You have heard the term Final Average Salary (FAS) used in the context of determining your retirement benefit. But what does FAS really mean?

**THE STRICT DEFINITION IS:**
FAS is defined as the wages earned by a member during any three consecutive calendar years or the 36 months immediately preceding the member’s retirement date which provide the highest average wage.

**HOWEVER:**
Wages earned during any year (used in the FAS) cannot exceed the average of the previous two years by 10%.

**NYCERS WILL:**
Look at every paycheck for each year (in the five year period prior to your retirement date) and determine where the money was actually earned - not paid. If necessary, wages will be reallocated back to where they were earned.

Let's look at an example of how your FAS is calculated.
This explanation is based on a member's hypothetical retirement date of July 1, 2009.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average</th>
<th>Average</th>
<th>Average</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$42,500</td>
<td>$37,500</td>
<td>$32,500</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>$45,000</td>
<td>$40,000</td>
<td>$35,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>2007</td>
<td>$40,000</td>
<td>$35,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>$35,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>$30,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Compare the first twelve month period ($50,000) to the average of the previous two years ($45,000 and $40,000)
Multiply the average by 110% ($42,500 x 1.10 = $46,750)
The $50,000 exceeds the 10% threshold by $3,250
Subtract the excess from the wage $50,000-$3,250 = $46,750
Compare the second twelve month period ($45,000) to the average of the previous two years ($40,000 and $35,000)
Multiply the average by 110% ($37,500 x 1.10 = $41,250)
The $45,000 exceeds the 10% threshold by $3,750
Subtract the excess from the wage $45,000 - $3,750 = $41,250

**Step 3**

Compare the third twelve month period ($40,000) to the average of the previous two years ($35,000 and $30,000)
Multiply the average by 110% ($32,500 x 1.10 = $35,750)
The $40,000 exceeds the 10% threshold by $4,250
Subtract the excess from the wage $40,000 - $4,250 = $35,750

**Step 4**

Replace the original wages in the first three years with the new averages

<table>
<thead>
<tr>
<th>Year</th>
<th>Original Wage</th>
<th>New Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$50,000</td>
<td>$46,750</td>
</tr>
<tr>
<td>2008</td>
<td>$45,000</td>
<td>$41,250</td>
</tr>
<tr>
<td>2007</td>
<td>$40,000</td>
<td>$35,750</td>
</tr>
</tbody>
</table>

**Step 5**

Add the revised 2009, 2008 and 2007 average salaries together and divide by 3. The result is your FAS.

\[
\frac{\text{2009} + \text{2008} + \text{2007}}{3} = \frac{\$46,750 + \$41,250 + \$35,750}{3} = \frac{\$123,750}{3} = \$41,250
\]

Calculating Your FAS #929 - Page 2