



**Manhattan and Bronx
Surface Transit
Operating Authority**

MaBSTOA Pension Plan
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CALCULATING YOUR FINAL AVERAGE SALARY

TIER 4 MEMBERS

Your Final Average Salary (FAS) is used in the calculation of your retirement benefit.

Definition of Final Average Salary (FAS)

FAS is defined as the wages earned by a member during any three consecutive calendar years or the 36 months immediately preceding the member's retirement date which provide the highest average wage. The wages earned during any year (used in the FAS) cannot exceed the average of the previous two years by 10%.

MaBSTOA Pension Plan Will Review

Every paycheck for each year (in the five year period prior to your retirement date) and determine where the money was actually earned - not paid. If necessary, wages will be reallocated back to where they were earned.

An example of how your FAS is calculated is shown below. This explanation is based on a hypothetical retirement date of July 1, 2014.

2014	2013	2012	2011	2010
Bi-Weekly 6/30/14 - 7/1/13	Bi-Weekly 6/30/13 - 7/1/12	Bi-Weekly 6/30/12 - 7/1/11	Bi-Weekly 6/30/11 - 7/1/10	Bi-Weekly 6/30/10 - 7/1/09
\$50,000	\$45,000	\$40,000	\$35,000	\$30,000

2013	\$45,000	Average \$42,500
2012	\$40,000	

2012	\$40,000	Average \$37,500
2011	\$35,000	

2011	\$35,000	Average \$32,500
2010	\$30,000	

Step 1

- ▶ Compare the first twelve month period (\$50,000) to the average of the previous two years (\$45,000 and \$40,000)
- ▶ Multiply the average by 110% ($\$42,500 \times 1.10 = \$46,750$)
- ▶ The \$50,000 exceeds the 10% threshold by \$3,250
- ▶ Subtract the excess from the wage $\$50,000 - \$3,250 = \$46,750$

Step 2

- ▶ Compare the second twelve month period (\$45,000) to the average of the previous two years (\$40,000 and \$35,000)
- ▶ Multiply the average by 110% ($\$37,500 \times 1.10 = \$41,250$)
- ▶ The \$45,000 exceeds the 10% threshold by \$3,750
- ▶ Subtract the excess from the wage $\$45,000 - \$3,750 = \$41,250$

Step 3

- ▶ Compare the third twelve month period (\$40,000) to the average of the previous two years (\$35,000 and \$30,000)
- ▶ Multiply the average by 110% ($\$32,500 \times 1.10 = \$35,750$)
- ▶ The \$40,000 exceeds the 10% threshold by \$4,250
- ▶ Subtract the excess from the wage $\$40,000 - \$4,250 = \$35,750$

Step 4

Replace the original wages in the first three years with the new averages.

2014
\$50,000
is now
\$46,750

2013
\$45,000
is now
\$41,250

2012
\$40,000
is now
\$35,750

Step 5

Add the revised 2014, 2013 and 2012 average salaries together and divide by 3. The result is your FAS.

$$\begin{array}{r} \$46,750 \text{ (2014)} \\ \$41,250 \text{ (2013)} \\ + \$35,750 \text{ (2012)} \\ \hline \$123,750 \end{array} \quad \frac{\$123,750}{3} = \$41,250$$

The Final Average Salary (FAS) is \$41,250.00.



CALCULATING YOUR RETIREMENT BENEFIT FOR TIER 4 TRANSIT 25/55 EMPLOYEES

One of the most frequently asked questions from our employees is: "How much is my retirement benefit going to be?" MaBSTOA has taken the guesswork out of figuring your annual retirement benefit. You will be eligible to receive a Service Retirement Benefit if you have:

- Reached age 55
- Have 25 or more years of *Allowable Service with MaBSTOA* and
- Have paid all the required *Additional Member Contributions*.

The Service Retirement Benefit is equal to:

2% X *FAS* each year of *Allowable Service with MaBSTOA* (up to 30 years)

plus

1 ½ % X *FAS* X each year of *Allowable Service with MaBSTOA* in excess of 30 years.

For the purpose of demonstrating the mathematical calculation, let's assume that we want to find the retirement benefit for an Employee who has 27 years of Allowable Service in MaBSTOA, and whose FAS is

$$2\% \times \$50,000 \times 27 = \$27,000$$

This chart will help you find your retirement benefit calculation WITHOUT doing the math!

Here's the chart/grid for the hypothetical Employee mentioned above.

Now look on the back and find the chart/grid that contains both your corresponding *FAS* and years of *Allowable Service with MaBSTOA*. At the intersection of those two factors, you will find a dollar amount that represents your annual retirement benefit amount.

If you make between \$25,000 - \$55,000							
		Final Average Salary					
		\$25,000	\$30,000	\$35,000	\$40,000	\$45,000	\$50,000
Years of Service	25	\$12,500.00	\$15,000.00	\$17,500.00	\$20,000.00	\$22,500.00	\$25,000.00
	26	\$13,000.00	\$15,600.00	\$18,200.00	\$20,800.00	\$23,400.00	\$26,000.00
	27	\$13,500.00	\$16,200.00	\$18,800.00	\$21,400.00	\$24,000.00	\$27,000.00
	28	\$14,000.00	\$16,800.00	\$19,400.00	\$22,000.00	\$24,600.00	\$28,000.00
	29	\$14,500.00	\$17,400.00	\$20,000.00	\$22,600.00	\$25,200.00	\$29,000.00
	30	\$15,000.00	\$18,000.00	\$20,600.00	\$23,200.00	\$25,800.00	\$30,000.00
	31	\$15,375.00	\$18,450.00	\$21,025.00	\$23,600.00	\$26,175.00	\$30,750.00
	32	\$15,750.00	\$18,900.00	\$21,450.00	\$24,000.00	\$26,550.00	\$31,500.00
	33	\$16,125.00	\$19,350.00	\$21,875.00	\$24,400.00	\$26,925.00	\$32,250.00
	34	\$16,500.00	\$19,800.00	\$22,300.00	\$24,800.00	\$27,300.00	\$33,000.00
	35	\$16,875.00	\$20,250.00	\$22,725.00	\$25,200.00	\$27,675.00	\$33,750.00

Of course, this assumes that you selected the Maximum Retirement Allowance Option (as opposed to a retirement option that continues your pension to your surviving beneficiary and reduces your pension). This also assumes that you have NO outstanding loans at the time of your retirement. If you have an outstanding loan, then please refer to the chart (on back page) entitled "Outstanding Loan Reduction" to see how your benefit will be reduced.

If you make between \$25,000 - \$55,000

		Final Average Salary						
		\$25,000	\$30,000	\$35,000	\$40,000	\$45,000	\$50,000	\$55,000
Years of Service	25	\$12,500.00	\$15,000.00	\$17,500.00	\$20,000.00	\$22,500.00	\$25,000.00	\$27,500.00
	26	\$13,000.00	\$15,600.00	\$18,200.00	\$20,800.00	\$23,400.00	\$26,000.00	\$28,600.00
	27	\$13,500.00	\$16,200.00	\$18,900.00	\$21,600.00	\$24,300.00	\$27,000.00	\$29,700.00
	28	\$14,000.00	\$16,800.00	\$19,600.00	\$22,400.00	\$25,200.00	\$28,000.00	\$30,800.00
	29	\$14,500.00	\$17,400.00	\$20,300.00	\$23,200.00	\$26,100.00	\$29,000.00	\$31,900.00
	30	\$15,000.00	\$18,000.00	\$21,000.00	\$24,000.00	\$27,000.00	\$30,000.00	\$33,000.00
	31	\$15,375.00	\$18,450.00	\$21,525.00	\$24,600.00	\$27,675.00	\$30,750.00	\$33,825.00
	32	\$15,750.00	\$18,900.00	\$22,050.00	\$25,200.00	\$28,350.00	\$31,500.00	\$34,650.00
	33	\$16,125.00	\$19,350.00	\$22,575.00	\$25,800.00	\$29,025.00	\$32,250.00	\$35,475.00
	34	\$16,500.00	\$19,800.00	\$23,100.00	\$26,400.00	\$29,700.00	\$33,000.00	\$36,300.00
35	\$16,875.00	\$20,250.00	\$23,625.00	\$27,000.00	\$30,375.00	\$33,750.00	\$37,125.00	

If you make between \$60,000 - \$90,000

		Final Average Salary						
		\$60,000	\$65,000	\$70,000	\$75,000	\$80,000	\$85,000	\$90,000
Years of Service	25	\$30,000.00	\$32,500.00	\$35,000.00	\$37,500.00	\$40,000.00	\$42,500.00	\$45,000.00
	26	\$31,200.00	\$33,800.00	\$36,400.00	\$39,000.00	\$41,600.00	\$44,200.00	\$46,800.00
	27	\$32,400.00	\$35,100.00	\$37,800.00	\$40,500.00	\$43,200.00	\$45,900.00	\$48,600.00
	28	\$33,600.00	\$36,400.00	\$39,200.00	\$42,000.00	\$44,800.00	\$47,600.00	\$50,400.00
	29	\$34,800.00	\$37,700.00	\$40,600.00	\$43,500.00	\$46,400.00	\$49,300.00	\$52,200.00
	30	\$36,000.00	\$39,000.00	\$42,000.00	\$45,000.00	\$48,000.00	\$51,000.00	\$54,000.00
	31	\$36,900.00	\$39,975.00	\$43,050.00	\$46,125.00	\$49,200.00	\$52,275.00	\$55,350.00
	32	\$37,800.00	\$40,950.00	\$44,100.00	\$47,250.00	\$50,400.00	\$53,550.00	\$56,700.00
	33	\$38,700.00	\$41,925.00	\$45,150.00	\$48,375.00	\$51,600.00	\$54,825.00	\$58,050.00
	34	\$39,600.00	\$42,900.00	\$46,200.00	\$49,500.00	\$52,800.00	\$56,100.00	\$59,400.00
35	\$40,500.00	\$43,875.00	\$47,250.00	\$50,625.00	\$54,000.00	\$57,375.00	\$60,750.00	

2014 Outstanding Loan Reduction Factors

Locate your age AT RETIREMENT and multiply the amount in the corresponding box by the number of \$1,000's still unpaid.

Example: Age 55 with a \$10,000 outstanding loan
Multiply that by 10 (for \$10,000 loan)

Age 55 = \$67.77

\$67.77 X 10 = \$677.70

\$677.70 Will be deducted from your annual Maximum Retirement Allowance pension check every year. Because these factors are based on actuarial life expectancy tables, this assumes that the value of the loan will be paid back over your lifetime, and thus, this amount will NEVER be added back into your pension check even if the outstanding amount seems to have been eventually "paid".

Age		Age	
55	\$67.77	63	\$79.49
56	\$68.95	64	\$81.39
57	\$70.20	65	\$83.42
58	\$71.53	66	\$85.60
59	\$72.94	67	\$87.93
60	\$74.44	68	\$90.42
61	\$76.02	69	\$93.07
62	\$77.71	70	\$95.90



Retirement Option Election Form for Tier III and Tier IV

Maximum Retirement Allowance The maximum retirement allowance is the largest benefit you can receive. Payments are made throughout your lifetime and cease upon your death.

Options

Options allow you to provide benefits for your survivors. Upon retirement you may elect an option. To do so, you agree to accept a reduced retirement allowance during your lifetime, as shown below. The amount of the reduction depends on the option selected, your age and may also depend upon your beneficiary's age.

Option 1
~~100% Joint and Survivor~~ Under this Option you will receive a smaller allowance than the Maximum Allowance and it will continue for as long as you live. After your death, your beneficiary, if he/she is still living, will continue to receive the same allowance for as long as he/she lives. You may designate only one beneficiary and you may not change that designation. The amount of your reduced retirement benefit will depend upon your age at retirement and your beneficiary's age.

Option 2
75%, 50%, 25%
~~Joint and Survivor~~ Under this Option you will receive a smaller allowance than the Maximum Allowance and it will continue for as long as you live. After your death, your beneficiary, if he/she is still living, will receive 75%, 50% or 25% of your allowance for as long as he/she lives. You may designate only one beneficiary and you may not change that designation. The amount of your reduced retirement benefit will depend upon your age at retirement and your beneficiary's age. (If you elect this option, you must also check the percentage you wish to be continued to your beneficiary.)

Option 3
Five-Year Certain and Life Option 3 provides you with a reduced lifetime benefit. If you die within five years of retirement, the reduced retirement benefit will continue to be paid to your surviving designated primary beneficiary for the unused balance of the five-year period. If the designated primary beneficiary predeceases you, the balance of the payments due for the remainder of the five-year period are continued to your surviving designated contingent beneficiary, if there is one. If none exists, the balance is paid in a lump sum to your estate. Should the designated primary beneficiary also die after having started to receive payments, the balance will be paid in a lump sum to your surviving designated contingent beneficiary. If none exists, the lump-sum balance is paid to the estate of the primary beneficiary. You may change your beneficiary with this Option.

Option 4
Ten-Year Certain and Life Option 4 provides you with a reduced lifetime benefit. If you die within ten years of retirement, the reduced retirement benefit will continue to be paid to your surviving designated primary beneficiary for the unused balance of the ten-year period. If the designated primary beneficiary predeceases you, the balance of the payments due for the remainder of the ten-year period are continued to your surviving designated contingent beneficiary, if there is one. If none exists, the balance is paid in a lump sum to your estate. Should the designated primary beneficiary also die after having started to receive payments, the balance will be paid in a lump sum to your surviving designated contingent beneficiary. If none exists, the lump sum balance is paid to the estate of the primary beneficiary. Just like Option 3, you may change your beneficiary with this Option.

Option 5
100%, 50%
Pop-up Joint and Survivor Under this Option you will receive a smaller allowance than the Maximum Allowance and it will continue for as long as you live. After your death, your beneficiary, if he/she is still living, will receive 100% or 50% of your allowance for as long as he/she lives. However, should your beneficiary predecease you, your retirement allowance will "Pop-Up" to the Maximum Allowance, for the remainder of your life. You may designate only one beneficiary and you may not change that designation. The amount of your reduced retirement benefit will depend upon your age at retirement and your beneficiary's age. (If you elect this option, you must also check the percentage you wish to be continued to your beneficiary.)