

In the last edition of The PBA Magazine I answered the question "What is my pensionable income?" for Tier 2 members. Since then I've received many requests to answer that question for Tier 3 members. So here goes:

Tier 3 pensions apply to members hired on or after July 1, 2009. For some of that group, the rules changed as of April 1, 2012. For the purposes of this article, and this article only, let's call members hired on or after July 1, 2009, through March 31, 2012, Tier 3A and members hired on or after April 1, 2012, Tier 3B. For both of those groups, pensionable compensation consists of wages, overtime, night differential, holiday and portal-to-portal pay. The five- and ten-year longevity becomes pensionable at the completion of 20 years. The fifteen- and twenty-year longevity becomes pensionable after the 25th year. (The uniform allowance is not pensionable.) It's important to remember that compensation is credited on the day it's earned, not when it's paid.

Tier 3A

The retirement allowance – whether for service, accident/ordinary disability, or vesting – is based on the average total pensionable compensation earned during any three consecutive calendar years or the 36 months immediately preceding the member's retirement date that provides the highest average wage. If the wages earned during any year included in the period exceeds the average of the prior two years by more than 10%, the amount in excess of 10% shall be excluded.

The chart below illustrates the example of a police officer who bases his pension on calendar years 2029, 2030 and 2031. Be advised that current salaries are used here. Obviously, by that time salaries will be higher.

YEAR	Actual Earnings	Earnings Limit	Pensionable Earnings
2027	\$ 90,000	—	—
2028	\$ 96,000	—	—
2029	\$100,000	\$102,300	\$100,000
2030	\$108,000	\$107,800	\$107,800
2031	\$112,000	\$114,400	\$112,000

Tier 3B

For members hired on or after April 1, 2012, the retirement allowance is based on the average wages earned during any five consecutive calendar years or the 60 months immediately preceding the member's retirement date that provide the highest average wage. If the wages earned during any year included in the period exceeds the average of the prior four years by more than 10%, the amount in excess of 10% shall be excluded.

The chart below illustrates the example of a police officer who bases his pension on calendar years 2030, 2031, 2032, 2033 and 2034. Again, current salaries are being used.

YEAR	Actual Earnings	Earnings Limit	Pensionable Earnings
2026	\$ 90,000	—	—
2027	\$ 94,000	—	—
2028	\$ 98,000	—	—
2029	\$102,000	—	—
2030	\$105,000	\$105,600	\$105,000
2031	\$110,000	\$109,725	\$109,725
2032	\$112,000	\$114,125	\$112,000
2033	\$116,000	\$117,975	\$116,000
2034	\$122,000	\$121,825	\$121,825

I hope this information adds to your knowledge about how your pensions are calculated. To learn more, I recommend that you attend a PBA Tier 3 retirement seminar.

PBA Pension Consultant Joseph Maccone will answer your retirement and pension questions in print. Write or email at the PBA, 125 Broad Street, 11th Fl., NY, NY 10004, or jmaccone@nycpba.org.