Public Safety Employees' Retirement System (PSERS) Plan 2 Benefit Estimate Worksheet

This worksheet will explain how your PSERS Plan 2 retirement benefit is calculated. To assist you in completing the worksheet, we have included a sample of "John Doe's" retirement calculation. Please keep in mind that the results of this retirement benefit estimate are only estimated benefits based on projected salary and service credit. Your actual benefit will probably be different.

You can retire from PSERS Plan 2 when you meet one of the following criteria:

- Age 65 with at least five service credit years*
- Age 60 with at least 10 years of PSERS service credit years
- Age 53 with at least 20 service credit years* (Benefit will be actuarially reduced. See table on page 3.)

* Service credit years for these two criteria may be from PSERS or a combination of service with other DRS-covered systems. See the *What is Dual Membership and How Does It Affect Me?* brochure for more information.

How service credit is counted:

You earn	When you
1 month of service credit	receive pay for at least 90 hours in a month
.50 month of service credit	receive pay for at least 70 but less than 90 hours in a month
.25 month of service credit	receive pay for less than 70 hours in a month

PSERS Plan 2 Benefit Estimate Worksheet	You	Sample
Step 1: Determine the number of years of PSERS service credit you will have at retirement.		20 years
Step 2: Estimate your Average Final Compensation (AFC). 2. My Average Final Compensation (AFC) AFC is the average of your 60 consecutive highest paid service credit months.** **Lump sum payments for unused sick, vacation, or annual leave cannot be included in the AFC. Depending on how far off your projected retirement date is (Step 1), your actual salary and AFC may differ from its current level. You may wish to estimate your future salary, then figure an AFC based on those figures.		$3,340 per month
Step 3: Compute your Option 1 (Single Life) benefit. The Option 1 (Single Life) benefit provides you with the highest monthly benefit. However, payments stop upon your death and do not continue to a survivor. The formula for your Option 1 monthly benefit is: 2% x Service Credit Years x AFC 4. Your Option 1 benefit amount:		2% x 20 x $3,340 = $1,333 per mo.

PSERS Plan 2 Benefit Estimate Worksheet	You	Sample
Step 4. Determine your benefit if you choose a Survivor Payment Option. There are three Survivor options available. Under each of the options, you receive an actuarial reduction of the Standard Benefit. The reduction is based on the joint life expectancy of you and your beneficiary. The administrative factors used in these examples are for illustration purposes only. See the Administrative Factors page for the most current numbers. 4a. Determine the age difference between you and your beneficiary. Round to the nearest year. (John Doe's beneficiary is one year younger than John.) Then find the survivor option factors that apply to your age difference.		60-59 = 1 year
4b. Option 2 -- When you die, your survivor receives a benefit worth 100% of your benefit. (3b x Option 2 reduction factor = reduced benefit that you receive)		Option 2 benefit $1,333 x .806 = $1,074 survivor gets $1,074
4c. Option 3 -- When you die, your survivor receives a benefit worth 50% of your benefit. (3b x Option 3 reduction factor = reduced benefit that you receive)		Option 3 benefit $1,333 x .892 = $1,189 survivor gets $595
4d. Option 4 -- When you die, your survivor receives a benefit worth 6.67% of your benefit. (3b x Option 4 reduction factor = reduced benefit that you receive)		Option 4 benefit $1,333 x .861 = $1,148 survivor gets $765
NOTE: If you choose a Survivor Payment Option, but your beneficiary dies before you, the benefit amount is increased to a single lifetime benefit level.		
Step 5: Calculating a reduction for early retirement. 5a. Calculate your benefit the same as you would for a standard option benefit. (See Step 3) For purposes of this example, let's say John decides to retire at age 55.		20 x .02 = .40 $3,334 x .40 = $1,333
5b. Multiply the monthly benefit by the corresponding reduction factor from the table below.		$1,333 x .85 = $1,133 per month

Early Retirement Factors	
Your age at retirement	Benefit as a percentage of your age 60 benefit
53	79%
54	82%
55	85%
56	88%
57	91%
58	94%
59	97%
60	100%