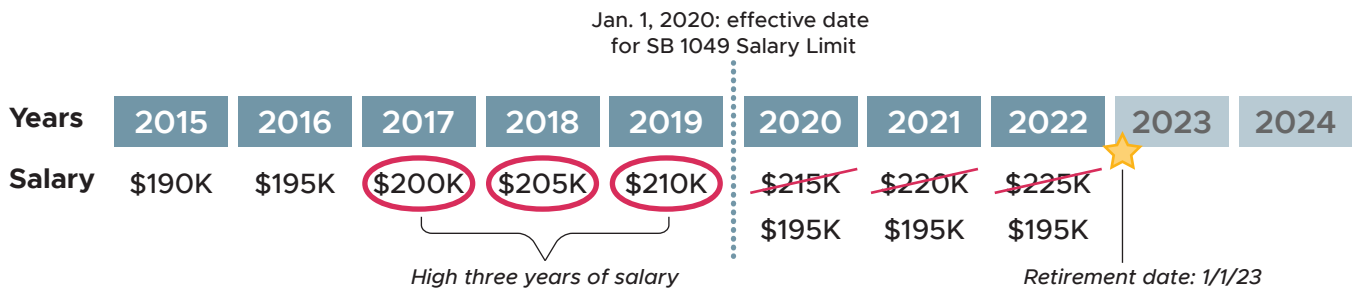


SB 1049 SALARY LIMIT EXAMPLES: TIER ONE/TIER TWO

The following examples are for general educational purposes only. They may not reflect current salary limit amounts nor your unique situation. The examples focus on members who will have their pension benefit calculated using the “Full Formula” method and are based on the “highest three years,” unless otherwise noted. Review current [annual salary](#) and [partial salary](#) limits on the PERS website.

Salary Earned Before and After Effective Date



Option 1 benefit: $\frac{[\text{average of high 3 years}] \times 1.67\% \times 30 [\text{years of service}]}{12 \text{ months}} = \text{monthly benefit}$

If you already have any three years where you made over \$195,000* before 2020, those years may be used in your final average salary calculation.

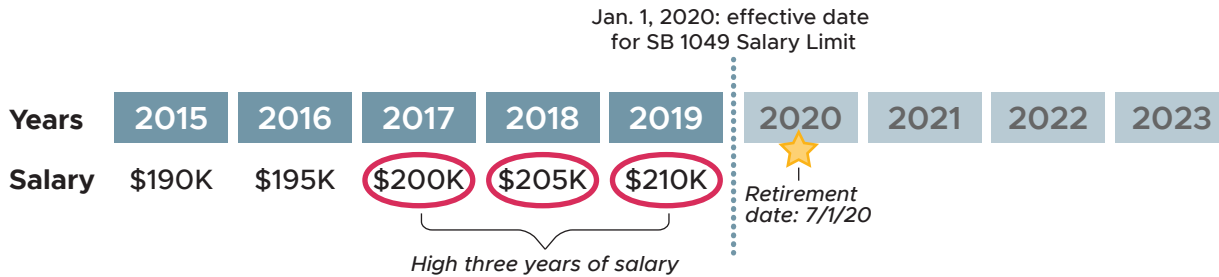
* The \$195,000 limit is indexed annually to the Consumer Price Index (CPI) [All Urban Consumers, West Region]. These examples do not reflect any future changes to the limit.

SB 1049 SALARY LIMIT EXAMPLES: TIER ONE/TIER TWO

Example calculations only: may not reflect your unique situation

High Three Years of Salary Before 2020

Example #1: A 60-year-old Tier One or Tier Two general service member with 30 years of service credit and no unused sick leave or vacation payout, has three highest salary years of over \$195,000 prior to retirement on July 1, 2020.



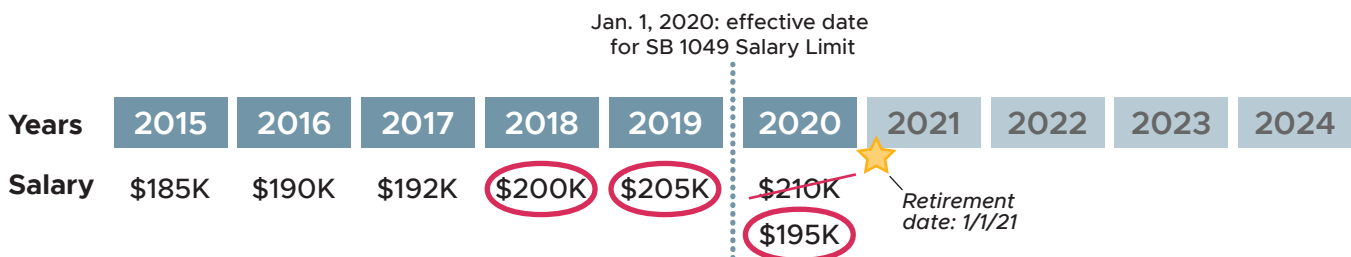
Option 1 benefit:
$$\frac{\$205K \text{ [average of high 3 years]} \times 1.67\% \times 30 \text{ [years of service]}}{12 \text{ months}} = \$8,558.75/\text{month}$$

Is this benefit impacted by SB 1049?

No. Because the “high three” salary years occurred before SB 1049 went into effect, the member’s benefit is not impacted.

High Salary Years After 2020

Example #2: A 60-year-old Tier One or Tier Two general service member with 30 years of service credit and no unused sick leave or vacation payout, has one salary year of over \$195,000 in 2020, and is set to retire January 1, 2021.



Option 1 benefit:
$$\frac{\$200K \text{ [average of high 3 years]} \times 1.67\% \times 30 \text{ [years of service]}}{12 \text{ months}} = \$8,350.00/\text{month}$$

Is this benefit impacted by SB 1049?

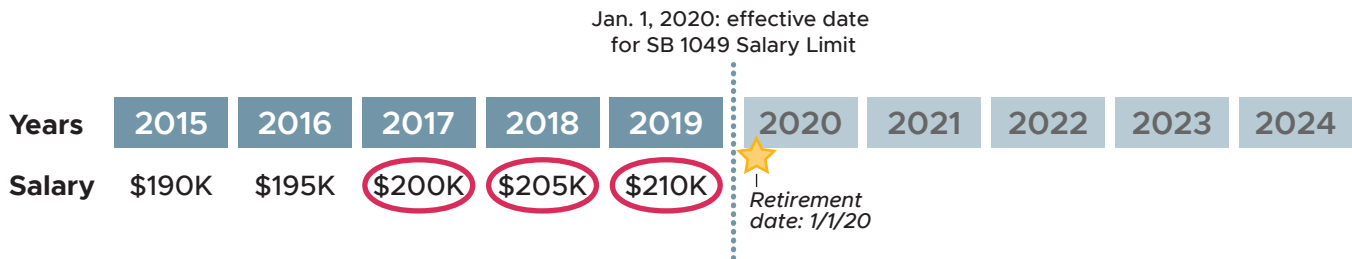
Yes. The salary from calendar year 2020 is capped at \$195,000. The 2018 and 2019 salary years are not capped because they occurred before SB 1049 went into effect. The member’s benefit is impacted by the cap in calendar year 2020.

SB 1049 SALARY LIMIT EXAMPLES: TIER ONE/TIER TWO

Example calculations only: may not reflect your unique situation

Unused Sick Leave Program: All Years Before 2020

Example #3: A 60-year-old Tier One or Tier Two general service member with 30 years of service credit has 200 hours of unused sick leave and is set to retire January 1, 2020.



CALCULATING SICK LEAVE

- ① Monthly Final Average Salary: $\frac{\$200K + \$205K + \$210K}{36 \text{ months}} = \$17,083.33/\text{month}$
- ② Hourly Rate: $\frac{\$17,083.33 \text{ [monthly final average salary]}}{173.33 \text{ [average hours in a month]}} = \$98.56/\text{hour}$
- ③ Sick Leave Hours: $\frac{200 \text{ [hours of unused sick leave]}}{2} = 100 \text{ hours}$ *[Note: Only half the value of unused sick leave will be added to final average salary]*
- ④ Sick Leave Salary Addition: $100 \text{ hours} \times \frac{\$98.56}{\text{hour}} = \$9,856.00$
- ⑤ Adjusted Total Salary: $\$200K + \$205K + \$210K + \$9,856.00 \text{ [salary addition]} = \$624,856.00$
- ⑥ Adjusted Final Average Salary: $\frac{\$624,856.00 \text{ [adjusted total salary]}}{36 \text{ months}} = \$17,357.11/\text{month}$

Option 1 benefit: $\$17,357.11/\text{month} \times 1.67\% \times 30 \text{ [years of service]} = \$8,695.91/\text{month}$

Is this benefit impacted by SB 1049?

No. Because the “high three” salary years occurred before SB 1049 went into effect, the salary that is used in the final average salary calculation is not capped, and the member’s benefit is not impacted. The use of unused sick leave does not change the outcome.

SB 1049 SALARY LIMIT EXAMPLES: TIER ONE/TIER TWO

Example calculations only: may not reflect your unique situation

Unused Sick Leave Program: Salary After 2020

Example #4: A 60-year-old Tier One or Tier Two general service member with 30 years of service credit has 200 hours of unused sick leave and is set to retire January 1, 2022.

Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Salary	\$180K	\$185K	\$190K	\$192K	\$200K	\$205K	\$210K	\$195K	\$195K	

Jan. 1, 2020: effective date for SB 1049 Salary Limit

Retirement date: 1/1/22

CALCULATING SICK LEAVE

- ① Monthly Final Average Salary: $\frac{\$200K + \$195K + \$195K}{36 \text{ months}} = \$16,388.88/\text{month}$
- ② Hourly Rate: $\frac{\$16,388.88 \text{ [monthly final average salary]}}{173.33 \text{ [average hours in a month]}} = \$94.55/\text{hour}^*$
- ③ Sick Leave Hours: $\frac{200 \text{ [hours of unused sick leave]}}{2} = 100 \text{ hours}$ *[Note: Only half the value of unused sick leave will be added to final average salary]*
- ④ Sick Leave Salary Addition: $100 \text{ hours} \times \frac{\$94.55}{\text{hour}} = \$9,455.00$
- ⑤ Adjusted Total Salary: $\$200K + \$195K + \$195K + \$9,455.00 \text{ [salary addition]} = \$599,455.00$
- ⑥ Adjusted Final Average Salary: $\frac{\$599,455.00 \text{ [adjusted total salary]}}{36 \text{ months}} = \$16,651.53/\text{month}$

**Slightly impacted by SB 1049 salary limit*

Option 1 benefit: $\$16,651.53/\text{month} \times 1.67\% \times 30 \text{ [years of service]} = \$8,342.42/\text{month}$

Is this benefit impacted by SB 1049?

Yes. The salary that is used in the final average salary calculation for calendar years 2020 and 2021 is capped at \$195,000.

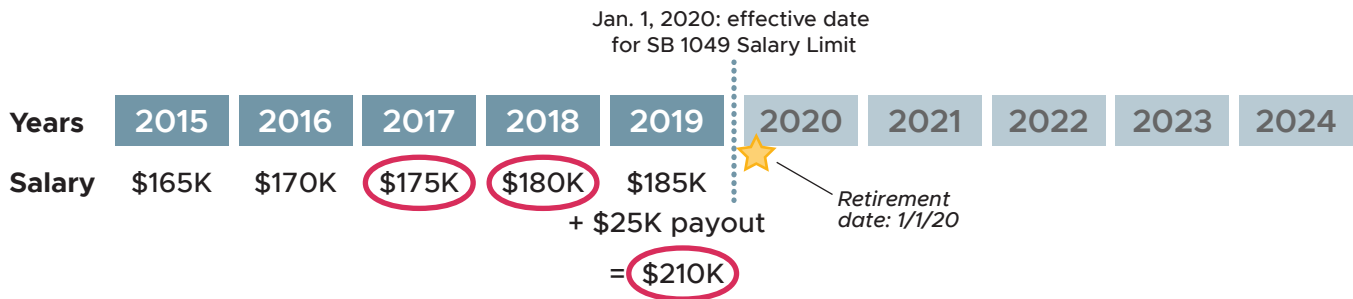
The value of half of the unused sick leave **is used** in the final average salary calculation, as it is not considered subject salary. However, in calculating the value of unused sick leave, your hourly rate may be somewhat impacted by the salary limit.

SB 1049 SALARY LIMIT EXAMPLES: TIER ONE/TIER TWO

Example calculations only: may not reflect your unique situation

Tier One Vacation Payout: Before 2020

Example #5: A 60-year-old Tier One general service member with 30 years of service credit has a lump-sum vacation payout and is set to retire January 1, 2020. (Tier Two and OPSRP members' lump-sum vacation payouts do not factor into final average salary.)



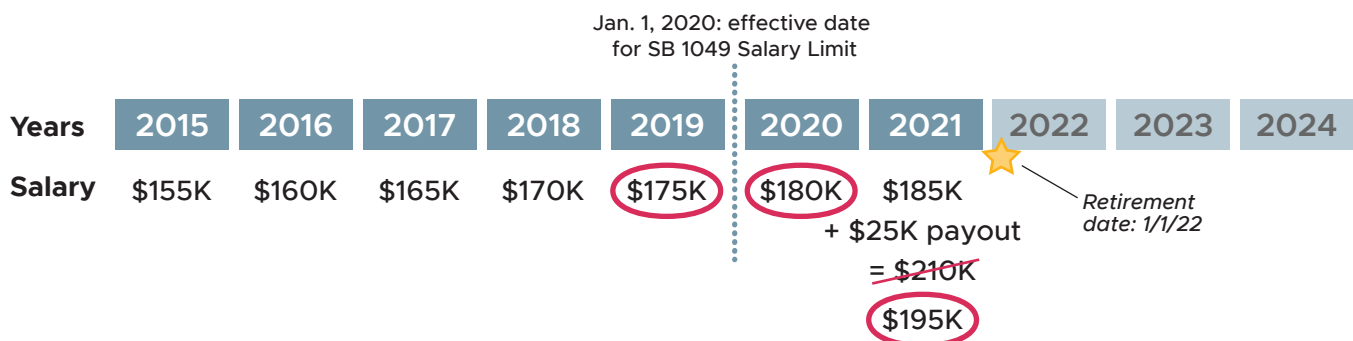
Option 1 benefit: $\frac{\$188K \text{ [average of high 3 years]} \times 1.67\% \times 30 \text{ [years of service]}}{12 \text{ months}} = \$7,862.92/\text{month}$

Is this benefit impacted by SB 1049?

No. The vacation payout is added to a member's last salary payment in 2019. Because the "high three" salary years occurred before SB 1049 went into effect, the salary that is used in the final average salary calculation is not capped, and the member's benefit is not impacted.

Tier One Vacation Payout: After 2020

Example #6: A 60-year-old Tier One general service member with 30 years of service credit has a lump-sum vacation payout and is set to retire January 1, 2021. (Tier Two and OPSRP members' lump-sum vacation payouts do not factor into final average salary.)



Option 1 benefit: $\frac{\$183K \text{ [average of high 3 years]} \times 1.67\% \times 30 \text{ [years of service]}}{12 \text{ months}} = \$7,654.17/\text{month}$

Is this benefit impacted by SB 1049?

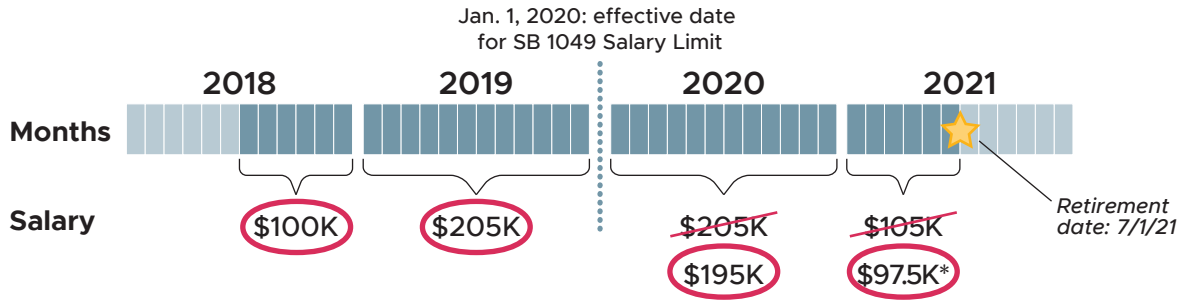
Yes. The salary that is used in the final average salary calculation for calendar year 2021 is capped at \$195,000. This includes the vacation payout, which increases the salary over the limit.

SB 1049 SALARY LIMIT EXAMPLES: TIER ONE/TIER TWO

Example calculations only: may not reflect your unique situation

Partial Year Calculation Example

Example #7: A 60-year-old Tier One general service member with 30 years of service credit is set to retire July 1, 2021. This example shows a calculation under the “last 36 months” method when a partial year is a factor. You always receive the calculation that results in the highest benefit.



$$\text{Final Average Salary: } \frac{\$100K + \$205K + \$195K + \$97.5K}{36 \text{ months}} = \$16,597.22/\text{month}$$

$$\text{Option 1 benefit: } \$16,597.22/\text{month} \times 1.67\% \times 30 \text{ [years of service]} = \$8,315.21/\text{month}$$

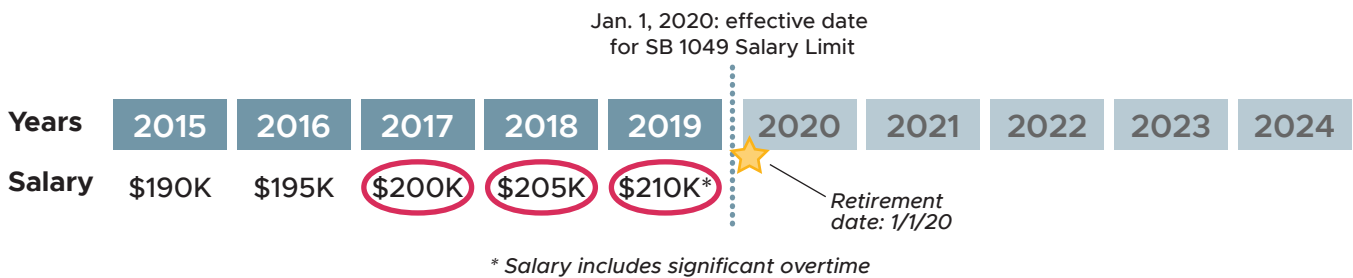
* \$195K capped, prorated for 6 months

SB 1049 SALARY LIMIT EXAMPLES: TIER ONE/TIER TWO

Example calculations only: may not reflect your unique situation

Police & Fire Member with Overtime: Before 2020

Example #8: A 55-year-old Tier One/Tier Two Police & Fire member with 25 years of service credit has a significant amount of overtime and is set to retire January 1, 2020.



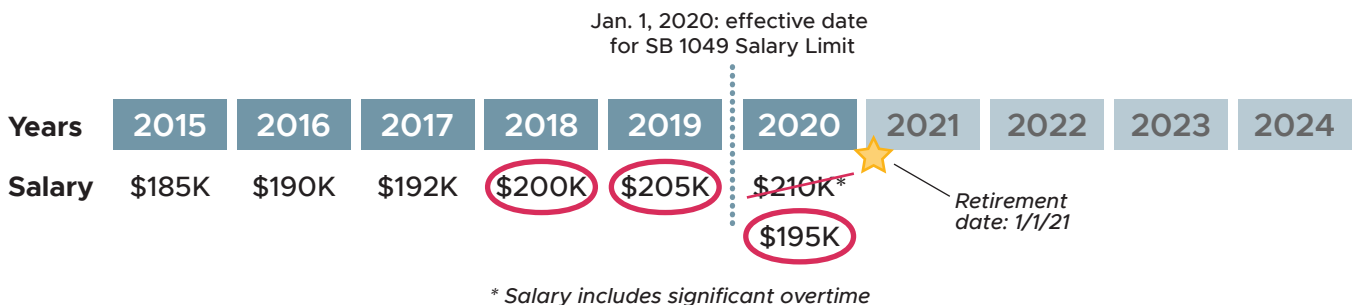
Option 1 benefit: $\frac{\$205K \text{ [average of high 3 years]} \times 2\% \times 25 \text{ [years of service]}}{12 \text{ months}} = \$8,541.67/\text{month}$

Is this benefit impacted by SB 1049?

No. Because the “high three” salary years occurred before SB 1049 went into effect, the salary used in the final average salary calculation — including overtime — is not capped, and the member’s benefit is not impacted.

Police & Fire Member with Overtime: After 2020

Example #9: A 55-year-old Tier One/Tier Two Police & Fire member with 25 years of service credit has a significant amount of overtime and is set to retire January 1, 2021.



Option 1 benefit: $\frac{\$200K \text{ [average of high 3 years]} \times 2\% \times 25 \text{ [years of service]}}{12 \text{ months}} = \$8,333.34/\text{month}$

Is this benefit impacted by SB 1049?

Yes. The salary used in the final average salary calculation for calendar year 2020 — including overtime — is capped at \$195,000.