-type: none"> <li>Contact VOYA Financial at (877) 464-4748 for more information about how to access your VEBA account and direct your investments. The Office of Retirement Services does not administer the VEBA.</li> <li>Visit <a href="http://www.sanjoseca.gov/VEBA">www.sanjoseca.gov/VEBA</a> or contact <a href="mailto:veba@sanjoseca.gov">veba@sanjoseca.gov</a> for additional information.</li> </ul>
Service Retirement	
Age/Years of Service	62 years with 5 years Federated City Service May retire on or after 55 years with 5 years Federated City Service. A reduction factor of 5% per year for each year between age fifty-five (55) and the Tier 2 member’s age at retirement before age 62, prorated to the closest month.
“Deferred Vested” Retirement	May commence on or after 55 years with 5 years Federated City Service. (This applies to members who separate from City service before retirement and leave their contributions in the retirement system.) Can begin at age 55 with reduction fact of 5% per year for each year between age fifty-five and the Tier 2 member’s age at retirement before age 62, prorated to the closest month.
Allowance	2.0% x Years of Federated City Service x Final Compensation (70% max) <ul style="list-style-type: none"> <li>"Final Compensation" is the average monthly (or biweekly) base pay for the highest 3 consecutive Years of Federated City Service</li> <li>Excludes premium pay or any other forms of additional compensation</li> </ul>
Disability Retirement (Service Connected)	
Minimum Service	NONE
Allowance	2% x Years of Federated City Service x Final Compensation. (Minimum of 40% and maximum of 70% of Final Compensation)
Disability Retirement (Non-Service Connected)	
Minimum Service	5 years Federated City Service
Allowance	2% x Years of Federated City Service x Final Compensation. (Minimum of 20% and maximum of 70% of Final Compensation)
Reciprocity	
Reciprocity	As of December 9, 1994, the City of San José Federated City Employees’ Retirement System adopted a reciprocal agreement with CalPERS. This may result in improved benefits for members who transfer between this retirement system and CalPERS or certain other public agency retirement systems that also have reciprocal agreements with CalPERS. Please call the Retirement Department or CalPERS for more information. Final eligibility for reciprocity is determined at the time of retirement.
Cost-of-Living Adjustments (COLA)	
COLA	<p>Retirees are eligible for annual cost-of-living adjustment (COLA) limited to the lesser of the increase in the Consumer Price Index (San Jose-San Francisco-Oakland, U.S. Bureau of Labor Statistics index, CPI-U, December to December), or a back-loaded 2% COLA per fiscal year. The back-loaded COLA shall be calculated as follows:</p> <ol style="list-style-type: none"> <li>Service at retirement of 1-10 years: 1.25% per year</li> <li>Service at retirement of 1-10 years and hired before June 16, 2017: 1.5%</li> <li>Service at retirement of 11-20 years: 1.5% per year</li> <li>Service at retirement of 21-25 years: 1.75% per year</li> <li>Service at retirement of 26 years and above: 2.0% per year</li> </ol> <p>COLA's are applied annually on April 1st. The first COLA will be prorated based on the number of months retired prior to April 1st. Partial months are not included in the proration.</p>

\*Tier 2B are employees who were newly hired after September 27, 2013.

\*\*Unit 99 employees are not eligible to contribute to the VEBA.

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### SURVIVORSHIP BENEFITS

Death Before Retirement	
Non-Service Connected Death Not Eligible for Retirement	Return of employee contributions, plus interest.
Eligible for Retirement or Service Connected Death	<p>To surviving spouse/domestic partner: 2.0% x Years of Federated Service x Final Compensation (70% max) 40% minimum, 70% maximum, except that "Deferred Vested" members not eligible for 40% minimum)</p> <p>If <b>no</b> surviving spouse/domestic partner, to surviving children until age 18: 1 Child: 25% of spousal/domestic partnership allowance 2 Children: 50% of spousal/domestic partnership allowance 3 Children: 75% of spousal/domestic partnership allowance 4 or More Children: Split equal share of 75% of spousal/domestic partnership allowance</p> <p>If <b>no</b> surviving spouse/domestic partner <b>or</b> surviving children: Return of employee contributions, plus death benefit: 1/12 of compensation in year prior to death x years of service (benefit may not exceed 50% of the salary earned in year prior to death.)</p>
Death After Retirement	
Survivorship allowance to surviving spouse/domestic partner or children that was elected by the member at retirement.  (Minimum 5 years of service)	<p>To surviving spouse/domestic partner: 50% of Retiree's Allowance</p> <p>If <b>no</b> surviving spouse/domestic partner, to surviving children until age 18: 1 Child: 25% of spousal/domestic partnership allowance 2 Children: 50% of spousal/domestic partnership allowance 3 Children: 75% of spousal/domestic partnership allowance 4 or More Children: Split equal share of 75% of spousal/domestic partnership allowance</p> <p>If <b>no</b> surviving spouse/domestic partner <b>or</b> surviving children: estate or beneficiary will receive the difference between employee contributions (including interest) and the total paid to member by the retirement system at the time of death.</p>
Optional Settlements	
Optional Settlements	Retiree may choose an optional settlement at retirement that reduces the allowance to provide a survivorship allowance to a designated beneficiary or a higher survivorship allowance to their spouse/domestic partner.

**Note:** For death before retirement, the survivorship allowance to surviving spouse/domestic partner lasts until death, remarriage, or establishment of a domestic partnership if member was at least 62 with at least 20 years of service (or 55 with a reduction factor of 5%) at the time of death. For death after retirement, the survivorship allowance to surviving spouse/domestic partner lasts until death.

The information contained on this Fact Sheet is a summary for the Tier 2B members of the Federated City Employees' Retirement System. For any questions or clarifications, please consult the Municipal Code for the complete benefit provision.

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](http://www.sjretirement.com).

For questions regarding the VEBA, visit [www.sanjoseca.gov/VEBA](http://www.sanjoseca.gov/VEBA) or contact [veba@sanjoseca.gov](mailto:veba@sanjoseca.gov).