

FRS Defined Benefit - Pension Plan: Hired post-July 1, 2011

Special Risk Class employees that do not choose between Pension Plan and Investment Plan default to the Pension Plan

Health Insurance Subsidy (HIS) amount of HIS monthly benefit is based on your service credit at retirement (\$5 for each year of service) and is included with your monthly benefit payment (minimum subsidy is \$30 and maximum subsidy is \$150)

- Retirement age is 60 or completion of 30 years of service.
- These employees contribute **3%** of their salary (*this rate can change*).
- If enrolled in Pension Plan you are vested after 8 years of creditable service.
- Average Final Compensation (AFC) is the average of the eight highest fiscal years of compensation earned during your covered employment.
- Special Risk Class Percentage Value is 3%
- No COLA (cost-of living adjustment)

Pension Benefit Calculation:

(Years of Creditable Service) X (Percentage Value) X (Average Final Compensation) = Annual (Option 1) Benefit at Normal Retirement Age

Example: Employee works for 25 years and retires

30 (years of creditable service) **x 3%** (special risk % value) **x \$60,000** (average final compensation) = **\$54,000** (Annual Option 1 Retirement Benefit)

DROP: (Deferred Retirement Option Program)

- Offered for members who have reached their normal retirement date.
- Can be in DROP no longer than 5 years
- DROP account earns interest, compounded monthly at an effective annual rate of **1.3%**

FRS Defined Contribution - Investment Plan: (Pre & Post July 1, 2011)

- **401(k)** type plan – employee contributes 3% of their salary (*this rate can change*).
- Employee is responsible for managing account
- Benefit is based on contributions made and investment performance over time
- **Vested** after 1 year
- NOT eligible for **Deferred Retirement Option Program (DROP)**
- Is eligible for the **Health Insurance Subsidy (HIS)**