
SIRMIUM CAPITAL · FOR NYPD

The NYPD Retirement Blueprint

Tier, pension, VSF, the 457(b), and the paycheck they actually add up to

Five decisions move the most money.
Each one maps to a tab in a free calculator
that shows you your own number — and where
a number stops being enough.

FOR NYPD RETIREES

Why this is harder than it looks

A friend on the job once told me he had his whole retirement figured out: “Twenty and out, collect the pension, done.” Then he sat down with the actual numbers and found a handful of decisions he’d never weighed, each one worth real money. A tier and a date that quietly locked in two different formulas. An in-service-death rule he’d never heard named. A 457(b) that gained a superpower the day he separated — and would lose it the moment he rolled it the wrong way.

NYPD retirement is its own animal. You can put in your papers in your forties, which means the pension, the VSF, and the 457(b) have to carry you through a long stretch before Social Security ever starts — a bridge you don’t want to build on guesses. Your income doesn’t arrive as one number; it arrives in streams that each behave differently, and the gap between the gross total and what lands in the account is where the surprises live. And the tier you came in under — Tier 2 or Tier 3 — can reset the whole math before you change a single other thing.

This Blueprint walks the five decisions that move the most money. For each one, it names the trap, points you to the tab in our free calculator where you see your *own* number, and shows you where a number stops being enough. Everything here is educational and illustrative — general figures, not your actual benefits, and not advice. The point is to put real numbers in front of you, then put them in context together.

DECISION 1

Tier 2 vs Tier 3: what your tier and date lock in

The problem. Two officers with the same Final Average Salary and the same years on the job can retire to two very different checks — because the tier they came in under runs a different formula. If you were hired before July 1, 2009, you are generally **Tier 2**: a Service Retirement at **20 years pays 50% of Final Average Salary**, plus 1/60 of earnings for service past the 20th anniversary, plus annuity components. If you were hired on or after July 1, 2009, you are generally **Tier 3**, and the math changes in three ways that matter. First, the accrual is **2.1% of FAS per year, capped at 50%**, and an unreduced 50% pension takes **22 years, not 20** — an early Service Retirement is available at 20 but it’s reduced. Second, the FAS definition itself differs: Tier 2 (appointed on or after July 1, 2000) uses the final 12 months of pensionable earnings, while Tier 3 uses the best three consecutive years with a 10% anti-spiking exclusion. Third — and this is the one that surprises people — Tier 3 carries a **Social Security offset** under RSSL §511: the pension is reduced by 50% of your primary Social Security benefit starting at age 62, determined at retirement, whether or not you’re actually collecting Social Security yet. (Yes, NYPD members pay into Social Security through NYC’s Section 218 agreement; the offset is the trade-off for Tier 3.) None of this is a choice you make today — your tier and dates already set it. But you should see exactly what they set before you pick a retirement date on top of them.

A bill to repeal the Tier 3 offset (\$7975) has been introduced in Albany but is *not law*. Plan around the rule as it stands today, not the one you hope is coming.

Open the Pension Estimator tab. Put in your tier (Tier 2 or Tier 3), your years of service, your age, your Final Average Salary, and your filing status and state. The tab returns your **estimated annual gross pension** under your tier’s own formula — for Tier 2, 50% of FAS at 20 years plus the 1/60 accrual beyond; for Tier 3, 2.1% per year capped at 50% with a flat 50% at 22 years — then layers in the VSF where it applies, applies a rough federal tax estimate and the NY exemption, and shows you a net monthly figure. Run it once as a Tier 2 member and once as a Tier 3 member at the same years and FAS, and watch the formula gap open — above all the 22-vs-20-year line for an unreduced 50%. Then layer in by hand the piece the estimator doesn’t price: the Tier 3 Social Security offset at 62, which trims only the Tier 3 check. That combination is what your tier and your dates already locked in.

Why a number isn’t a plan. The tab shows you which formula your tier runs and roughly what it pays. It can’t tell you whether holding for the 22nd year is worth it for *your* life, how the Social Security offset at 62 reshapes your bridge years, or how a pending repeal bill that isn’t law should (or shouldn’t) factor into a date you set this year. A date on a calculator is a fact; the right date is a decision — and that’s the 15-minute call.

DECISION 2

The Death Gamble: the in-service-death risk and why timing matters

The problem. The Police Pension Fund actually uses the phrase — the Tier 2 Summary Plan Description has a section titled the “Death Gamble.” Here’s the gamble it names. Once a member passes 20 years of service and keeps working, there’s a window where dying *in active service* — before the retirement paperwork is finalized — could mean a beneficiary collects only the Ordinary Death Benefit (a lump sum of three times the final year’s earnings) instead of the far larger *retirement* value the member had already earned. The Death Gamble provision is what protects against that: for an over-20-year member it treats the member as if they had **taken Service Retirement the day before they died**, so the beneficiary can capture the pension reserve as a lump sum or a lifetime annuity rather than just the 3x-salary payout. The trap is in the timing and the paperwork — an over-20 member who hasn’t filed, or whose pension is still awaiting finalization, is exactly who this rule is built to catch, and exactly who can fall through it if the sequence goes wrong. Under 20 years, there is no Death Gamble protection at all; the default is the Ordinary Death Benefit.

One honest caveat: the “Death Gamble” language and the “presumed retired the day before death” mechanism are spelled out in the *Tier 2* plan description. The *Tier 3* plan description does not use the term, and whether the same protection extends to *Tier 3* over-22-year members is something to confirm directly with the Police Pension Fund — don’t assume it reads the same for a post-2009 hire.

Open the Pension Estimator tab. Enter your tier, years of service, age, and FAS. Beyond the pension figure, the tab runs a Death-Gamble “one more year” comparison: it shows the **change in your pension value from working a single additional year** and a rough **break-even** on that decision. That delta is the dollar weight sitting on the timing question — the value that’s in play in the window between “eligible to retire” and “papers finalized.” Seeing the number is what turns the Death Gamble from a piece of pension folklore into a concrete reason to get your filing and beneficiary paperwork right, on time.

Why a number isn’t a plan. A break-even figure is arithmetic. The election around it is not. Whether to file now or work another year, how your beneficiary designations are set, and — for *Tier 3* members — whether the over-20 protection even applies to you are record-specific calls the calculator can’t make. This is a section to bring to the 15-minute call, and to settle before you’re relying on it, not after. Confirm the *Tier 3* treatment with the Police Pension Fund directly.

DECISION 3

The 457(b) / NYCDGP: penalty-free access the day you separate

The problem. The day you separate from the NYPD, your governmental 457(b) — the NYC Deferred Compensation Plan — gains a quiet superpower: you can pull from it with **no 10% early-withdrawal penalty, at any age**. An IRA can’t say that — money you roll out generally gets locked behind 59½ or it costs you 10% to touch. So the easy “just roll everything to an IRA” move can quietly tax the very bridge years some people lean on the cash most, when they’ve put in their papers in their forties and Social Security is still a long way off. The IRS is explicit about this: distributions from a governmental 457(b) aren’t subject to the 10% additional tax — *except for amounts rolled in from another type of plan or IRA*. The flip side is just as real: the plan’s expense ratio versus a lower-cost IRA, compounded over twenty or thirty years, can add up to a number that surprises people, and an IRA gives you a far wider menu of investments. Which side matters more depends entirely on whether the money gets touched before 59½. The one thing you don’t want to do is roll the bridge money out by reflex and forfeit the penalty-free access you earned by separating.

Open the 457(b) Rollover vs Hold tab. Put in your current age, your separation or retirement age, your 457(b) balance, whether you expect to tap any of it early (and how much), the expense ratios on the plan and on an IRA, an expected return, and your horizon. It shows your **penalty-free access window** in years, the **maximum 10% penalty an IRA would charge** on the early withdrawals you flagged, your **457(b) value versus IRA value** over your horizon, the **fee difference if you roll** in future dollars, and a “keep the bridge, roll the rest” split. Move your early-tap amount up and down and watch the penalty-free window’s value swing against the fee drag.

Why a number isn't a plan. The tab shows the window and the fee drag side by side. It can't tell you which matters more for your cash-flow plan, how a partial roll might capture both, or how this fits with your pension and Social Security timing. Sequencing that is the conversation.

Disclosure: a rollover and a hold are two different decisions, and they sit close together. If you became a client and rolled assets to Sirmium, the firm could earn a fee on those assets — so we'd put the plan's low cost and the IRA's flexibility on the table side by side and let you weigh both, before any rollover. We'd rather you weigh this with that in plain view.

DECISION 4

Your real retirement paycheck: pension, VSF, 457, the bridge years, Social Security, and COLA

The problem. Your gross pension is not your paycheck. The real monthly number lands after the Variable Supplements Fund is added, a 457(b) draw is layered in, federal tax comes out, and — the good news for NYC retirees — **no** New York State or New York City tax comes out, because the Police Pension Fund pension and the VSF are fully NY/NYC exempt (and there's no \$20,000 cap on that government-pension exemption). Three things trip people up. First, the **VSF**: a service retiree with at least 20 years of credited police service receives up to about **\$12,000 a year**, a figure fixed since 2011 — but disability retirees, vested retirees, and those who die in active service do not get it, and for service retirees the VSF is reduced by a COLA offset until age 62, after which you receive both the full COLA and the full VSF. Second, the **bridge years**: retire in your forties and the pension, VSF, and 457(b) have to carry you for more than a decade before Social Security can start — and Tier 3 members face that Social Security offset at 62 that trims the pension just as Social Security turns on. Third, **inflation**: the NYC pension COLA covers only half of CPI (1% floor, 3% cap), and only on the **first \$18,000** of your allowance, starting at age 62 (if retired 5+ years) or 55 (if retired 10+ years). The rest of your check doesn't grow. Over thirty years, that's the difference between comfortable and tight.

Open the Pension Estimator tab. Enter your tier, years, age, FAS, the VSF toggle, filing status, and state. It builds the stack: your **annual gross pension** by tier formula, the **VSF** added where you qualify, a rough **federal tax** estimate, the **NY exemption** applied (pension and VSF show as NY/NYC tax-free), and a **net monthly** figure. Toggle the VSF off to see exactly what that up-to-\$12,000 line is worth to you, and compare a Tier 3 run against a Tier 2 run to see how the Social Security offset reshapes the post-62 paycheck. Then sit with the COLA reality the estimator doesn't draw out for you: only the first \$18,000 of the allowance grows, and only at half of CPI — so the real value of today's number in 10, 20, and 30 years is lower than the headline suggests. That erosion is one of the things the 15-minute call is for.

Why a number isn't a plan. Seeing the stack and the bridge years is the easy part. Deciding how hard to lean on the 457(b) before Social Security, when to claim so the bridge holds, how the Tier 3 offset lands on your record, and how to defend the un-protected slice of your check from inflation — that's planning. Bring this tab to the 15-minute call, along with your tier and your Fund pension estimate, and the conversation has what it needs to start.

DECISION 5

The 9/11 / WTC swing — and the September 11, 2026 Notice of Participation deadline

Read this first. Eligibility here is medical and procedural. No one outside the medical and Fund process — and certainly not this Blueprint or its calculator — can tell you whether you qualify, predict a reclassification, or say you should pursue one. What this section can do is show you the size of what's at stake and the date that governs it.

The problem. This one carries a hard date. If a member's condition is tied to World Trade Center rescue, recovery, or clean-up work and receives a medically approved Accidental Disability reclassification, the pension can move to **75% of Final Average Salary** for Tier 2 and Tier 3 Enhanced members (Tier 3 Original and Revised members receive 50% of FAS, less the Social Security offset) — and in New York, all Police Pension Fund pensions are exempt from NY and NYC

tax (federal treatment of an Accidental Disability pension depends on your retirement date). The monthly swing can be significant. But there's a gate before any of it: the **Notice of Participation** has a filing deadline of **September 11, 2026**, set by Chapter 561 of the Laws of 2022, to preserve eligibility for active and retired members who participated in the WTC operations. Miss that date and the door can close, regardless of the medical facts. Once a Notice is timely filed, there is no later deadline to apply for the reclassification itself — but the Notice has to be in by 9/11/2026.

Open the Pension Estimator tab. Enter your FAS, your tier, your current or projected pension figure, and the VSF, and read your **current annual stack** — pension plus VSF, net of a rough federal estimate, NY/NYC tax-free. The estimator does not model the WTC reclassification itself, so do this alongside it by hand: an approved WTC Accidental Disability pension is **75% of FAS** for Tier 2 and Tier 3 Enhanced members (50% for Tier 3 Original/Revised) — set that against your current stack to see the size of the potential swing. The point isn't to predict whether you qualify — nothing here can do that. The point is to make the stakes concrete, so the September 11, 2026 Notice deadline reads as a real number on the table rather than an abstraction.

Why a number isn't a plan. Eligibility is medical and procedural, not a calculator output — so this is the one above all others where you want a real conversation, well before that September deadline. My own tie to this work is a 9/11 tie, and it's a big part of why so much of my time goes to retired and active NYPD rather than the general public. If the WTC piece might be you, don't sit on it — book the 15 minutes and look at it before the September 11, 2026 Notice of Participation deadline, while there's still time to act.

Also worth knowing — the VSF “banked” benefit, the Roth window, and WEP/GPO repeal. Three facts are worth carrying into the call. First, the VSF has a “banked variable” (VSF DROP) component: an additional lump sum for each year of active service past your 20th anniversary — not payable to those who die in service or retire for disability. Second, the quiet years between the day the paychecks stop and the day Required Minimum Distributions force money out (age 73, or 75 if you were born in 1960 or later) are often the most valuable tax window you'll ever own: you can move pre-tax 457(b) or IRA money into a Roth at a low bracket, filling the bracket without spilling over the 2026 IRMAA Medicare surcharge thresholds (\$109,000 single / \$218,000 married). NY exempts the Police pension entirely, and offers a separate \$20,000 exclusion at 59½+ for *other* retirement income — the calculator's Roth Conversion Window tab maps a single year's headroom. Third, the Social Security Fairness Act (signed January 2025) repealed WEP and GPO — relevant for members with Social Security-covered side work or a spouse's benefit. None of these is a calculator verdict. Each is a year-by-year, record-specific call — exactly what the 15 minutes is for.

NEXT

Read it. Run it. Then let's read it together.

The Blueprint names the five decisions. The calculator shows you *your* numbers — free, no strings, run it as many times as you like. But a number is not a plan. A tier formula, a Death-Gamble break-even, a penalty-free window, a four-part paycheck, a WTC deadline — each only becomes a plan when it's read in the context of everything else you've got going on, and sequenced in the right order. That last step is a short conversation to start.

Bring these three numbers and 15 minutes is plenty:

1. Your **tier and monthly pension estimate** from the Police Pension Fund
2. Your **457(b) / NYCDGP balance**
3. Any **other accounts** — an IRA, a 401(k), a spouse's plan

Step 1 — Run your numbers: the NYPD calculator. When you run it, you'll see a button right under your results to book the same 15 minutes with our CIO, William Harrison.

Step 2 — Or skip straight to the call: book a free 15-min call. Fifteen minutes, your numbers, straight answers — no follow-up unless you ask. If the 9/11 / WTC piece is even a maybe for you, book before the September 11, 2026 Notice of Participation deadline so there's time to act.

Eslyn Hernandez Jr. — Vice President, Head of Marketing, Sirmium Capital. The planning conversation is led by our registered adviser. Ask us about referrals — if this was useful, a friend on the job might want the same look.

SOURCES

Sources & disclaimer

Figures current as of 2026; refresh annually. Primary sources: NYC Police Pension Fund (NYCPPF) Tier 2 and Tier 3 Summary Plan Descriptions, dated October 2024 (Service Retirement formulas — Tier 2 50% of FAS at 20 years plus 1/60 beyond; Tier 3 2.1% per year capped at 50%, unreduced 50% at 22 years; FAS definitions and anti-spiking caps; the "Death Gamble" benefit for over-20 members; the Variable Supplements Fund at \$12,000/yr for 20-plus-year service retirees, fixed since 2011, with the COLA offset until age 62; the pension COLA at 50% of CPI, 1% floor / 3% cap, on the first \$18,000 of the allowance; and the WTC Notice of Participation filing deadline of September 11, 2026 and the Accidental Disability rate of 75% of FAS for Tier 2 and Tier 3 Enhanced members, 50% for Tier 3 Original/Revised); NYC Administrative Code §13-269 (Police Officers' Variable Supplements Fund); NY Retirement and Social Security Law §511 (the Tier 3 Social Security offset of 50% of the primary benefit at age 62), with repeal bill S7975 pending and *not law*; Chapter 561 of the Laws of 2022 (WTC Notice deadline) and the NYS Office of the State Comptroller WTC Presumption FAQ; NYC Office of Payroll Administration and SSA (NYPD members are FICA-covered under NY's Section 218 agreement); IRS — Retirement Topics, Exceptions to Tax on Early Distributions (governmental 457(b) distributions exempt from the 10% additional tax except amounts rolled in from another plan or IRA), RMD age 73 (75 if born 1960 or later, SECURE 2.0), and Rev. Proc. 2025-32 (2026 federal brackets and standard deduction, \$16,100 single / \$32,200 MFJ); CMS (2026 IRMAA tier-1 thresholds, \$109,000 single / \$218,000 MFJ, with a two-year lookback; 2026 standard Part B premium \$202.90/mo, deductible \$283); NY Department of Taxation and Finance (NYC government pensions fully exempt from NY State and NYC tax; separate \$20,000 retirement-income exclusion at 59½+ for non-government income); and the Social Security Fairness Act (signed January 2025, repealing WEP and GPO). The VSF amount used throughout is \$12,000/yr per the October 2024 NYCPPF SPDs; the \$12,324 figure is the FDNY firefighter VSF and does not apply to NYPD. Re-confirm any hard figure or deadline against the issuing agency — above all the NYC Police Pension Fund — before you act.

This is an educational illustration, not advice or a guarantee. Every figure here and in the calculator is hypothetical and general. It is not a recommendation, not a projection of your actual benefits, and not tax or investment advice. Whether you qualify for a WTC Accidental Disability reclassification, or any disability benefit, is a medical and procedural decision made through the Police Pension Fund and the medical board alone — this Blueprint only illustrates the potential value and tax treatment; it never determines or predicts eligibility. Your real numbers depend on your record with the NYC Police Pension Fund, your Deferred Compensation plan, your tax situation, and law that can change. Confirm everything with the Fund, your Deferred Comp plan administrator, and your own CPA or tax adviser before acting. Sirmium Capital, LLC is a New York State-registered investment adviser; registration does not imply a certain level of skill or training. If you become a client and roll 457(b) or other assets to us, Sirmium may earn fees on those assets — weigh the plan's low expense ratios and penalty-free access against an IRA's flexibility before any rollover. Eslyn Hernandez Jr. is Vice President, Head of Marketing — he markets the firm and does not provide investment advice; the planning conversation is led by the firm's registered adviser, CIO William Harrison.