

Salaries Includable in Tier 3-4 FAS Calculations

While "retirement" is most often associated with longer-tenured Tier 1 members, more and more Tier 3 and 4 members are meeting retirement eligibility requirements. If you are among them, it is important to know what salaries are includable in the calculation of your final average salary (FAS).

First, understand you are eligible for a three-year FAS calculation. While some Tier 1 members may qualify for the better of a three- or five-year FAS, this option was not included in the laws that created subsequent tiers. Tier 2 members are also eligible only for the three-year calculation.

Your FAS is the average of your highest three consecutive years of salary earned. Typically this is your final three years of employment, but it can be any three-year period in your salary history.

Determining which three-year period to use requires more than a glance at totals, however. While most payments related to educational instruction of students will be allowed, there are many other types of payments that cannot be used to determine pensionable salary.

The chart above is a general overview of what payments can and cannot be included. This is not intended to be an exhaustive, all-inclusive list. It is provided for reference purposes only.

A final determination of allowable payments will be made when your retirement application is processed.

The 3-Year FAS <u>can</u> include payments for:	The 3-Year FAS <u>cannot</u> include:
<ul style="list-style-type: none">■ Full-time teaching services;■ Coaching;■ Tutoring;■ Summer school;■ Chaperoning;■ Workshops;■ Driver education;■ Supervision of traditional after-school clubs; and,■ Teaching or administration of educational after-school programs.	<ul style="list-style-type: none">■ Non-regular compensation (i.e., bonuses, taxable fringe benefits, payments in lieu of health insurance);■ Employer contributions into a tax sheltered account;■ Payments made outside contract terms;■ Payments made on eve of retirement;■ Buyouts;■ Payments for services ordinarily done by classified positions, consultants, or independent contractors;■ Payments used to purchase health insurance through the district;■ Pay for duties not reasonably incidental to that of an administrator or full-time teacher (e.g., bus driver, district clerk, clerk of the board); or,■ Compensation for computer maintenance, master teacher presenter, or similar roles.

Another factor to keep in mind: There are limits to how much your salary can increase year-to-year during the FAS years. For Tiers 3 and 4 members, the increase cannot exceed 10% of the average of the previous two years' salaries. Since each year included in the three-year FAS calculation is compared to the previous two years of salary, System staff actually reviews five consecutive years of salary.

For more information on the calculation of retirement benefits visit the Library page of our Web site at www.nystrs.org and select the publication *Active Members' Handbook*. ♦

The trouble with retirement is that you never get a day off.

~ Abe Lemons