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Is Your Pension Actually Safe?

A Sirmium Research Letter · NYPD and FDNY

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A Sirmium Research Letter for New York's first responders. NYPD and FDNY.

From William Harrison, Founder and Chief Investment Officer, Sirmium Capital

Every budget season the same worry reaches us from officers and firefighters. If the City runs short on money, can it come after my pension? It is a fair question, and it deserves a straight answer instead of a rumor. Here it is.

The protection is written into the State Constitution

Your earned pension is not a policy that can be voted away. Since 1940, the New York State Constitution has treated public pension membership as a contract. Article V, Section 7 says that membership in any pension or retirement system of the State or of a civil division is a contractual relationship, the benefits of which shall not be diminished or impaired.

In plain English, once you are a member of the New York City Police Pension Fund or the New York City Fire Department Pension Fund, the benefit you have earned is a promise the City and the State are constitutionally barred from cutting. This is not a Sirmium opinion. It is the text of the Constitution, and New York's highest court has enforced it, striking down a change to how the State funded a public pension system in McDermott v. Regan.

So when a headline says the City is looking at pensions to save money, that is a fight about funding assumptions and contribution rates. It is not a lever to lower the number on your retirement letter.

> **The one line worth keeping.** New York State Constitution, Article V, Section 7: pension benefits shall not be diminished or impaired. Your earned pension is a contract, not a line item.

Why every change reaches future hires, not you

This is exactly why pension reform in New York always arrives as a new tier. For both the NYPD and the FDNY, the Tier 2 door closed for anyone hired on or after July 1, 2009, and everyone hired after that date came in under Tier 3.

Two recent changes show the pattern from both directions:

- In 2025, Chapter 55 of the Laws of 2025 moved the NYPD Tier 3 normal service retirement from 22 years to 20.
- In December 2025, Chapter 692 of the Laws of 2025 raised the FDNY Tier 3 service benefit at 20 years to 50 percent of final average salary, the level Tier 2 firefighters already had.

One adjusted a threshold. The other improved a benefit. Neither reached back to reduce what a current member had already earned, because the Constitution does not allow it. The tier and formula you were hired under travel with you. A future law can offer the next class of recruits a different deal. It cannot quietly rewrite yours.

What a budget fight can actually touch

Budget pressure is real, so it is worth being precise about where it lands. The City is required to fund these pensions actuarially, which means an independent actuary calculates what must be contributed each year to keep the promises already made. Debates over discount rates, contribution schedules, and how much the City sets aside are genuine, and they affect the City's budget math. What they do not create is a right to pay a retiree less than the earned benefit.

Future tiers are the other lever. A legislature can decide that people hired years from now get a different formula. That is a policy choice about tomorrow's workforce, not a cut to today's retirees. Everything else in the rumor mill, the notion that a bad budget year lets the City reduce your check, runs into the same constitutional wall.

Your pension, the VSF, and COLA are three separate promises

Keep the pieces distinct, because different rules govern each one.

The core defined-benefit pension is the constitutionally protected contract described above. The Variable Supplements Fund, a fixed 12,000 dollars a year for a member who takes a service retirement with 20 or more years of credited service, is a separate statutory benefit with its own eligibility rules. For firefighters it sits in New York City Administrative Code Section 13-383. Cost-of-living adjustments are a third mechanism again, following their own age and inflation rules.

Most of the confusion around this question comes from blurring these three together. When you see a claim about pensions, ask which of the three it is actually about. Your Fund is the authority on your specific eligibility, and a qualified professional can help you read how the pieces stack. This letter is general information, not legal advice.

What to do instead of worrying

The antidote to a rumor is your own numbers. Confirm which tier you are in, what your service credit is, and what your pension looks like at each candidate retirement date. That turns an abstract fear into a concrete plan you control.

We built free calculators for exactly this, with the 2026 rules built in and no email required to see your result. There is one for the NYPD and one for the FDNY. If you want a second set of eyes, a 15-minute call is a plain conversation about your numbers, with no sales script.

The fear comes back every budget season. The Constitution has not moved in more than eighty years, and neither has the honest answer: know your own number, and you will not be at the mercy of the next headline.

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Sources. New York State Constitution, Article V, Section 7 (pension non-impairment); McDermott v. Regan, 82 N.Y.2d 354 (1993); Chapter 55 of the Laws of 2025 (NYPD Tier 3 normal service retirement at 20 years); Chapter 692 of the Laws of 2025 / S4727 (FDNY Tier 3 service benefit at 20 years); New York City Administrative Code Section 13-383 (Firefighters' Variable Supplements Fund). Rules and figures are subject to change; confirm the specifics with your Fund and a qualified professional.

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