

SIMPLE SUMMARY OF THE NEW TIER II SYSTEM FOR FIREFIGHTERS (SB63)

As passed by the legislature, effective July 1, 2011, Firefighters hired on or after that date may direct their employer to contribute an amount equal to 12% of salary either to be placed in the Tier II Defined Contribution New Public Safety and Firefighters' Option, or the Tier II New Public Safety and Firefighters' Contributory Hybrid option.

Full vesting takes 4 years. After the 4 years DC plan participants own the account balance and may terminate employment anytime and take the balance with them. Firefighters in the Hybrid plan are eligible for a full benefit after 25 years of service at any age.

The benefit earned in the hybrid plan is 1.5% (for all years) times the Final Average of the five highest years of compensation in the Fire Service. Plus any defined contribution portion of the employers 12% contribution if the required contribution rate is less than 12%. If the required rate is higher than 12% the employee must pay the difference through salary reduction.

There is also a yearly cost of living adjustment for retirees in the Hybrid option of up to 2.5% (simple) based upon the Consumer Price Index.

There will also be Death and Disability benefits paid for by the employer in addition to the contribution rate. Including Volunteer Firefighters and those employers.

The rate employers must pay in addition to those previously described will include an amount to offset the unfunded accrued actuarial liability of the Tier I (existing) system. This amount may fluctuate and is still to be determined.