

**CITY OF ANN ARBOR**  
**EMPLOYEES RETIREMENT SYSTEM**

**RETIREMENT SYSTEM SERVICE CREDIT POLICY**

APC Approved: February 11, 2014

Board Adopted: March 20, 2014

**I. GENERALLY**

The Retirement System exists for the purpose of providing retirement and survivor benefits to eligible City of Ann Arbor employees and beneficiaries upon retirement from City employment. Pursuant to Section 1:553 of the Retirement Ordinance, the Board of Trustees of the Retirement System is vested with the authority and fiduciary responsibility for the proper administration, management and operation of the Retirement System, and for construing and making effective its provisions. In accordance with its fiduciary duties and responsibilities, the Board is authorized to adopt rules and regulations regarding the administration of the Retirement System, including, but not limited to the crediting of Service and Credited Service under the Retirement System. The purpose of this policy is to delineate the differences and similarities between: (a) “Service” for purposes of determining Membership in the Retirement System; (b) “Service” for purposes of retirement eligibility; and, (c) “Credited Service” for retirement benefit calculation purposes.

**II. PLAN PROVISIONS**

**A. Definitions**

Section 1:552 of the Retirement Ordinance defines the term “Credited Service” as “[t]he sum of a Member’s prior Service and membership Service to the extent credited the Member by the Board of Trustees determined pursuant to section 1:555. The term “Service” is also defined at Section 1:552 of the Retirement Ordinance in relevant part as “service rendered to the City by an officer or employee while a Member of the Retirement System as defined in section 1:555.” The term “Member” is defined at Section 1:552 of the Retirement Ordinance as “[a]ny person who is included in the membership of the Retirement System purchase to Section 1:553.

**B. Membership**

“Membership” in the Retirement System is addressed at Section 1:553 of the Retirement Ordinance in relevant part as follows:

- (a) The membership of the Retirement System shall include **all officers and employees of the City**. Officers of the city who are eligible for membership in

the Retirement System shall become Members on the date they assume the office to which they have been elected or appointed. No officer who becomes a Member of the System shall lose any Service Credit acquired prior to becoming an officer of the City.

\* \* \*

- (d) No person shall be eligible for Membership in the Retirement System:
- (1) Solely by reason of Membership on the Council.
  - (2) Solely by reason of Services provided to the City or the Board on a fee or contractual basis.
  - (3) Who received Compensation from the City of less than \$400.00 per year for 3 consecutive years.
  - (4) Solely by reason of employment by the City as a school crossing guard.
  - (5) Solely by reason of employment by the City on a temporary basis.
  - (6) Who is the City Administrator, City Attorney, City Clerk, the head of any administrative department, the head of the City's personnel/human resources function, or Mayor's secretary, provided that the individual employee enters into alternative Retirement arrangements at the time of initial employment, meeting the applicable requirements of Treasury Regulation Section 1.401(k)-1(a)(3)(iv).
  - (7) Who is an employee of the Board and upon commencement of employment, has not been determined by the Board to be a Member of the Retirement System.
  - (8) Is a Retirant of the Retirement System.
- (e) In all cases of doubt, the Board shall decide who is a Member within the meaning of the provisions of this chapter.

**C. Service Credit**

Section 1:555 of the Retirement Ordinance, entitled "*Service Credit for Retirement*" currently provides in pertinent part as follows:

- (a) General Requirements. The Board shall fix and determine, by appropriate rules and regulations, the amount of Credited Service to be credited any Member. Members shall receive Service credit as follows:

(i) Firefighting platoon personnel: A month of service credit shall be credited for each calendar month during which 108.0 or more regular (non-overtime) hours of Compensation is paid to a full-time Member. In no case shall less than 108.0 hours of service rendered in any calendar month be credited as a month of service to a full-time Member.

(ii) All other Members: A month of service credit shall be credited for each calendar month during which 80 or more regular (non-overtime) hours of Compensation is paid to a full-time Member. In no event shall less than 80 hours of Service rendered in any month be credited as a month of service to a full-time Member

At the time of Early or Normal Retirement, a Member's Credited Service shall be determined based on the Member's date of hire and termination date (excluding any breaks in services.) A partial month's credit shall be credited to the nearest half month as Credited Service as follows:

- (1) 0-8 calendar days – Member receives no additional service credit;
- (2) 9-23 calendar days – Member receives .50 month (1/2 month) service credit; or
- (3) 24 calendar days and over – Member receives 1 complete month of service credit.

A Member must satisfy the Credited Service requirements for retirement eligibility purposes without regard to the crediting of additional service to the nearest half month. In no case shall less than 8 months of Service rendered in a fiscal year be credited as a year of Credited Service, nor shall more than 1 year of Credited Service be credited any Member for all Service rendered in any fiscal year.

The Board shall maintain a Service account for each Member. At the end of each fiscal year the Board shall enter into the account on behalf of each Member the Credited Service earned in such Retirement System Fiscal Year. The City shall provide the Board, or its designee, on an as needed basis earned Credited Service account data for a Member.

### **III. GUIDELINES**

#### **A. Definitions**

*Full-time Members (excluding firefighter platoon personnel)* shall mean all Officers and Employees who are regularly employed by the City in a position in which their base salary/wage is based upon 2080 hours of personal service rendered annually.

***Part-time Members (excluding firefighter platoon personnel)*** shall mean all Officers and Employees who are regularly employed by the City in a position in which their base salary/wage is based upon personal service requiring less than 2080 hours but more than 1000 hours annually.

***Full-time Firefighter Platoon Personnel*** shall mean all firefighter platoon personnel who are regularly employed by the City in a position in which their base salary/wage is based upon personal service requiring 2808 hours of annual service.

***Part-time Firefighter Platoon Personnel*** shall mean all firefighter platoon personnel who are regularly employed by the City in a position in which their base salary/wage is based upon personal service requiring less than 2808 hours but more than 1000 hours of service.

## **B. Membership Status**

All Officers and Employees who are regularly employed by the City in a position in which their base salary/wage is based upon personal service requiring more than 1000 hours annually shall be included in the Membership of the Retirement System. Officers and Employees who are regularly employed by the City in a position in which their base salary/wage is based upon personal service requiring less than 1000 hours annually but have received Compensation from the City of more than \$400.00 per year for 3 consecutive fiscal years shall have their Membership status determined by the Board on a non-discriminatory, individual basis.

## **C. Service – Retirement Eligibility**

**The Board of Trustees recognizes that the provisions of the Retirement System Ordinance differentiate between the terms “Service” for retirement eligibility purposes and “Credited Service” for retirement benefit calculation purposes.**

“Service” is defined in pertinent part as “*personal service rendered to the City... while a Member of the Retirement System...*”. Accordingly the Board shall calculate “Service” for **retirement eligibility purposes** for all Full-time Members, Part-time Members and Firefighter Platoon Personnel as follows:

1. One (1) month of Service shall be recognized for each calendar month in which a Member was regularly employed by the City in a position requiring at least 80 hours of service in that month.
2. One (1) year of Service shall be recognized for members regularly employed by the City for no less than eight (8) months of Service in any fiscal year. Less than eight (8) months of service rendered in any fiscal year shall be recognized as partial service credit in accordance with the number of months of service actually rendered by the member. Notwithstanding the foregoing, if a Part-time employee is regularly and continuously employed over the course of a fiscal year with more than \$400.00 in earnings but less

than 1000 hours of Service, upon review, the Board reserves the right to grant 1 year of Service for retirement eligibility purposes.

**D. Credited Service – Retirement Benefit Calculation**

“Credited Service” shall be utilized by the Board for benefit calculation purposes and shall be determined in accordance with the number of hours of service for which a member was compensated during his/her employment with the City. Credited Service shall be determined as follows:

**1. Full-time Members (excluding Firefighter Platoon Personnel)**

(a) One (1) month of Credited Service shall be credited for each calendar month during which at least eighty (80) regular (i.e., non-overtime) hours of compensation is paid to the full-time member.

(b) In no event shall less than eighty (80) hours of service rendered in any calendar month be credited as a month of Credited Service to a full-time member.

(c) One (1) year of Credited Service shall be credited for each fiscal year during which a member has 12 months of Credited Service.

(d) In no event shall more than one (1) year of credited service be credited in any given fiscal year to a Full-time Member.

**2. Part-time Members (excluding Firefighter Platoon Personnel)**

(a) Part-time Service shall be equated to Credited Service based upon the number of hours worked per bi-weekly payroll period by the part-time member. A Part-time Member’s Credited Service shall be determined by dividing the number of hours of service required from a Full-time Member (i.e., 80 hours per pay period/2080 hours annually) by the number of hours actually worked during such bi-weekly pay period by the Part-time Member. Fractions of Credited Service shall be rounded to the fourth decimal place.

(b) In no event shall more than one (1) year of credited service be credited in any given fiscal year to a Part-time Member.

**3. Firefighter Platoon Personnel**

(a) Full-time Firefighter Platoon Personnel shall be granted one (1) month of Credited Service for each calendar month during which at least 108.0 regular (i.e., non-overtime) hours of compensation is paid to the member.

(b) In no event shall less than **108.0** hours of service rendered in any calendar month be credited as a month of Credited Service to a full-time Firefighter Platoon Personnel.

(c) One (1) year of Credited Service shall be credited for each fiscal year during which a full-time Firefighter Platoon Personnel member has 12 months of Credited Service.

(d) Part-time Firefighter Platoon Personnel shall have Part-time Service equated to Credited Service based upon the number of hours worked per calendar year. A Part-time Firefighter Platoon Personnel Member shall have their Credited Service determined by dividing the number of hours of service required from a full-time Firefighter Platoon Personnel (i.e., 2808 hours annually) by the number of hours actually worked by the part-time Firefighter Platoon Personnel.

(e) In no event shall more than one (1) year of credited service be credited in any given fiscal year to a part-time Firefighter Platoon Personnel.

#### **IV. ILLUSTRATIONS**

##### **Illustration 1 - Entire Career as a Full-time Member**

**Facts:** Frank Fulltime is continuously employed by the City on a full-time basis for 25 years. Eligibility for a regular retirement requires attainment of age 50 with 25 or more years of Service. Frank retires at age 50 with a FAC of \$50,000.00 and a 2.5% multiplier.

**Retirement Eligibility:** Frank having attained age 50 with 25 years of Service is eligible to retire.

**Credited Service:** Having worked his entire career Full-time (with no breaks in service), Frank would have 25 years of Credited Service.

**Benefit Calculation:** Based upon the foregoing, Frank's annual retirement benefit would be calculated as follows:

$$.025 \times \$50,000 \text{ FAC} \times 25 \text{ yrs. Credited Service} = \$31,250.00$$

##### **Illustration 2 – Entire Career as a Part-time Member**

**Facts:** Pat Parttime is continuously employed by the City on a part-time basis for 25 years in a position requiring her to work 40 hours per bi-weekly pay period. Eligibility for a regular retirement requires attainment of age 50 with 25 or more years of Service.

Pam elects to retire at age 50 with an annual compensation of \$25,000.00 and a 2.5% multiplier.

**Retirement Eligibility:** Pat having attained age 50 with 25 years of continuous Service (albeit Part-time) is eligible to retire.

**Credited Service:** Assuming that Pat worked 1040 hours annually throughout her career in a position normally requiring 2080 hours annually, her Part-time Service would be equated to Credited Service for benefit calculation purposes as follows:

$$1040 \text{ hrs. worked per year} \div 2080 \text{ full-time hrs. per year} \times 25 \text{ yrs of service} = 12.5 \text{ years of Credited Service}$$

**Annualization of Compensation:** If a Member has less than 12 months of Credited Service in a 12 month period of service to the City, the Retirement Ordinance provides that the Compensation utilized for such 12 month period is to be annualized by dividing the Compensation earned by the amount of Credited Service for such period. *[See Illustration 8 for a detailed illustration of the Annualization of Compensation.]* Accordingly, since Pat only earned .5 year of Credited Service for each of her years of employment. Her annualized Compensation for retirement benefit calculation purposes would be calculated as follows:

$$\$25,000.00 \div .5 = \$50,000.00$$

**Benefit Calculation:** Based upon the foregoing, Pat's annual retirement benefit would be calculated as follows:

$$.025 \times \$50,000 \text{ FAC} \times 12.5 \text{ yrs. Credited Service} = \$15,625.00$$

**Notes:** As the illustration demonstrates; Pat Parttime, having worked her entire 25 year career at half the number of hours of Frank Fulltime (and correspondingly, earning half the compensation), Pat gets a pension equivalent to one-half of Frank's pension. If Pat's compensation was not annualized, her pension would have been one-quarter of Frank's.

### **Illustration 3 – Entire Career as a Full-time Member w/ Breaks in Service**

**Facts:** Frank Fulltime is continuously employed by the City on a full-time basis for 25 years. However, early in his career Frank took a six-month leave of absence without pay during a single fiscal year. Eligibility for a regular normal retirement requires attainment

of age 50 with 25 or more years of Service. Frank intends to retire at age 50 and has a FAC of \$50,000.00 and a 2.5% multiplier.

**Retirement Eligibility:** Although Frank has attained age 50, he only has 24.5 years of Service and is not yet eligible for a normal retirement. Note: Frank would be eligible for a reduced Early Retirement under the Retirement Ordinance provisions.

**Credited Service:** Frank would only have 24.5 years of Credited Service.

**Notes:** In this example, Frank's Credited Service was adjusted to reflect the six-month unpaid leave of absence that he took early in his career. In accordance with the Retirement Ordinance, Frank must have 8 months of Service in a fiscal year to obtain a year of Service. It is noted that if Frank's unpaid leave was less than four (4) months in a fiscal year, he would have 25 years of Service and be eligible for retirement. Frank's Credited Service none-the-less, would be adjusted for the calculation of his retirement benefit based upon his actual number of months of Credited Service. (i.e., there is no rounding up to a year in the determination of Credited Service).

#### **Illustration 4 – Entire Career as a Part-time Member w/ Breaks in Service**

**Facts:** Pat Parttime is continuously employed by the City on a part-time basis for 25 years in a position requiring her to work 40 hours per bi-weekly pay period. However, during her career Pat took two separate unpaid maternity leaves of absence for a period of three months each. Eligibility for a regular retirement requires attainment of age 50 with 25 or more years of Service. Pat worked 1040 hours annually throughout her career in a position normally requiring 2080 hours annually. Pat has now attained age 50 and has indicated her desire to retire. Her annual Compensation is \$25,000.00 and she has a 2.5% multiplier.

**Retirement Eligibility:** In those years that Pat had her breaks in service, she had more than 8 months of service and accordingly received a full year of Service for retirement eligibility purposes. Accordingly, having attained age 50 with 25 years of Service, Pat is eligible to retire.

**Credited Service:** Pat worked 1040 hours annually throughout her career in a position normally requiring 2080 hours (i.e., 40hrs/bi-weekly pay period). However in those years that she had her breaks in service she only worked 800 hours (1040 – 240). Accordingly, Pat's Part-time Service would be equated to Credited Service for benefit calculation purposes as follows:



1040 hrs. worked ÷ 2080 full-time hrs. × 23 yrs of service = 11.50 yrs. of Credited Service

-plus-

800 hrs. worked ÷ 2080 full-time hrs. × 2 yrs of service = .7692 yrs. of Credited Service

11.5 + .7692 = 12.2692 total years of Credited Service

Note that without her breaks in service, she would otherwise have 12.5 years of Credited Service.

**Annualization of Compensation:** If a Member has less than 12 months of Credited Service in a 12 month period of Service to the City, the Retirement Ordinance provides that the Compensation utilized for such 12 month period is to be annualized by dividing the Compensation earned by the amount of Credited Service for such period. *[See Illustration 8 for a detailed illustration of the Annualization of Compensation.]* Accordingly, since Pat only earned .5 years of Credited Service for each of her final years of employment. Her annualized Compensation for retirement benefit calculation purposes would be calculated as follows:

$\$25,000.00 \div .5 = \$50,000.00$

**Benefit Calculation:** Based upon the foregoing, Pat's annual retirement benefit would be calculated as follows:

$.025 \times \$50,000 \text{ FAC} \times 12.27 \text{ yrs. Credited Service} = \$15,337.50$

### **Illustration 5 – Service as Full-time Member at the time of retirement with prior Part-time Membership**

**Facts:** Henry Hybrid is continuously employed by the City for 25 years. At the time of his retirement Henry is a full-time employee; however, Henry was employed on a part-time basis for a period of 10 years at the start of his career. Throughout the 10 years of Service in which he was a part-time member, Henry worked 1040 hours annually in a position normally requiring 2080 hours annually. Eligibility for a regular retirement requires attainment of age 50 with 25 or more years of Service. Henry desires to retire at age 50 with a FAC of \$50,000.00 and a 2.5% multiplier.

**Retirement Eligibility:** Having attained age 50 with 25 years of continuous Service, Henry is eligible to retire.

**Credited Service:** Assuming that throughout the 10 years of Service in which he was a part-time member Henry worked 1040 hours annually in a position normally requiring 2080 hours annually, his Credited Service for that ten year period would be equated as follows:

$$1040 \text{ hrs. worked} \div 2080 \text{ hrs.} \times 10 \text{ yrs of service} = 5.0 \text{ years of Credited Service}$$

His total Credited Service for his 25 years of Service to the City would be 20.0 years (i.e., 15 + 5).

**Benefit Calculation:** Based upon the foregoing, Henry's annual retirement benefit would be calculated as follows:

$$.025 \times \$50,000 \text{ FAC} \times 20.0 \text{ yrs. Credited Service} = \$25,000.00$$

Note: There is no need to annualize Henry's Compensation for his part-time service since the part-time service occurred early in his career and was not used in the calculation of his Final Average Compensation.

**Illustration 6 –Service as a Part-time Member at the time of retirement with prior Full-time Membership**

**Facts:** Henry Hybrid is continuously employed by the City for 25 years. At the time of his retirement Henry is a Part-time Member; however, Henry was employed on a full-time basis for a period of 15 years at the start of his career and was a Full-time Member during this period. Throughout the final 10 years of Service in which he was a Part-time Member, Henry worked 1040 hours annually in a position normally requiring 2080 hours annually. Eligibility for a regular retirement requires attainment of age 50 with 25 or more years of Service. Henry desires to retire at age 50 with an annual compensation of \$25,000.00 and a 2.5% multiplier.

**Retirement Eligibility:** Having attained age 50 with 25 years of continuous Service, Henry is eligible to retire.

**Credited Service:** Assuming that throughout the 10 years of Service in which he was a Part-time Member Henry worked 1040 hours annually in a position normally requiring

2080 hours annually, his Credited Service for that ten year period would be equated as follows:

$$1040 \text{ hrs. worked per year} \div 2080 \text{ hrs.} \times 10 \text{ yrs of service} = 5.0 \text{ years of Credited Service}$$

His total Credited Service for his 25 years of Service to the City would be 20.0 years (i.e., 15 + 5).

**Annualization of Compensation:** If a Member has less than 12 months of Credited Service in a 12 month period of Service to the City, the Retirement Ordinance provides that the Compensation utilized for such 12 month period is to be annualized by dividing the Compensation earned by the amount of Credited Service for such period. *[See Illustration 8 for a detailed illustration of the Annualization of Compensation.]* Accordingly, since Henry only earned .5 years of Credited Service for each of his final years of employment, his annualized Compensation for retirement benefit calculation purposes would be calculated as follows:

$$\$25,000.00 \div .5 = \$50,000.00$$

**Benefit Calculation:** Based upon the foregoing, Henry's annual retirement benefit would be calculated as follows:

$$.025 \times \$50,000 \text{ FAC} \times 20.0 \text{ yrs. Credited Service} = \$25,000.00$$

Note that in this instance there is a need to annualize Henry's Compensation for his part-time service since the part-time service occurred during his last 10 years of employment and was used in the calculation of his Final Average Compensation.

### **Illustration 7 - Hybrid service w/breaks in service**

**Facts:** Henry Hybrid is continuously employed by the City for 25 years. At the time of his retirement Henry is a full-time employee; however, Henry was employed on a part-time basis for a period of 5 years at the start of his career in a position requiring 40 hours of work per bi-weekly pay period (1,040 hrs. per year). Additionally, late in his career, Henry received a six month suspension without pay. The six month suspension straddled the end and beginning of the fiscal year, with 5 months occurring at the end of a fiscal year, and the last month occurring in the succeeding fiscal year (i.e., February 1<sup>st</sup> – July 31<sup>st</sup>).

**Retirement Eligibility:** Although Henry has attained age 50, due to his break in service (i.e., suspension), he only has 24 years and 7 months (i.e., 24.5833 years) of Service and therefore is not eligible for normal retirement. In the fiscal year containing the 5 month suspension, he only received 7 months of Service. However in the succeeding fiscal year containing the one month suspension, he received Service for the full year since he had more than 8 months of Service. Note, Frank would be eligible for a reduced Early Retirement under the Retirement Ordinance provisions.

**Credited Service:** Assuming that Henry worked 1040 hours annually in a position normally requiring 2080 hours annually throughout the 5 years of Service in which he was a Part-time Member, his Credited Service for that five year period would be calculated as follows:

$$1040 \text{ hrs. worked} \div 2080 \text{ hrs.} \times 5 \text{ yrs of service} = 2.5000 \text{ years of Credited Service}$$

As a Full-time Member at the time of his suspension (or leave of absence), his Credited Service for the two fiscal years in which he had his 6 month suspension would be based upon his actual hours worked per month. A Full-time Member must work 80 or more hours per month to receive Credited Service for the month. For illustration purposes, it is assumed that he received 7 months of Credited Service in the first fiscal year and 11 months of Credited Service in the succeeding fiscal year. Accordingly his Credited Service for those two fiscal years would be 1.5 years.

His total Credited Service for his 24.5833 years of Service to the City would be 22.0 years (i.e., 18 + 2.5 + 1.5).

Note: Over the 25 year period of Henry’s employment, he accrued 24.5833 years of Service for retirement eligibility purposes and 22.0 years of Credited Service for retirement benefit calculation purposes.

**Illustration 8 - Service Credit for a Part-time Member with Varying Hours of Employment**

**Facts:** Pat Parttime works continuously with no breaks in service over a 12 year period. During this period Pat worked the following number of hours:

| Year | Hours Worked |  | Year | Hours worked |  | Year | Hours Worked |
|------|--------------|--|------|--------------|--|------|--------------|
| 1    | 1040         |  | 5    | 2000         |  | 9    | 1650         |
| 2    | 1150         |  | 6    | 1940         |  | 10   | 1100         |
| 3    | 1800         |  | 7    | 1060         |  | 11   | 1040         |
| 4    | 960          |  | 8    | 1400         |  | 12   | 1040         |

**Retirement Eligibility:** Pat would have 12 years of Service for retirement eligibility purposes having worked continuously for the 12 years without any breaks in service, provided however, that she worked at least 80 hours per month.

**Credited Service:** Pat would have **7.7756** years of Credited Service for benefit calculation purposes calculated as follows:

$$\text{Hours worked} \div 2080 \text{ full time hours} = \text{Credited Service per year}$$

| Year | Hours Worked | Credited Service | Year | Hours Worked | Credited Service |
|------|--------------|------------------|------|--------------|------------------|
| 1    | 1040         | .5000            | 7    | 1060         | .5096            |
| 2    | 1150         | .5529            | 8    | 1400         | .6699            |
| 3    | 1800         | .8654            | 9    | 1650         | .7933            |
| 4    | 960          | .4615            | 10   | 1100         | .5288            |
| 5    | 2000         | .9615            | 11   | 1040         | .5000            |
| 6    | 1940         | .9327            | 12   | 1040         | .5000            |

**Total Credited Service: 7.7756**

**Annualization of Compensation:** If a Member has less than 12 months of Credited Service in a 12 month period of Service to the City, the Retirement Ordinance provides that the Compensation utilized for such 12 month period is to be annualized by dividing the Compensation earned by the amount of Credited Service for such period. Accordingly, since Pat only earned partial years of Credited Service for each of her final years of employment, her Annualized Compensation for retirement benefit calculation purposes would be calculated as follows:

$$\text{Compensation Earned} \div \text{Credited Service} = \text{Annualized Compensation}$$

| Last 10 yrs | Hours Worked | Rate/Hr | Compensation Earned | Credited Service | Annualized Compensation |
|-------------|--------------|---------|---------------------|------------------|-------------------------|
| 3           | 1800         | \$20    | \$36,000            | .8654            | \$41,599.26             |
| 4           | 960          | \$20    | \$19,200            | .4615            | \$41,603.47             |
| 5           | 2000         | \$21    | \$42,000            | .9615            | \$43,681.32             |
| 6           | 1940         | \$21    | \$40,740            | .9327            | \$43,679.64             |
| 7           | 1060         | \$21    | \$22,260            | .5096            | \$43,681.32             |
| 8           | 1400         | \$22    | \$30,800            | .6699            | \$45,977.01             |
| 9           | 1650         | \$22    | \$36,300            | .7933            | \$45,758.23             |
| 10          | 1100         | \$22    | \$24,200            | .5288            | \$45,763.99             |
| 11          | 1040         | \$23    | \$23,920            | .5000            | \$47,840.00             |
| 12          | 1040         | \$23    | \$23,920            | .5000            | \$47,840.00             |

**FAC Calculation:** Using Pat's highest 3 consecutive years, her FAC would be calculated as follows:

$$(\$47,840.00 + \$47,840.00 + \$45,763.99) \div 3 = \$47,148.00$$

**Benefit Calculation:** Based on the foregoing, Pat's annual retirement benefit would be calculated as follows:

$$.025 \times \$47,148.00 \text{ FAC} \times 7.7756 \text{ yrs. Credited Service} = \$9,165.10$$

**V. EFFECTIVE DATE**

This Policy shall become effective upon its adoption by the Board of Trustees and shall not be applied retroactively to reduce any previously earned service credit under prior provisions of the Retirement System and/or the Board's rules and regulations.

**VI. POLICY REVIEW**

The Board shall review this *Retirement System Service Credit Policy* from time to time as may be appropriate or necessary. The Board may amend this policy by majority vote.