



SAMPLE WAGE CALCULATIONS FROM THE MSPP

A) If total Contributions = \$20,000

(8% total – 4% from the employer and 4% from the member, or \$10,000 each)

Member retires at age 65 with 12 years service with the employer prior to the MSPP.

(i) Past Service

$$26.60 \times 7 = \$186.20$$

(ii) Current and Future Service

$$20,000 \div 100 = 200$$

$$200 \times 1.55 = \underline{\$310.00}$$

\$496.20/month from age 65 payable for life

NOTE: The member paid \$10,000. She gets \$5,954.40 each year for life, with a minimum payment of \$29,772 (\$5,954.40 x 5 years). If she lives for 20 years she will receive \$119,088 from the Plan.

B) Early Retirement at Age 60 (remember the reduction to the lifetime pension is ½ of 1% for each month under 65)

$$\text{Normal pension} = \$496.20$$

Reduction is 6% per year under age 65

$$(6\% \times 5) = 30\% \text{ or } \$496.20 \times 30\% = \$148.86$$

The lifetime pension payment is:

$$\$496.20 - \$148.86 = \$347.34/\text{month or } \$4,168.08/\text{year paid for her lifetime}$$

C) If total contributions = \$30,000

the lifetime pension is

$$\text{past service} = \$186.20$$

$$\text{future service} = \underline{\$465.00}$$

\$651.20/month

D) If total contributions = \$10,000

the lifetime pension is

$$\text{past service} = \$186.20$$

$$\text{future service} = \underline{\$155.00}$$

\$341.20/month