

Example of Impact of Anti-Spiking Provision

Employee #1 (consistent non-base pay)

Last 10 years Salary History

	Base Pay	Non-base F	Total Pay
Last Year	40,000	8,000	48,000
Year - 1	39,000	7,800	46,800
Year - 2	38,000	7,600	45,600
Year - 3	37,000	7,400	44,400
Year - 4	36,000	7,200	43,200
Year - 5	35,000	7,000	42,000
Year - 6	34,000	6,800	40,800
Year - 7	33,000	6,600	39,600
Year - 8	32,000	6,400	38,400
Year - 9	31,000	6,200	37,200

Average Final Compensation Period

High 3	40,000	8,000	48,000
	39,000	7,800	46,800
	38,000	7,600	45,600
Average	39,000	7,800	46,800

Average During Comparison Period

	37,000	7,400	44,400
	36,000	7,200	43,200
	35,000	7,000	42,000
	34,000	6,800	40,800
	33,000	6,600	39,600
	32,000	6,400	38,400
	31,000	6,200	37,200
Average	34,000	6,800	40,800

Employee #2 (spiked non-base pay)

	Base Pay	Non-base F	Total Pay
	38,000	10,000	48,000
	37,000	9,800	46,800
	36,000	9,600	45,600
	35,000	1,750	36,750
	34,000	1,700	35,700
	33,000	1,650	34,650
	32,000	1,600	33,600
	31,000	1,550	32,550
	30,000	1,500	31,500
	29,000	1,450	30,450

	38,000	10,000	48,000
	37,000	9,800	46,800
	36,000	9,600	45,600
Average	37,000	9,800	46,800

	35,000	1,750	36,750
	34,000	1,700	35,700
	33,000	1,650	34,650
	32,000	1,600	33,600
	31,000	1,550	32,550
	30,000	1,500	31,500
	29,000	1,450	30,450
Average	32,000	1,600	33,600

Employee #3 (Teacher type)

	40,000	1,200	41,200
	39,000	1,200	40,200
	38,000	1,200	39,200
	37,000	0	37,000
	36,000	0	36,000
	35,000	0	35,000
	34,000	0	34,000
	33,000	0	33,000
	32,000	0	32,000
	31,000	0	31,000

	40,000	1,200	41,200
	39,000	1,200	40,200
	38,000	1,200	39,200
Average	39,000	1,200	40,200

	37,000	0	37,000
	36,000	0	36,000
	35,000	0	35,000
	34,000	0	34,000
	33,000	0	33,000
	32,000	0	32,000
	31,000	0	31,000
Average	34,000	0	34,000

Test #1 - Average Non-base Pay Divided by Base Pay (AFC Period)

Greater than 10% (Fail)

7,800 / 39,000 =	20%	Fail	9,800 / 37,000 =	26%	Fail	3%	Pass
Average Final Compensation Non-base Pay Ratio (AFCNBPR)							
7,800 / 39,000 =	20%		9,800 / 37,000 =	26%		3%	
Average Comparison Period Non-base Pay Ratio (ACPNBPR)							
6,800 / 34,000 =	20%		1,600 / 32,000 =	5%		0%	

Test #2 - AFCNBPR Divided by ACPNBPR

Less than 120% (Pass)

20% / 20% =	100%	Pass	26% / 5% =	520%	Fail	Infinite	Fail
If either Test #1 or Test #2 is Pass then no impact							
Pass			Fail			Pass	

Limited AFC

If "Pass" then use AFC otherwise use formula

(1+ ACPNBPR) * Average Final Compensation Base Pay

Pass - so use AFC

46,800

Fail - so use formula

(1 + 0.05) * 37,000 = 38,850

Pass - so use AFC

40,200

Impact on Police and Fire employee age 55 with 30 years of service

Maximum Annuity = 2.5% x 30 x AFC

Maximum Annuity using AFC

2.5% x 30 x \$46,800 = \$35,100

2.5% x 30 x \$46,800 = \$35,100

2.5% x 30 x \$40,200 = \$30,150

Maximum Annuity using limited AFC

2.5% x 30 x \$46,800 = \$35,100

2.5% x 30 x \$38,850 = \$29,138

2.5% x 30 x \$40,200 = \$30,150

Benefit Reduction or Amount of Benefit funded by additional employer contributions

\$35,100 - \$35,100 = \$0

\$35,100 - \$29,138 = \$5,962

\$30,150 - \$30,150 = \$0

Additional Employer Contributions

\$0

\$82,143

\$0