



## RETIREMENT BENEFITS FACT SHEET FEDERATED TIER 1 Classic\*

Contributions	
Employee	10.5% of Base Salary (8.5% Pension, 2.00% VEBA**) as of 6/26/2022
City	Pension 20.32% (Normal Cost) + flat dollar amount (UAL) as of 6/26/2022
Service Required to Leave Contributions in Retirement System	5 years
VEBA	
VEBA Contributions	<p><b>All Federated Tier 1 Classic Employees are mandated to contribute 2.00% 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.</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	55 with 5 years service 30 yrs service <b>at any age</b>
Deferred Vested Retirement	55 with 5 years service (This applies to members who separate from City service before retirement and leave their contributions in the retirement system.)
Allowance	$2.5\% \times \text{Years of Service} \times \text{Final Compensation}$ (75% max) <ul style="list-style-type: none"> <li>If separation takes place prior to July 1, 2001, Final Compensation is highest average monthly salary during 36 consecutive months</li> <li>If separation takes place on or after July 1, 2001, Final Compensation is highest average monthly salary during 12 consecutive months</li> </ul>
Disability Retirement (Service Connected)	
Minimum Service	NONE
Allowance	40% of Final Compensation plus $2.5\% \times \text{Years of Service}$ in excess of 16 years x Final Compensation (Maximum 75% of Final Compensation)
Disability Retirement (Non-Service Connected)	
Minimum Service	5 years
Allowance	$40\%$ of Final Compensation plus $2.5\% \times \text{Years of Service}$ in excess of 16 years x Final Compensation (Maximum 75% of final compensation) If under 55 years old, subtract 0.5% for every year under age 55.  <b>**For those entering the System 9/1/98 or later, the calculation is as follows:</b> $20\%$ of Final Compensation for up to 6 years of service. Add 2% for each year of service in excess of 6 years but less than 16 years. Add 2.5% for each year of service in excess of 16 years of service. (Maximum 75% 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	Retirees are eligible for a 3% annual cost-of-living adjustment (COLA). Regular COLA’s are compounded and paid each April. There is no prorating of COLA.

\*Employees with “Classic” membership from a CalPERS or reciprocal agency hired by the City of San Jose on or after June 18, 2017. A CalPERS “Classic” member is a member who previously worked for a CalPERS or other reciprocal agency and meets the following criteria: 1. First established CalPERS membership or membership in a CalPERS reciprocal agency prior to January 1, 2013, 2. AND is hired by the City of San Jose after a break in service of less than six months 3. AND did not have concurrent (overlapping) service with the other agency. City of San Jose *Reciprocity Election Form* must be submitted within thirty (30) days of the first day of employment with the City. **Employees in Tier 1 Classic are not eligible for the defined benefit retiree healthcare plan.**

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



## RETIREMENT BENEFITS FACT SHEET FEDERATED TIER 1 Classic\*

### SURVIVORSHIP BENEFITS

Death Before Retirement	
Non-Service Connected Death with less than 5 years of service	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.)
Greater than 5 years of service or Service Connected death	<p>To surviving spouse/domestic partner: Years of Service x 2.5% x Final Compensation (40% minimum, 75% maximum, except that "deferred vested" members not eligible for 40% minimum)</p> <p>If <b>no</b> surviving spouse/domestic partner, to surviving children:            1 Child: 25% of spousal/domestic partnership allowance            2 Children: 50% of spousal/domestic partnership allowance            3 Children: 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	
Standard allowance to surviving spouse/domestic partner or children  (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:            1 Child: 25% of spousal/domestic partnership allowance            2 Children: 50% of spousal/domestic partnership allowance            3 Children: 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.
Special Death Benefit	
Special Death Benefit	\$500 death benefit paid to estate or designated beneficiary in addition to benefits above.

**Note:** For death before retirement, the survivorship allowance to surviving spouse/domestic partner lasts until death or remarriage. However, it will last until death if member was at least 55 with at least 20 years of service at the time of death, or 30 years of service regardless of age. For death after retirement, the survivorship allowance to surviving spouse/domestic partner lasts until death. If there is an allowance payable to a surviving spouse/domestic partner, no allowance will be paid to surviving children. Surviving children receive a monthly survivorship allowance only when there is no surviving spouse/domestic partner.

The information contained on this Fact Sheet is a summary for the Tier 1 Classic members of the Federated City Employees' Retirement System. 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 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).