

PART VI: How Much Is My Retirement Benefit from the Plan?

Your **monthly accrued benefit** under the plan is based upon your **creditable service**, your **average monthly earnings**, and the **applicable benefit accrual rate** in effect when you terminate employment as a police officer with the City.

A. Creditable Service

Both your eligibility for benefits and the amount of your benefits from the plan depend on your length of service. The service that is recognized under the pension plan is called **creditable service**.

Generally, only your service with the City while you are employed as a full-time sworn police officer and for which you have made the required participant contributions will count towards your eligibility for benefits and for calculating the amount of your benefit. This period of service is referred to as your “base creditable service”. However, your creditable service will also include an **unused sick leave service credit** for any unused sick leave that you have accumulated when you terminate your employment. The following worksheet shows how your creditable service is determined:

Worksheet A															
Creditable Service															
(1)	Enter the number of days of unused sick leave	_____	days												
(2)	Enter the number of work days per year from the table below:	÷ _____	days												
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(3)	Unused Sick Leave Service Credit <i>Divide Step (1) by Step (2)</i>	= _____	years												
(4)	Enter Base Creditable Service* (elapsed time in days)	+ _____	years												
(5)	TOTAL CREDITABLE SERVICE <i>Enter the sum of Step (3) and Step (4)</i>	= 	years												

**Excluding Unused Sick Leave Service Credit, but including any purchased service or transferred City service*

Note that, if you have other periods of employment with the City, the state of Georgia, certain Georgia counties, or as a teacher within the state of Georgia, you may, under certain circumstances, be able to receive additional creditable service for such employment as explained in “*What If I Have Other Service Besides What I Have Earned As a Full-Time Police Officer with the City?*” (see question A on page 35). Creditable service will also be granted under the plan for certain military service in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), which is described on page 38.

B. **Average Monthly Earnings**

The amount of your monthly accrued benefit from the pension plan also depends upon your ***average monthly earnings***. The value of your average monthly earnings is the average of your base salary for the highest 36 consecutive months during your period of creditable service. Overtime pay and other special compensation in excess of your base salary is not considered in determining your average monthly earnings. However, your average monthly earnings will include an ***unused sick leave pay credit*** and an ***accumulated vacation pay credit***.

Under federal law, solely for purposes of the pension plan, your earnings cannot exceed \$200,000 per year (as adjusted for inflation from time to time). For 2007, this limit has been adjusted to \$225,000 and the limit may be higher in the future. If you have questions about how the limit on earnings affects you or your benefits under the plan, please contact the pension office.

The worksheet on the next page shows how the value of your average monthly earnings is calculated:

Your monthly accrued benefit is calculated as follows:

Worksheet C		
Monthly Accrued Benefit		
(1)	Enter total Creditable Service from Worksheet A, Step (5)	_____ years
(2)	Enter the lesser of Step (1) and 26.667	= _____ years
(3)	Enter Average Monthly Earnings from Worksheet B, Step (20)	x \$ _____
(4)	Enter applicable benefit accrual rate of 3%	x _____ 0.03
(5)	MONTHLY ACCRUED BENEFIT <i>Multiply Step (2) by Step (3) by Step (4)</i>	= \$ _____

IMPORTANT NOTE: Creditable service is limited to 26.667 years. As a result, if the value of your base creditable service prior to the addition of your **unused sick leave service credit** is already at least 26.667 years, your **unused sick leave service credit** will not increase the value of your monthly accrued benefit. However, even if your unused sick leave does not increase your total creditable service, your **unused sick leave pay credit** may still increase the value of your average monthly earnings and, thus, increase the value of your monthly accrued benefit. For this reason, you should carefully consider how to get the most value from your unused sick leave prior to applying for retirement benefits under the plan.

Calculation of Your Normal or Delayed Retirement Benefit

Your normal or delayed retirement benefit under the plan is equal to your monthly accrued benefit based on your total creditable service and your average monthly earnings as of the date you terminate your employment as a police officer with the City.

Example #1 – Normal Retirement Benefit

Let’s assume that you retire at age 55 with 21 years of base creditable service, 104 days of unused sick leave, and 75 days of accumulated vacation. Let’s also assume that your highest consecutive 36 months of base salary during your term of employment are as follows:

<u>Period</u>	<u>Base Salary</u>
10/1/2003 – 12/31/2003	\$ 13,400.00
1/1/2004 – 12/31/2004	\$ 45,850.00
1/1/2005 – 12/31/2005	\$ 46,360.00
1/1/2006 – 9/30/2006	\$ 36,500.00

Finally, during this 36 month period, let’s assume that your highest daily rate of pay is \$212.39 per day and your lowest daily rate of pay is \$193.54 per day.

In this case, your normal retirement benefit will be \$2,824.09 per month payable for your lifetime, calculated as follows:

<u>Worksheet A</u>													
Creditable Service													
(1) Enter the number of days of unused sick leave	_____ 104 Days												
(2) Enter the number of work days per year from the table below:	÷ _____ 226 Days												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Years of Base Creditable Service *</th> <th>Number of Work Days (excluding allowed vacation days)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><i>Less than 5</i></td> <td style="text-align: center;">239</td> </tr> <tr> <td style="text-align: center;"><i>At least 5 but less than 10</i></td> <td style="text-align: center;">236</td> </tr> <tr> <td style="text-align: center;"><i>At least 10 but less than 15</i></td> <td style="text-align: center;">233</td> </tr> <tr> <td style="text-align: center;"><i>At least 15 but less than 20</i></td> <td style="text-align: center;">230</td> </tr> <tr> <td style="text-align: center;"><i>At least 20</i></td> <td style="text-align: center;">226</td> </tr> </tbody> </table>		Years of Base Creditable Service *	Number of Work Days (excluding allowed vacation days)	<i>Less than 5</i>	239	<i>At least 5 but less than 10</i>	236	<i>At least 10 but less than 15</i>	233	<i>At least 15 but less than 20</i>	230	<i>At least 20</i>	226
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<i>At least 20</i>	226												
(3) Unused Sick Leave Service Credit <i>Divide Step (1) by Step (2)</i>	= _____ 0.4602 Years												
(4) Enter Base Creditable Service* (elapsed time in days)	+ _____ 21 Years												
(5) TOTAL CREDITABLE SERVICE <i>Enter the sum of Step (3) and Step (4)</i>	= 21.4602 Years												

**Excluding Unused Sick Leave Service Credit, but including any purchased service or transferred City service*

Example #1 (continued)

Worksheet C
Monthly Accrued Benefit

(1)	Enter total Creditable Service from Worksheet A, Step (5)	<u>21.4602</u> years	
(2)	Enter the lesser of Step (1) and 26.667	= <u>21.4602</u> years	
(3)	Enter Average Monthly Earnings from Worksheet B, Step (20)	x \$ <u>4,386.56</u>	
(4)	Enter applicable benefit accrual rate of 3%	x <u>0.03</u>	
(5)	MONTHLY ACCRUED BENEFIT <i>Multiply Step (2) by Step (3) by Step (4)</i>	<table border="1"><tr><td style="padding: 2px;">= \$ 2,824.09</td></tr></table>	= \$ 2,824.09
= \$ 2,824.09			

Example #2 – Normal Retirement Benefit

Let's assume that you retire at age 55 with 15.3333 years of base creditable service, 88 days of unused sick leave, and 75 days of accumulated vacation. Let's also assume that your highest consecutive 36 months of base salary during your term of employment are as follows:

<u>Period</u>	<u>Base Salary</u>
4/1/2003 – 12/31/2003	\$ 31,850.30
1/1/2004 – 12/31/2004	\$ 47,000.00
1/1/2005 – 12/31/2005	\$ 47,750.00
1/1/2006 – 3/31/2006	\$ 13,000.50

Finally, during this 36 month period, let's assume that your highest daily rate of pay is \$216.16 per day and your lowest daily rate of pay is \$188.19 per day.

In this case, your normal retirement benefit will be \$2,018.29 per month payable for your lifetime, calculated as follows:

Worksheet A													
Creditable Service													
(1) Enter the number of days of unused sick leave	<u>88.0000</u> days												
(2) Enter the number of work days per year from the table below:	÷ <u>230</u> days												
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(3) Unused Sick Leave Service Credit <i>Divide Step (1) by Step (2)</i>	= <u>0.3826</u> years												
(4) Enter Base Creditable Service* (elapsed time in days)	+ <u>15.3333</u> years												
(5) TOTAL CREDITABLE SERVICE <i>Enter the sum of Step (3) and Step (4)</i>	= <u>15.7159</u> years												

*Excluding Unused Sick Leave Service Credit, but including any purchased service or transferred City service

Example #2 (continued)

Worksheet B													
Average Monthly Earnings													
(1) Enter the highest 36 months of base salary during your term of employment:													
<u>Period</u>	<u>Base Salary</u>												
<u>4/1/2003 - 12/31/2003</u>	<u>\$ 31,850.30</u>												
<u>1/1/2004 - 12/31/2004</u>	<u>\$ 47,000.00</u>												
<u>1/1/2005 - 12/31/2005</u>	<u>\$ 47,750.00</u>												
<u>1/1/2006 - 3/31/2006</u>	<u>\$ 13,000.50</u>												
<hr/>													
(2) Enter the sum of the total 36 months of base salary from Step (1)	\$ <u>139,600.80</u>												
<hr/>													
(3) Enter highest daily rate of pay during the 36-month period shown in Step (1)	\$ <u>216.16</u>												
(4) Enter lowest daily rate of pay during the 36-month period shown in Step (1)	– \$ <u>188.19</u>												
<i>[These daily rates are based on the actual number of work days in a year (excluding allowed vacation days) as shown in Worksheet A, Step (2).]</i>													
(5) Subtract Step (4) from Step (3)	= \$ <u>27.97</u>												
(6) Enter the number of days of unused sick leave	x <u>88</u> day(s)												
(7) Unused Sick Leave Pay Credit <i>Multiply Step (5) by Step (6)</i>	= \$ <u>2,461.36</u>												
<hr/>													
(8) Enter the number of days of accumulated vacation	<u>75</u> day(s)												
(9) Enter the monthly vacation accrual rate from the table below:													
<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Years of Base Creditable Service</th> <th style="text-align: center;">Days Per Month</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><i>Less than 5</i></td> <td style="text-align: center;"><i>Enter 1.0000</i></td> </tr> <tr> <td style="text-align: center;"><i>At least 5 but less than 10</i></td> <td style="text-align: center;"><i>Enter 1.2500</i></td> </tr> <tr> <td style="text-align: center;"><i>At least 10 but less than 15</i></td> <td style="text-align: center;"><i>Enter 1.5000</i></td> </tr> <tr> <td style="text-align: center;"><i>At least 15 but less than 20</i></td> <td style="text-align: center;"><i>Enter 1.7500</i></td> </tr> <tr> <td style="text-align: center;"><i>At least 20</i></td> <td style="text-align: center;"><i>Enter 2.0833</i></td> </tr> </tbody> </table>	Years of Base Creditable Service	Days Per Month	<i>Less than 5</i>	<i>Enter 1.0000</i>	<i>At least 5 but less than 10</i>	<i>Enter 1.2500</i>	<i>At least 10 but less than 15</i>	<i>Enter 1.5000</i>	<i>At least 15 but less than 20</i>	<i>Enter 1.7500</i>	<i>At least 20</i>	<i>Enter 2.0833</i>	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">÷</div> <div style="text-align: right;"> <u>1.7500</u> day(s) per month. </div> </div>
Years of Base Creditable Service	Days Per Month												
<i>Less than 5</i>	<i>Enter 1.0000</i>												
<i>At least 5 but less than 10</i>	<i>Enter 1.2500</i>												
<i>At least 10 but less than 15</i>	<i>Enter 1.5000</i>												
<i>At least 15 but less than 20</i>	<i>Enter 1.7500</i>												
<i>At least 20</i>	<i>Enter 2.0833</i>												
(10) Divide Step (8) by Step (9)	= <u>42.86</u> month(s)												
(11) Enter the number of work days per year from Worksheet (A), Step (2)	<u>230</u> day(s)												
(12) Divide Step 11 by 260	÷ 260 = <u>.8846</u>												
(13) Enter the daily rate of pay from Step (3)	x \$ <u>216.16</u>												
(14) Multiply Step (12) by Step (13)	= <u>191.22</u>												
(15) Total dollar amount attributable to accumulated vacation <i>[Step (14) \$ <u>191.22</u> multiplied by Step (8) <u>75</u> days(s)]</i>	= \$ <u>14,341.50</u>												
(16) Monthly accumulated vacation pay credit <i>[Step (15) \$ <u>14,341.50</u> divided by Step (10) <u>42.86</u> month(s)]</i>	= \$ <u>334.61</u>												
(17) Enter the lesser of the amount from Step (10) or 36 months	x <u>36</u> month(s)												
(18) Accumulated Vacation Pay Credit <i>Multiply Step (16) by Step (17)</i>	= \$ <u>12,045.96</u>												
<hr/>													
(19) Add Steps (2), (7), and (18)	= \$ <u>154,108.12</u>												
(20) AVERAGE MONTHLY EARNINGS <i>Divide Step (19) by 36 months</i>	÷ 36 = \$ <u>4,280.78</u>												

Example #2 (continued)

Worksheet C	
Monthly Accrued Benefit	
(1) Enter total Creditable Service from Worksheet A, Step (5)	<u>15.7159</u> years
(2) Enter the lesser of Step (1) and 26.667	= <u>15.7159</u> years
(3) Enter Average Monthly Earnings from Worksheet B, Step (20)	x \$ <u>4,280.78</u>
(4) Enter applicable benefit accrual rate of 3%	x <u>0.03</u>
(5) MONTHLY ACCRUED BENEFIT <i>Multiply Step (2) by Step (3) by Step (4)</i>	= \$ <u>2,018.29</u>

You may continue to work after your normal retirement age and earn additional plan benefits up until the time you actually retire with a delayed retirement benefit. Your retirement payments will begin on the first day of the month that coincides with or next follows your actual retirement date.

Calculation of Your Early Retirement Benefit

If you have completed at least 10 years of creditable service, you may retire and begin receiving benefits at any age. Your early retirement benefit is calculated in the same way as your normal retirement benefit. However, if you retire prior to age 55, your benefit will be reduced for early commencement. Your reduced early retirement benefit is equal to your normal retirement benefit minus (i) ½% for each of the first 60 months that your early retirement age is less than age 55, minus (ii) ¼% for each month in excess of 60 months that your early retirement age is less than age 55.

The following worksheet shows how your reduced early retirement benefit is determined:

<u>Worksheet D</u>	
Early Retirement Benefit	
(1) Enter your age (calculated to years and completed months) as of the date payments will begin	(1)(a) _____ years (1)(b) _____ months
(2) Multiply Step (1)(a) by 12	= _____ months
(3) Add Step (1)(b) to Step (2)	= _____ months
(4) Subtract Step (3) from 660 months (if less than 0, enter 0) <i>(660 = age 55 x 12 months)</i>	= _____ months
(5) Enter the lesser of Step (4) and 60	= _____ months
(6) Subtract 60 from Step (4) (if less than 0, enter 0)	= _____ months
(7) Multiply Step (5) by 0.005	= _____
(8) Multiply Step (6) by 0.0025	+ _____
(9) Add Step (7) and Step (8)	= _____
(10) Early Retirement Reduction Factor <i>Subtract Step (9) from 1.0000</i>	= _____
(11) Enter Monthly Accrued Benefit from Worksheet C, Step (5)	x \$ _____
(12) EARLY RETIREMENT BENEFIT <i>Multiply Step (10) by Step (11)</i>	= \$ _____

Example #3 – Early Retirement Benefit

Let's assume that you retire at age 49 with 15 years of creditable service and that your monthly accrued benefit payable at your normal retirement age is \$2,050.00 per month.

Your reduced early retirement benefit will be \$1,373.50 per month payable for your lifetime, calculated as follows:

<u>Worksheet D</u>	
Early Retirement Benefit	
(1) Enter your age (calculated to years and completed months) as of the date payments will begin	(1)(a) <u>49</u> years (1)(b) <u>0</u> months
(2) Multiply Step (1)(a) by 12	= <u>588</u> months
(3) Add Step (1)(b) to Step (2)	= <u>588</u> months
(4) Subtract Step (3) from 660 months (if less than 0, enter 0) <i>(660 = age 55 x 12 months)</i>	= <u>72</u> months
(5) Enter the lesser of Step (4) and 60	= <u>60</u> months
(6) Subtract 60 from Step (4) (if less than 0, enter 0)	= <u>12</u> months
(7) Multiply Step (5) by 0.005	= <u>.3000</u>
(8) Multiply Step (6) by 0.0025	+ <u>.0300</u>
(9) Add Step (7) and Step (8)	= <u>.3300</u>
(10) Early Retirement Reduction Factor <i>Subtract Step (9) from 1.0000</i>	= <u>.6700</u>
<hr/>	
(11) Enter Monthly Accrued Benefit from Worksheet C, Step (5)	x \$ <u>2,050.00</u>
(12) EARLY RETIREMENT BENEFIT <i>Multiply Step (10) by Step (11)</i>	= \$ <u>1,373.50</u>

Alternative Early Retirement Benefit

You may elect to receive an **alternative early retirement benefit** if you were hired prior to April 1, 1978, have completed at least 25 years of creditable service, and have reached age 50. This alternative early retirement benefit is equal to your normal retirement benefit minus $\frac{1}{4}\%$ for each of the total months remaining between the date of your alternative early retirement and the date that you reach age 55. Your alternative early retirement benefit will be larger than your reduced early retirement benefit because the alternative early retirement reduction is smaller.

The following worksheet shows how your alternative early retirement benefit is determined:

<u>Worksheet E</u>	
Alternative Early Retirement Benefit	
(1) Enter your age (calculated to years and completed months) as of the date payments will begin	(1)(a) _____ years (1)(b) _____ months
(2) Multiply Step (1)(a) by 12	= _____ months
(3) Add Step (1)(b) to Step (2)	= _____ months
(4) Subtract Step (3) from 660 months (if less than 0, enter 0) <i>(660 = age 55 x 12 months)</i>	= _____ months
(5) Multiply Step (4) by 0.0025	+ _____
(6) Early Retirement Reduction Factor <i>Subtract Step (5) from 1.0000</i>	= _____
(7) Enter Monthly Accrued Benefit from Worksheet C, Step (5)	x \$ _____
(8) ALTERNATIVE EARLY RETIREMENT BENEFIT <i>Multiply Step (6) by Step (7)</i>	= \$ _____

Example #4 – Alternative Early Retirement Benefit

Let's assume that you were hired prior to April 1, 1978, that you retire at age 53 years and three months with 28.5 years of creditable service, and that your monthly accrued benefit payable at your normal retirement age is \$3,500.00 per month.

Then, your alternative early retirement benefit will be \$3,316.25 per month payable for your lifetime, calculated as follows:

Worksheet E	
Alternative Early Retirement Benefit	
(1) Enter your age (calculated to years and completed months) as of the date payments will begin	(1)(a) <u>53</u> years (1)(b) <u>3</u> months
(2) Multiply Step (1)(a) by 12	= <u>636</u> months
(3) Add Step (1)(b) to Step (2)	= <u>639</u> months
(4) Subtract Step (3) from 660 months (if less than 0, enter 0) <i>(660 = age 55 x 12 months)</i>	= <u>21</u> months
(5) Multiply Step (4) by 0.0025	= <u>.0525</u>
(6) Early Retirement Reduction Factor <i>Subtract Step (5) from 1.0000</i>	= <u>.9475</u>
<hr/>	
(7) Enter Monthly Accrued Benefit from Worksheet C, Step (5)	x \$ <u>3,500.00</u>
(8) ALTERNATIVE EARLY RETIREMENT BENEFIT <i>Multiply Step (6) by Step (7)</i>	= \$ <u>3,316.25</u>