

Calculating Your Final Average Salary

TIER 4 MEMBERS VERSION JANUARY 2010

You have heard the term Final Average Salary (FAS) used in the context of determining your retirement benefit. But what does FAS really mean?

THE STRICT DEFINITION IS:

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.

HOWEVER:

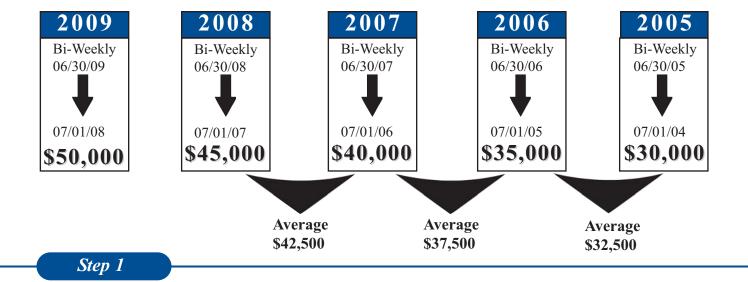
Wages earned during any year (used in the FAS) cannot exceed the average of the previous two years by 10%.

NYCERS WILL:

Look at 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.

Let's look at an example of how your FAS is calculated.

This explanation is based on a member's hypothetical retirement date of July 1, 2009.



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

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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 x 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 x 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

2009
\$50,000
is now
\$46,750
,

2008
\$45,000
is now
\$41,250
Ψ 1,20

Step 5

Add the revised 2009, 2008 and 2007 average salaries together and divide by 3. The result is your FAS.

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