

## Coordinated Plan Tier I and Tier II Formulas

The Coordinated Plan has two different formulas for benefit calculations: Tier I and Tier II. Each Tier has a set of rules that determine how your benefit will be calculated. You may or may not qualify under both Tiers, depending on when you were first hired.

Tier I and Tier II multipliers and early retirement reduction amounts are different. When your benefit is calculated at retirement we use your final average salary, years of retirement service credit, and the multipliers for each Tier. There are two multiplier factors under Tier I, but just one factor under Tier II.

Whether you qualify under Tier I, Tier II or both, you are guaranteed a lifetime monthly benefit from the SPTRFA. More information about the Tiers, and how your benefit is calculated, is available in your copy of Pension Facts; an electronic copy of this publication is available on our website at [www.sptrfa.org](http://www.sptrfa.org).

### Tier I Calculation (Pre-July 1st 1989 Hires)

$$\begin{aligned} & (\text{Final Average Salary} \times \text{First 10 Years of Service} \times \\ & \quad \text{Multiplier of 1.2\%}) \\ & \quad + \\ & (\text{Final Average Salary} \times \text{Years of Service Greater} \\ & \quad \text{than 10 Years} \times \text{Multiplier of 1.7\%}) \\ & \quad = \\ & \text{Annual Unreduced Benefit*} \end{aligned}$$

\*Reductions are applied for retiring prior to your SPTRFA normal retirement age (between 65 & 66), or not reaching the Rule of 90.

Reductions in Tier I are based on the following:

Age 55+ with 3+ Years of Service:  
Reduced 0.25% for each month under age 65

Any age with 30+ years of service:  
Reduced 0.25% for each month under age 62

### Tier II Calculation (Post-June 30th 1989 Hires)

Reductions in Tier II are calculated by using actuarial tables. These amounts are based on your age when you retire. Generally, these reductions are greater than those in Tier I.

$$\begin{aligned} & (\text{Final Average Salary} \times \text{Total Years of Service} \times \\ & \quad \text{Multiplier of 1.7\%}) \\ & \quad = \\ & \text{Annual Unreduced Benefit*} \end{aligned}$$

\*Reductions are applied for retiring prior to your SPTRFA normal retirement age (between 65 & 66). Rule of 90 does not apply to this Tier.