

HOW YOUR BENEFIT IS CALCULATED

Your Normal Service Retirement Benefit

Your Normal Service Retirement Benefit depends on your years of Credited Service and Final Average Compensation. For purposes of calculating your benefit, Final Average Compensation is the average compensation of the highest three consecutive calendar years in your last 10 years of Credited Service prior to retirement. If your employment ends other than at the end of a calendar year, a special formula which is intended to give you credit for your compensation up to the date you leave will apply.

Compensation means your W-2 compensation, excluding reimbursements or other expense allowances. The annual Compensation used in the calculation for any calendar year cannot exceed 110 percent of the average of the two preceding calendar years.

Your pension benefit will be reduced by a proration of your Railroad Retirement Tier II Benefit and your Cash Balance Plan benefit, if applicable.

To give you a better idea of how much annual income you might expect when you retire, look at the formulas that will be used to calculate your benefit and then plug in some real numbers. The formula used to calculate your Normal Service Retirement Benefit will depend on your Years of Credited Service with Metro-North or LIRR. There are two different formulas.

If you retire and have fewer than 20 years of Credited Service: Your Normal Service Retirement Benefit would be calculated as follows:

1.67%
TIMES
Final Average Compensation
TIMES
Years of Credited Service
LESS
Proration of Tier II Railroad Retirement Act Benefit attributable to Metro-North or LIRR service credited under the Plan
LESS
Proration of the Metro-North Cash Balance Plan Benefit, if any, attributable to service from 1983 through 1989

(A Note About Prorating: In figuring the amount of the proration of a Tier II Railroad Retirement Act Benefit, the proration equals the member's years of Credited Service covered by the Railroad Retirement Act rendered to Metro-North or LIRR over the member's total years of service covered by the Railroad Retirement Act. In figuring the amount of the proration of a Metro-North Cash Balance Plan benefit, the proration equals the member's years of Credited Service under the Cash Balance Plan over the sum of the member's service under the Cash Balance Plan and Conrail Plan.)

An Example:

In the example below, let's assume you have 15 years of Credited Service with Metro-North or LIRR, are 62 years old, and your Final Average Compensation is \$60,000.

For LIRR employees, let's also assume your 15 years of Credited Service at LIRR constitutes your total years of service covered by the Railroad Retirement Act.

(For LIRR Employees)	
	1.67%
	(Service fraction multiplied by Years up to 20)
	TIMES
	\$60,000
	(Final Average Compensation)
	TIMES
	15
	(Years of Credited Service with LIRR)
	EQUALS
	\$15,030
	LESS
	\$5,208
	(Proration of (15/15) Railroad Retirement Tier II Benefit of \$5,208)
	EQUALS
	\$9,822
	(Annual MTA Plan Benefit for LIRR employees)

For Metro-North employees, let's assume that your 15 years of Credited Service with Metro-North includes six years of service (from 1983 to 1989) under the Metro-North Cash Balance Plan. Let's also assume you had three prior years of Conrail service (from 1980 to 1983) for a total of nine years of service (1980 to 1989) credited in both plans, an annual benefit of \$1,382 at age 62 under the Cash Balance Plan, and that your total years of service covered by the Railroad Retirement Act totals 18 years. In the example below, only the portion of the Metro-North Cash Balance Plan Benefit attributable to Metro-North service (6/9) is taken into account in determining your annual MTA Plan Benefit.

<i>(For Metro-North Employees)</i>	
1.67%	
(Service fraction multiplied by Years up to 20)	
TIMES	
\$60,000	
(Final Average Compensation)	
TIMES	
15	
(Years of Credited Service with Metro-North)	
EQUALS	
\$15,030	
LESS	
\$4,991	
(Proration of (15/18) Railroad Retirement Tier II Benefit of \$5,989)	
EQUALS	
\$10,039	
LESS	
\$921	
(Proration of (6/9) the Metro-North Cash Balance Plan Benefit of \$1,382)	
EQUALS	
\$9,118	
(Annual MTA Plan Benefit for Metro-North employees)	

If you retire and have 20 or more years of Credited Service: Your Normal Service Retirement Benefit is calculated as follows:

2%	X	Final Average Compensation	X	Years of Credited Service, up to 30 Years
PLUS				
1.5%	X	Final Average Compensation	X	Years of Credited Service Greater Than 30 years
LESS				
Proration of Tier II Railroad Retirement Act Benefit attributable to Metro-North or LIRR service credited under the Plan				
LESS				
Proration of the Metro-North Cash Balance Plan Benefit, if any, attributable to service from 1983 through 1989				

An Example:

In the example below, assume you have 23 years of Credited Service, you are age 62, and your Final Average Compensation is \$65,000. Let's also assume your 23 years of Credited Service at Metro-North or LIRR constitutes your total years of service covered by the Railroad Retirement Act.

(For Metro-North and LIRR Employees)	
	2.0%
(Service fraction multiplied by Years up to 30)	
	TIMES
	\$65,000
(Final Average Compensation)	
	TIMES
	23
(Years of Credited Service with Metro-North or LIRR)	
	EQUALS
	\$29,900
	LESS
	\$7,000
(Proration of (23/23) Railroad Retirement Tier II Benefit of \$7,000)	
	EQUALS
	\$22,900
(Annual MTA Plan Benefit for Metro-North or LIRR employees)	

The above amount is payable immediately on an unreduced basis since you have reached age 62 and have more than five years of Credited Service.

An Example:

In the example below, assume you have 33 years of Credited Service, you are age 57, and your Final Average Compensation is \$70,000. Let's also assume your 33 years of Credited Service at Metro-North or LIRR constitutes your total years of service covered by the Railroad Retirement Act.

(For Metro-North and LIRR Employees)	
	2.0%
	(Service fraction multiplied by Years up to 30)
	TIMES
	\$70,000
	(Final Average Compensation)
	TIMES
	30
	(Years of Credited Service with Metro-North or LIRR up to 30 years)
	PLUS
	1.5%
	(Service fraction multiplied by Years over 30)
	TIMES
	\$70,000
	(Final Average Compensation)
	TIMES
	3
	(Years of Credited Service with Metro-North or LIRR over 30)
	EQUALS
	\$45,150
	LESS
	\$10,742
	(Proration of (33/33) Railroad Retirement Tier II Benefit of \$10,742)
	EQUALS
	\$34,408
	(Annual MTA Plan Benefit for Metro-North or LIRR employees)

The above amount is payable immediately on an unreduced basis since you have reached age 55 and have more than 30 years of Credited Service.

If You Retire Early:

If you retire before eligibility for a Normal Service Retirement Benefit — but after you reach age 55 and complete 10 years of Credited Service — your Early Service Retirement Benefit will be calculated in the same way as your Normal Service Retirement Benefit, but will be reduced. In calculating your Early Service Retirement Benefit, the amount of the offset of your Tier II Railroad Retirement Benefit and Metro-North Cash Balance Plan Benefit, if any, will be reduced according to the same percentages. The percent of benefit payable at your early retirement date depends on your age, as shown in the accompanying chart:

Age	Percent of Normal Retirement Benefit Payable
62	100%
61	93.33%
60	86.67%
59	81.67%
58	76.67%
57	71.67%
56	66.67%
55	61.67%

Example: Let's assume you are age 57, have 20 years of Credited Service, and are entitled to an unreduced benefit of \$15,000 payable at age 62. The reduced pension beginning at age 57 would be calculated as follows:

\$15,000	X	71.67%	=	\$10,751
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