



RETIREMENT BENEFITS FACT SHEET FEDERATED TIER 2A*

| Contributions | |
|--|--|
| Employee | 15.99% (Pension: 8.49% Retiree Healthcare: 7.50%***) as of 6/23/2024 |
| City | Pension: 8.73%; Retiree Healthcare: dollar amount, not rate of pay as of 6/23/2024 |
| Service Required to Leave Contributions in Retirement System | 5 years Federated City Service (Year of Service = 2080 hours worked in the applicable 12-month period) |
| Service Retirement | |
| Age/Years of Service | 62 years with 5 years Federated City Service May retire on or after 55 years with 5 years Federated City Service. A reduction factor of 5% per year for each year between age fifty-five (55) and the Tier 2 member's age at retirement before age 62, prorated to the closest month. |
| Deferred Vested Retirement | May commence on or after 55 years with 5 years Federated City Service with actuarial equivalent reduction (This applies to members who separate from City service before retirement and leave their contributions in the retirement system.) Can begin at age 55 with reduction fact of 5% per year for each year between age fifty-five and the Tier 2 member's age at retirement before age 62, prorated to the closest month. |
| Allowance | 2.0% x Years of Federated City Service x Final Compensation (70% max) <ul style="list-style-type: none"> • "Final Compensation" is the average monthly (or biweekly) base pay for the highest 3 consecutive Years of Federated City Service • Excludes premium pay or any other forms of additional compensation |
| Disability Retirement (Service Connected) | |
| Minimum Service | NONE |
| Allowance | 2% x Years of Federated City Service x Final Compensation (Minimum of 40%, maximum of 70% of Final Comp) |
| Disability Retirement (Non-Service Connected) | |
| Minimum Service | 5 years Federated City Service |
| Allowance | 2% x Years of Federated City Service x Final Compensation. (Minimum of 20%, maximum of 70% of Final Comp) |
| Medical Benefits** | |
| Eligibility | Retired for disability or service with 15 years service or receive allowance that is at least 37.5% of final compensation. (Certain "Deferred Vested" members are also eligible.) |
| Premiums | Retirement System pays 100% of lowest cost single or family premium that is available to active City employees. If retiree does not choose the lowest cost plan, retiree pays the difference between that premium and the premium for the lowest cost plan. |
| Medicare Eligibility | At age 65, Members of FCERS will be required to enroll in Medicare Parts A & B. If a Member does not meet this requirement within 3 months of the date Member turns 65, health care benefits will cease until such requirements are met. |
| Dental Benefits** | |
| Eligibility | Must be enrolled at retirement with 5 years service or receive retirement allowance of at least 37.5% of final compensation. ("Deferred Vested" members are not eligible.) |
| Premiums | Fully paid by retirement fund. |
| 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 annual cost-of-living adjustment (COLA) limited to the lesser of the increase in the Consumer Price Index (San Jose-San Francisco-Oakland, U.S. Bureau of Labor Statistics index, CPI-U, December to December), or a back-loaded 2% COLA per fiscal year. The back-loaded COLA shall be calculated as follows: <ol style="list-style-type: none"> i. Service at retirement of 1-10 years: 1.25% per year ii. Service at retirement of 1-10 years and hired before June 16, 2017: 1.5% iii. Service at retirement of 11-20 years: 1.5% per year iv. Service at retirement of 21-25 years: 1.75% per year v. Service at retirement of 26 years and above: 2.0% per year COLA's are applied annually on April 1st. The first COLA will be prorated based on the number of months retired prior to April 1st. Partial months are not included in the proration. |

*Tier 2A applies to Employees hired between September 30, 2012 and September 27, 2013.

**Federated Tier 2A Employees who opted-in to the VEBA are not eligible for the Defined Benefit Retiree Healthcare Plan (Medical or Dental Benefits). For more information about the VEBA, visit www.sanjoseca.gov/VEBA or email veba@sanjoseca.gov.



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SURVIVORSHIP BENEFITS

| Death Before Retirement | |
|---|---|
| Non-Service Connected Death Not Eligible for Retirement | Return of employee contributions, plus interest. |
| Eligible for Retirement | <p>To surviving spouse/domestic partner: $2.0\% \times \text{Years of Federated Service} \times \text{Final Compensation (70\% max)}$ 40% minimum, 70% maximum, except that "Deferred Vested" members not eligible for 40% minimum)</p> <p>If no surviving spouse/domestic partner, to surviving children until age 18: 1 Child: 25% of spousal/domestic partnership allowance 2 Children: 50% of spousal/domestic partnership allowance 3 Children: 75% of spousal/domestic partnership allowance 4 or More Children: Split equal share of 75% of spousal/domestic partnership allowance</p> <p>If no surviving spouse/domestic partner or surviving children: Return of employee contributions, plus death benefit: $1/12$ of compensation in year prior to death \times years of service (benefit may not exceed 50% of the salary earned in year prior to death.)</p> |
| Death After Retirement | |
| Survivorship allowance to surviving spouse/domestic partner or children that was elected by the member at retirement. (Minimum 5 years of service) | <p>To surviving spouse/domestic partner: 50% of Retiree's Allowance</p> <p>If no surviving spouse/domestic partner, to surviving children until age 18: 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 no surviving spouse/domestic partner or 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. |

Note: For death before retirement, the survivorship allowance to surviving spouse/domestic partner lasts until death, remarriage, or establishment of a domestic partnership if member was at least 62 with at least 20 years of service (or 55 with a reduction factor of 5%) at the time of death. For death after retirement, the survivorship allowance to surviving spouse/domestic partner lasts until death.

The information contained on this Fact Sheet is a summary for the Tier 2A members of the Federated City Employees' Retirement System. For any questions or clarifications, please consult the Municipal Code for the complete benefit provision.

For more information, please contact the Office of Retirement Services at
 (408) 794-1000 or 1 (800) 732-6477. Or, go online at www.sjretirement.com.

For questions regarding the VEBA, visit www.sanjoseca.gov/VEBA or contact veba@sanjoseca.gov.