

PENSION & WEALTH DEFENSE GUIDE

What Every NYPD Officer Should Decide Before **Year 22**

The Death Gamble, Tier 2 vs. Tier 3 math, pension buy-back, 457(b) bridge income, and Social Security delay — the five decisions that define the financial picture after the badge.

50%

Tier 2 pension at 20 yrs

8%

SS delay return per year

\$400K

Typical 457(b) at retirement

42

Avg retirement age (20-yr)

THE DEATH GAMBLE

Stay or Pull the Trigger at Year 20?

At 20–22 years, officers face a real tradeoff: retire and lock in the earned pension, or stay for a higher multiplier and accept line-of-duty risk. Most make this decision emotionally. The right answer requires modeling: additional pension income per year vs. death benefit your family receives vs. probability-weighted expected value. We run this math. Most people haven't.

SOCIAL SECURITY STRATEGY

Delay Is Almost Always Worth It

NYPD officers pay into Social Security — unlike some pension systems. That means a real SS benefit is waiting. Claiming at 62 vs. 70 is an 8% guaranteed return per year on deferred income. If you're retiring at 42 with a full pension, you almost certainly don't need SS at 62. Waiting from 62 to 70 can add \$200,000+ in lifetime income.

PENSION BUY-BACK

Prior Service Credit Can Be Worth Thousands Per Year

If you had prior public service — another city agency, military service, a different municipality — you may be able to purchase that time toward your NYPD pension calculation. The buy-back cost is often significantly less than what the additional pension income is worth in annuity terms. Eligibility windows close. This needs to be evaluated early.

TIER 2 VS. TIER 3

Different Formulas, Different Retirement Dates

Tier 2 (pre-2012) calculates pension using 50% of *final year salary* at 20 years. Tier 3 uses a 3-year final average, which lowers the base if your salary spiked. Additionally, Tier 3 has different vesting and early retirement rules. Know your tier. Know the formula. Know the number before you hand in the shield.

⚠ THE 457(B) MISTAKE — RETIRE AT 42, NEED MONEY BEFORE 59½

The NYC 457(b) allows penalty-free withdrawals before age 59½ upon separation from service. Roll it into an IRA at retirement and you lose that window permanently — paying a 10% penalty on every dollar you withdraw early. If you retire at 42, that's 17 years of locked-up money unless you pay the penalty. Leave it in the 457(b) and spend it down as bridge income first.

FIVE THINGS TO RUN BEFORE YOU RETIRE

- ✓ Know your tier — verify whether Tier 2 or Tier 3 applies and what your final average salary calculation looks like
- ✓ Model the Death Gamble with actual numbers — additional pension per year vs. death benefit vs. personal risk assessment
- ✓ Check buy-back eligibility for prior military or public service before the window closes
- ✓ Build a 457(b) bridge income plan before deciding whether to roll it to an IRA
- ✓ Plan Social Security claiming strategy — delay from 62 to 70 if your pension covers early retirement income

Free 15-Minute Call — No Pitch. Just Answers.

Death Gamble modeling, 457(b) bridge planning, buy-back eligibility, SS claiming strategy — your specific situation.

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