

## RETIREMENT BENEFITS FACT SHEET FIRE TIER 2\*

Contributions	
Employee	19.11% of base salary (Pension: 15.11%, VEBA: 4.00%) as of 6/25/2023
City	15.11% of base salary (Pension: 15.11%) as of 6/25/2023
Service Required To Leave Contributions In Retirement Plan	5 Years of Service with the City in the Police and Fire Department Plan (Year of Service = 2080 hours worked in the applicable 12-month period)
VEBA	
VEBA Contributions	<p>All Fire Tier 2 Employees are mandated to contribute 4.00% 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.</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	<p>57 with 5 Years of Service with the City in the Police and Fire Department Plan</p> <p>50 with 5 Years of Service with the City in the Police and Fire Department Plan. A reduction factor of 7% per year for each year between age fifty-seven (57) and the Tier 2 member's age at retirement, prorated to the closest month.</p>
Deferred Vested Retirement	At least 5 Years of Service with the City in the Police and Fire Department Plan (This applies to members who separate from City service before retirement and leave their contributions in the retirement system.) Can begin at age 50 with reduction fact of 7% per year for each year between age fifty-seven and the Tier 2 member's age at retirement, prorated to the closest month.
Allowance	<p>First 20 years of Service: 2.4% per year of service X Final Compensation Beginning of 21<sup>st</sup> year of service: 3.0% per year of service X Final Compensation Beginning of 26<sup>th</sup> year of service: 3.4% per year of service x Final Compensation</p> <ul style="list-style-type: none"> <li>"Final Compensation" is the average annual base pay plus any premium pays authorized by ordinance for the highest 3 consecutive Years of Service [SJM 3.36.020.05]</li> <li>Maximum benefit is 80% of Final Compensation</li> </ul>
Disability Retirement (Service Connected)	
Eligibility	No minimum years of service. Must apply when an active employee or within one month after separation from City. At time of application, must be incapacitated from the performance of duty as a result of injury or disease arising out of and in the course of employment with the City of San José as approved by the Board.
Allowance	<p>An individual who is granted a service-connected disability retirement is entitled to a monthly allowance equal to the greater of:</p> <ol style="list-style-type: none"> <li>50% of Final Compensation;</li> <li>A service retirement allowance, if he or she qualified for such; or</li> <li>An actuarially reduced factor, as determined by the plan's actuary, for each quarter year that his or her service age is less than 50 years, multiplied by the number of Years of Service subject to the applicable formula, if not qualified for a service retirement.</li> </ol>
Disability Retirement (Non-Service Connected)	
Eligibility	Minimum 5 years of service. Must apply when an active employee or within one month after separation from City. At time of application, must be incapacitated from the performance of duty as the result of injury or disease that did not arise out of or in the course of employment with the City of San José as approved by the Board.
Allowance	<p>An individual who is granted a non-service-connected disability retirement is entitled to a monthly allowance equal to the greater of:</p> <ol style="list-style-type: none"> <li>If less than age 50: 1.8% per Year of Service or</li> <li>If older than age 50: The amount of service pension benefit as calculated based upon the service pension formula.</li> </ol>
Reciprocity	
Reciprocity	As of September 30, 1994, the City of San José adopted a reciprocal agreement with CalPERS. This may result in improved benefits for members who transfer between CalPERS and this retirement plan. 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 an annual cost-of-living adjustment (COLA) limited to the increase in the Consumer Price Index (San Jose-San Francisco-Oakland, U.S. Bureau of Labor Statistics index, CPI-U, December to December), capped at 2.0% per year. COLA's are applied annually on February 1st. The first COLA will be prorated based on the number of months retired prior to February 1st. Partial months are not included in the calculation.

\*Fire Tier 2 Employees are those hired after January 2, 2015.

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### SURVIVORSHIP BENEFITS

<b>Death Before Retirement (Active Employees Only, Deferred Vested contact ORS)</b>	
Service Connected Death regardless of years of service	<p><u>To surviving spouse/domestic partner:</u> 37.5% to 40% of member's Final Compensation depending on the years of service [SJMC3.36.1200(F), 1205, 1270(B)]</p> <p><u>and</u> to surviving children:</p> <p>If 1 Surviving Child: Final Comp x 25% [SJMC 3.36.1200(G), 1300(B)]</p> <p>If 2 Surviving Children: Final Comp x 50% [SJMC 3.36.1200(G), 1300(D2)]</p> <p>If 3 or More Surviving Children: Final Comp x 75% [SJMC 3.36.1200(G), 1300(F2)]</p> <p>There is an 80% cap on Final Compensation that can be paid to survivors.</p> <p>If no surviving spouse/domestic partner nor surviving children, to the estate: Return of contributions, plus interest, or \$1,000, whichever is greater, [SJMC 3.36.1200(E), 1200(I)]</p>
Non-Service Connected Death with less than 2 years of service	<p>Greater of:</p> <p>(1) Return of contributions, plus interest, to surviving spouse/domestic partner; where there is no surviving spouse/ domestic partner to member's surviving children, or where there are no surviving children either, to the member's estate, or</p> <p>(2) \$1,000, whichever is greater [SJMC 3.36.1250(C-E)]</p>
Non-Service Connected Death with more than 2 years of service, but <u>not</u> eligible for a service retirement	<p><u>To surviving spouse/domestic partner:</u> 24% +.75% for each year in excess of 2 x Final Compensation (40% maximum) [SJMC 3.36.1210(F), 1205, 1280(B)(D)]</p> <p><u>and</u> to surviving children:</p> <p>If 1 Surviving Child: Final Comp x 25% [SJMC 3.36.1210 (G), 1300(B)]</p> <p>If 2 Surviving Children: Final Comp x 37.5% [SJMC 3.36.1210(G), 1300(D1)]</p> <p>If 3 or More Surviving Children: Final Comp x 50% [SJMC 3.36.1210(G), 1300(F1)]</p> <p>There is an 80% cap on Final Compensation that can be paid to survivors.</p> <p>If no surviving spouse/domestic partner nor surviving children to the estate: Return of contributions, plus interest, or \$1,000 whichever is greater [SJMC 3.36.1210(E), 1210(I)]</p>
Non-Service Connected Death before retirement, but while eligible for service retirement	<p><u>To surviving spouse/domestic partner:</u> 37.5% to 40% of member's Final Compensation depending on the years of service [SJMC3.361200 (A),(F),1270(B)]</p> <p>For example:</p> <p>Up to 28.53 Years of Service: Member's benefit = up to 75% Survivorship benefit = 37.5% of Final Compensation</p> <p>29 Years of Service: Member's benefit = 76.6% Survivorship benefit = 38.3% of Final Compensation</p> <p>30+ Years of Service: Member's benefit = 80.0% Survivorship benefit = 40.0% of Final Compensation</p> <p><u>and</u> to surviving children:</p> <p>If 1 Surviving Child: Final Comp x 25% [SJMC 3.36.1200 (G), 1300 (B)]</p> <p>If 2 Surviving Children: Final Comp x 37.5% [SJMC 3.36.1200(G), 1300 (D1)]</p> <p>If 3 or More Surviving Children: Final Comp x 50% [SJMC 3.36.1200(G), 1300 (F1)]</p> <p>If no surviving spouse/domestic partner nor surviving children, to the estate: Return of contributions, plus interest, or \$1,000, whichever is greater [SJMC 3.36.1200(E), 1200(I)]</p>
<b>Death After Retirement</b>	
Service Retirees and Service-Connected Disability Retirees	<p><u>To surviving spouse/domestic partner:</u></p> <p>Survivorship allowance equal to fifty percent (50%) joint and survivor annuity as determined by the Plan's actuaries. Retiree may choose an optional settlement.</p>
Non-Service Connected Disability Retirees	<p><u>To surviving spouse/domestic partner:</u></p> <p>Survivorship allowance equal to fifty percent (50%) joint and survivor annuity as determined by the Plan's actuaries. Retiree may choose an optional settlement.</p>
<b>Optional Settlements</b>	
Optional Settlements	Retiree may choose an optional settlement at retirement that reduces their allowance to provide a higher survivorship allowance to their spouse/domestic partner.
<b>Post-Retirement Marriage</b>	
Post-Retirement Marriage	If a retiree marries after retirement, the retiree can elect to take a reduction on their pension benefit to allow for a survivorship benefit to the surviving spouse/state certified domestic partner. This election must be made within 90 days of marriage or establishment of domestic partnership. [3.36.1468(B3)]

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**Note:** The maximum total combined benefit payable to a surviving spouse/domestic partner and surviving children is 80% of final compensation. If necessary, the children's survivorship allowance will be reduced so that the total benefit does not exceed 80% of final compensation.

If you retire or decease prior to age 57, survivorship benefits may be reduced.

The information contained on this Fact Sheet is a summary for the Fire Tier 2 members of the Police and Fire Department Retirement Plan. Pension rules are complex and often difficult to understand. In the event of a conflict or inconsistency between the information in this document and the governing law, such as the San Jose Municipal Code (SJMC), the governing law shall prevail.

For more information, please contact the Office of Retirement Services (ORS) at (408) 794-1000; (800) 732-6477; [retirement.dept@sanjoseca.gov](mailto:retirement.dept@sanjoseca.gov), or [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).