

# Factors Used to Calculate Retirement Benefits

Like math, one of the great things about a defined benefit plan is its predictability. As an SBCERA Member your retirement benefit is based on a formula.

**When you retire, your maximum benefit is based on four factors:**

1. Age at Retirement
2. Service Credit
3. Final Average Compensation
4. Benefit Formula

**Factor 1 – Age:** Provided that you meet retirement eligibility requirements, the age at which you retire is a personal choice. As an Active Member, your future monthly retirement benefit increases with every quarter year increase in your age (up to a maximum age) prior to retirement, as determined by the benefit formula. Therefore, you may want to consider retiring on or immediately following your birthday, or at any three-month interval after your birthday, to ensure you receive the latest quarter year of age credit.

**Factor 2 – Service Credit:** Service credit is earned based on the hours you work for an SBCERA-covered employer. One year of service credit is equivalent to 2,087 hours; however, remember that service credit does not include overtime. Your total years of service credit can be found on your annual SBCERA Member Statement or by viewing your account online in mySBCERA.

**Factor 3 – Final Average Compensation:** Your highest Final Average Compensation (FAC) is dependent upon your tier, classification, and Memorandum of Understanding (MOU). For Tier I, FAC is based on your 12 highest consecutive months of compensation earnable. For Tier II, FAC is based on your 36 highest consecutive months of pensionable compensation. Overtime is never included in FAC.

**Factor 4 – Benefit Formula:** Your retirement formula is based on your type and tier of membership.

Tier I	Tier II
General 2% at age 55	General 2.5% at age 67
Safety 3% at age 50	Safety 2.7% at age 57

This means that once you reach the specified age, you will receive the corresponding percentage multiplied by the number of years you worked. For example, a General Tier I Member at age 55 who worked for 20 years will receive 40% of their FAC, because the corresponding percentage at 55 is 2%, multiplied by 20 years. Retiring at an earlier age or with less service credit will result in a reduced maximum benefit amount.

**Need a Calculator?**

We've got one! Create or visit your mySBCERA account at [www.SBCERA.org/mySBCERA](http://www.SBCERA.org/mySBCERA). Under the Member Information menu you can estimate your benefit using the factors outlined above.

**Need Help?**

SBCERA retirement representatives can run a more accurate estimate or help you navigate the online tool. Give us a call at (909) 885-7980 or toll free (877) 722-3721.