



# PENSION JUSTICE!

## EQUITY-SECURITY-DIGNITY

## When can I retire and how is my benefit calculated?

|   | TIER 1                     | TIER 2                     | TIER 3                     | TIER 4                     | TIER 5                     |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Age you can retire with any number of years of service</b> | 60                         | 60                         | 62                         | 62                         | 65                         |
| <b>Years of service required for early retirement</b>         | 25                         | 25                         | 25                         | 25                         | 30                         |
| <b>Penalty for retiring at 55</b>                             | none                       | 5%                         | 7%                         | 7%                         | 30%                        |
| <b>Final average salary (FAS) calculation</b>                 | Highest three years        | Highest three years        | Highest three years        | Highest five years         | Highest five years         |
| <b>Benefit calculation</b>                                    | (Years of Service/55)* FAS | (Years of Service/55)* FAS | (Years of Service/55)* FAS | (Years of Service/60)* FAS | (Years of Service/60)* FAS |

### Tier 1 - Enrolled before July 1, 2007

- At age 60, you can retire with any number of years of service.
- You can retire earlier, at age 55 if you have at least 25 years of credited service.
- You can retire under the age of 55 with at least 25 years of service, with a quarter of a percent penalty per month, or 3% per year.
- *For example*, you are Tier 1 and want to retire at age 54. Your pension would be worth 97% of the maximum benefit calculation.
- Maximum benefit calculation – (Years of Service/55)\*average of your highest three years

### Tier 2 – Enrolled on or after July 1, 2007, and before November 2, 2008

- At age 60, you can retire with any number of years of service.
- You can retire earlier, at age 55 if you have at least 25 years of credited service, but will take a twelfth of a percent penalty per month, or 1% per year.
- You can retire under age 55 if you have at least 25 years of credited service, but in addition to the above penalty for ages 55-59, you will a quarter of a percent penalty per month, or 3% per year for any month/year you are under age 55.

*For example*, you are Tier 2 and want to retire at age 54. Your pension would be worth 92% of the maximum benefit calculation.

- Maximum benefit calculation – (Years of Service/55)\*average of your highest three years

### Tier 3 – Enrolled on or after Nov. 2, 2008, and before May 21, 2010

- At age 62, you can retire with any number of years of service.
- You can retire earlier, at age 55 if you have at least 25 years of credited service, but will take a twelfth of a percent penalty per month, or 1% per year.

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- You can retire under age 55 if you have at least 25 years of credited service, but in addition to the above penalty for ages 55-59, you will be charged a quarter of a percent penalty per month, or 3% per year for any month/year you are under age 55.

*For example, you are Tier 3 and want to retire at age 54. Your pension would be worth 90% of the maximum benefit calculation.*

- Maximum benefit calculation –  $(\text{Years of Service}/55) \times \text{average of your highest three years}$

#### **Tier 4 – Enrolled on or after May 21, 2010, and before June 28, 2011**

- At age 62, you can retire with any number of years of service.
- You can retire earlier, at age 55 if you have at least 25 years of credited service, but will take a twelfth of a percent penalty per month, or 1% per year.

- You can retire under age 55 if you have at least 25 years of credited service, but in addition to the above penalty for ages 55-59, you will be charged a quarter of a percent penalty per month, or 3% per year for any month/year you are under age 55.

*For example, you are Tier 4 and want to retire at age 54. Your pension would be worth 90% of the maximum benefit calculation.*

- Maximum benefit calculation –  $(\text{Years of Service}/60) \times \text{average of your highest five years}$

#### **Tier 5 – Enrolled on or after June 28, 2011**

- At age 65, you can retire with any number of years of service.
- You can retire under age 65 if you have at least 30 years of credited service, but the penalty is a quarter of a percent per month, or 3% per year for any month/year you are under age 65.

*For example, you are Tier 5 and want to retire at age 54. Your pension would be worth 67% of the maximum benefit calculation.*

- Maximum benefit calculation –  $(\text{Years of Service}/60) \times \text{average of your highest five years}$

**I have the minimum number of years for an early retirement (25 years for tiers 1-4 and 30 years for Tier 5), but I don't want to take the penalty for retiring early. Can I wait to collect my retirement until I reach the age that I will not face a penalty)?**

Yes. Once you have the minimum years of service, you can collect your pension at any time. However, you will not qualify for the post-retirement medical benefits until you are retired and collecting a pension. Also keep in mind that avoiding the penalty also means you are collecting nothing for many years that you are entitled to a benefit.

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