§ 510. Escalation of benefits. a. Service retirement, disability and survivor benefits shall be subject to annual escalation as provided in this section.

b. The term "full escalation date" shall mean:

1. The first day of the month following the date on which a member attains age sixty-five, with respect to service retirement benefits for general members and their beneficiaries.

2. The first day of the month following the date on which a member completes or would have completed twenty-five years of credited service, with respect to service retirement benefits for police/fire members and their beneficiaries, New York city uniformed correction/sanitation revised plan members and their beneficiaries or investigator revised plan members and their beneficiaries, except for uniformed members of the New York city fire department pension fund and their beneficiaries.

2-a. The first day of the month following the date on which a member completes or would have completed twenty-three years of credited service, with respect to service retirement benefits for uniformed members of the New York city fire department pension fund.

3. The first day of the month following the date on which a disability retiree first becomes eligible for a disability benefit, with respect to members eligible for ordinary or accidental disability benefits and their beneficiaries.

4. The first day of the month following the date on which a beneficiary first eligible for a death benefit becomes eligible for such benefit, with respect to ordinary and accidental death benefits which are paid other than as a lump sum.

c. If the payment of benefits commences on the full escalation date, the benefit shall be increased annually at an escalation rate equal to the lesser of three percent or the increase in the cost-of-living index as provided in subdivision d hereof. In the event of a decrease in the

cost-of-living index, the annual benefit shall be decreased by the lesser of three percent or the amount of the decrease in the cost-of-living index, as provided in subdivision d, provided that the benefit, in any event, shall not be reduced below the benefit payable at the initial commencement date. For each month that the benefit commencement date precedes the full escalation date, the escalation rate shall be reduced by one thirty-sixth, and there shall be no escalation where benefits commence more than three years prior to the full escalation date.

d. Cost-of-living index changes shall be computed on a cumulative basis so that any increases or decreases not reflected in an adjustment to the benefit level shall be carried forward and applied in subsequent years. Benefits shall be escalated commencing with the payment due for the month of April, based on the cost-of-living index as of December thirty-first of the preceding year. If the initial benefit commencement date is May first or later, the initial escalation adjustment for the following April shall be reduced by one-twelfth for benefits commencing on May first, plus a further reduction of one-twelfth for each month the initial benefit commences thereafter.

e. If a member elects to defer the service retirement benefit, after separation from service, for the purpose of becoming eligible for annual escalation, the benefit so deferred shall be escalated at the full escalation rate until the deferred payment date, and thereafter shall be subject to annual escalation as provided in this section.

f. Notwithstanding any other provision of this article, the escalation of any service retirement, disability or death benefit payable in the form of a pension with respect to an elective member shall not result in any increase in the initial benefit payable until such elective member completes or would have completed (had such member continued in service) ten years of creditable service after the date of election of coverage under this article.

g. Notwithstanding any other provision of this article, the annual escalation provided in this section shall not apply to the performance

of duty disability retirement provided for in section five hundred seven-b of this article.

h. Notwithstanding any other provision of this article, the annual escalation provided in this section shall not apply to the performance of duty disability retirement provided for in section five hundred seven-c of this article.

i. Notwithstanding any other provision of this article, the annual escalation provided in this section shall not apply to the ordinary disability benefit for New York city enhanced plan members provided for in subdivision c-1 of section five hundred six of this article or the accidental disability benefit for New York city enhanced plan members provided for in paragraph three of subdivision c of section five hundred seven of this article. Such members who receive such ordinary disability benefit or accidental disability benefit shall have a cost-of-living adjustment for such benefit, which shall be computed in the same manner as provided for by section 13-696 of the administrative code of the city of New York.