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| **Tier IV Hazardous Duty**  Employees hired on or after July, 31st 2017 |

**Tier IV Pension - Hazardous Duty:**

The SERS Tier IV plan is comprised of both a traditional Defined Benefit Pension component and a Defined Contribution component.

**Defined Benefit Pension:**

Age/Years of Service:

You must complete 25 years of service, regardless of age. There is no ability to retire at fewer than 25 years with a hazardous duty pension. (Less than twenty-five (25) years of service will be calculated as a *normal* Tier IV retirement.)

Pension Calculation:

The Hazardous Duty Defined Benefit Pension is 60% of the average of your Five (5) highest years of service (to include all stipends/differentials/ILs etc.) after 25 years of Hazardous Duty Service# which will include overtime hours. The overtime hours are calculated as the average yearly overtime hours over those twenty-five (25) years, multiplied by your final average hourly rate.\*

**Example**: The Five (5) highest years of service for Employee X were $70,000, $72,500, $75,000, $77,500 and $80,000 and their twenty-five (25) years of overtime totaled 2500 hours. The Defined Pension would then be calculated as follows;

Final Average Earnings: $75,000 ($70,000+$72,500+$75,000+$77,500+$80,000=$375,000)

($375000/5 = **$75,000**)

25 Year Average OT: $ 5,968 (37.14+38.46+39.79+41.11+42.44 =198.94/5 = **$39.79**)

(39.79 X 1.5 = **$59.68** Overtime Rate)

(2500/25 = 100 hours. 100 X $59.68 = **$5968**)

Total Average Earnings: $80,968

**Annual Pension: $48,580.80 ($80,968 X 60%)**

#Two percent (2%) for each year of service more than 25

\*Overtime averages in excess of 60% of an Employee’s average base rate shall not be calculated into the Annual Pension amount. Example: The Employee’s average final earning base rate is $75,000, therefore no more than $45,000 of overtime will be calculated into the final annual pension amount.

**Defined Contribution:**

The Tier IV Defined Contribution component establishes an account consisting of an accumulation of employee and employer contributions, as well as investment gains or losses. Each Tier IV member will have an account with Prudential Retirement the current third party administrator of the State of Connecticut 457 Plan, the 403(b) Plan and the Alternate Retirement Program (ARP). The Employee is required to contribute one percent (1%) of their salary into this account (but can and should elect to contribute more) and the employer will match that one percent (1%) contribution.

**Mandatory Employee Retirement Contributions:**

Defined Benefit Contribution: Hazardous Duty Tier IV Members currently contribute eight percent (8%) of salary.(Listed on your paycheck under BEFORE- TAX DEDUCTIONS as SERS Tier 4 Hazard Duty)

Defined Contribution Contribution: Mandatory Employee Contribution is one percent (1%) of salary.(Listed on your paycheck under BEFORE- TAX DEDUCTIONS as SR4/HyDCEE)

Retiree Health Care Contribution: Three percent (3%) Retiree Health Care contribution shall be paid for 15 years. (Listed on your paycheck under the BEFORE- TAX DEDUCTIONS as Ret Health Fund 2017)