

# Understanding Your FAC

One factor used to calculate your monthly VCERA benefit is your *final average monthly compensation* (FAC), which is the monthly average of your highest consecutive 12 months or 36 months of retirement earnings. The pay items included in FAC and the duration of the FAC period are based on your retirement benefit tier.

## Benefit Tiers

VCERA assigns a retirement benefit tier to each member according to membership type and hire date. VCERA's benefit tiers use either a 12-month or 36-month measurement period to calculate FAC.

Safety Tier 1 and General Tier 1: Highest 12 consecutive months (26 pay periods) of *compensation earnable*.\*

All other tiers: Highest 36 consecutive months (78 pay periods) of *compensation earnable*\* for Legacy members or *pensionable compensation*\*\* for PEPRA members.

\* *Compensation earnable* includes base pay and pay items defined in Government Code §31461.

\*\* *Pensionable compensation* includes base pay and pay items defined in Government Code §7522.34.

## FAC Limits

By law, VCERA cannot pay a monthly retirement benefit greater than 100 percent of your FAC.

Your FAC may differ from the amounts you were actually paid because certain pay items do not qualify as *compensation earnable* or *pensionable compensation*. Unscheduled overtime is excluded from FAC. Generally, PEPRA members have fewer pay items included in FAC.

PEPRA legislation placed a limit on the FAC used to calculate a retirement benefit. The cap in 2020 is \$126,291 for General members, who participate in Social Security, and \$151,549 for Safety members, who do not participate in Social Security.

The FAC limit used to calculate retirement benefits for Legacy members in 2020 is \$285,000.

## DEFINITIONS

**Final average monthly compensation (FAC):** The monthly average of the highest consecutive 12 or 36 months of retirement earnings.

**Measurement period:** The 12-month or 36-month period in which FAC is earned.

**PEPRA:** The California Public Employees Pension Reform Act of 2013.

**PEPRA member:** A member who joined VCERA or a reciprocal retirement system on or after 1/1/2013.

**Legacy member:** A member who joined VCERA or a reciprocal retirement system prior to 1/1/2013.

Due to Social Security integration, the FAC of General Tier 1 and General Tier 2 members will be reduced by \$116.67 when calculating their retirement benefits.

## Vacation/Annual Leave Redemption

Legacy members may be eligible to include vacation/annual leave redemptions in their FAC pursuant to their MOAs. However, the Board of Retirement sets the number of redeemable hours includable in FAC, which may be fewer than the actual hours redeemed during the measurement period; some annually accrued hours must be "taken off" for eligibility purposes.

Example: For a General Tier 2 member who accrues 11.08 hours biweekly, VCERA would multiply 11.08 by 78 pay periods (864.24 hours), then deduct the required 240 hours within the 78 pay periods, resulting in a maximum of 624.24 hours to include in FAC.

