



Blount County Government

Human Resources Department

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To: Blount County Sheriff's Office Employees

Blount County Commissioners

From: Betsy Cunningham

CC: James Berrong	Ron Dunn	Jeff French
Jerry Cunningham	Dave Bennett	Donna Wheeler
Jodie King	Ginger Whitehead	

Date: February 11, 2008

Re: TCRS Benefits-Public Safety Officer

Many of you are aware of the benefit improvement package enacted for Public Safety Officers effective July 1, 2007. This is an enhanced benefit for POST Certified Law Enforcement personnel and is an optional benefit for local governments. Sheriff James Berrong supports the package and has requested the additional funding for the upcoming budget year.

Since this is such a new benefit there have been several questions surrounding this enhancement from employees and commissioners, who will ultimately be voting on the package. Therefore, the Sheriff asked me to arrange a meeting with a representative from TCRS to discuss in detail this package and answer specific questions. This meeting will be conducted on Friday, February 22, 2008 at 3:00 p.m. at the Sheriff's Office, third floor training room. We have also invited representatives from the other local law enforcement agencies to attend if interested.

I have enclosed a copy of the information regarding the benefit improvement package for your review prior to the meeting. Feel free to contact me directly at 273-5781 if you have questions. Otherwise, we hope to see you on the 22nd where you can learn more about the proposed benefits.



Memorandum

To: Local Governments Participating in TCRS
From: Jill Bachus, Director
Date: December 11, 2007
Subject: TCRS Benefits - Public Safety Officer

As you may be aware the Tennessee General Assembly enacted a benefit improvement package for Public Safety Officers. The legislation (Public Chapter 488, Acts of 2007) was enacted for state public safety officers effective July 1, 2007 and is an optional benefit for local governments.

The benefit improvement package has three main parts. The provisions must be accepted as a package in order for the benefits to take effect.

- Age 60 mandatory retirement for all public safety officers. Only those whose duties are more than 50% administrative may continue past 60 until age 62.
- Allow unreduced retirement benefits upon attainment of age 55 with 25 years of public safety officer service.
- Allow the bridge benefit to begin at age 55 and continue to age 62. The bridge benefit provides a supplemental payment from age 55 until the member is eligible for social security benefits at age 62. The service retirement bridge is .75% per year of service up to 22.5% of average final compensation.

TCRS has performed an actuarial valuation to determine the costs associated with adding this benefit for local governments with public safety officers. If your local government wishes to adopt this provision it will increase the employer contribution rate by 3.5% for the public safety officer group. This cost will be applied only to public safety officers and will be in addition to the normal contribution rate. This increase will be effective immediately following the passage of the benefit improvement resolution. Included in the legislation was an option to delay implementation of the age 60 mandatory retirement part until July following the year of passage by the local government to allow affected members age 60 or older time to plan for their retirement. For example, a resolution adopted in March 2008 may provide for delayed enforcement of mandatory retirement until July 2009.

This new provision is optional to local governments. Unless the local government agrees to accept the liability and cost associated with this provision, employees are not subject to mandatory retirement provisions nor are they entitled to the expanded benefits or bridge benefits. I have attached a sample resolution as well as a document with frequently asked questions regarding the benefit improvement. If you have any further questions, please contact the TCRS Field Services division at (615) 741-1971.

**PUBLIC SAFETY BENEFIT IMPROVEMENT
FREQUENTLY ASKED QUESTIONS
POLITICAL SUBDIVISIONS**

1. *In summary, what is the impact of the new public safety legislation?* The recently passed legislation reduces the requirement for service retirement (no reductions) to age 55 with 25 years of service. Previously, a public safety officer retiring at age 55 with 25 years of service retired with a reduced benefit. In addition, the bridge benefit can begin as early as age 55. Previously, the bridge benefit began at age 60.
2. *Has mandatory retirement age changed?* Possibly, since some local governments currently enforce an age 65 or age 70 limit. Mandatory retirement will be age 60 while those in management who spend at least 50% of their time on administrative activities may get a waiver from their agency to age 62. Most local governments have not yet adopted mandatory retirement and in order to come under this change they must adopt an age 60 mandatory retirement. Local governments will have the option to delay implementation of mandatory retirement for up to 23 months (July of the year following passage by the local government) to provide for an orderly transition.
3. *Why is a mandatory retirement age needed?* Through their professional organizations, public safety officers have been asserting for years that they need to retire earlier. Employers are generally unable to evaluate individual officers for competency and physical abilities based on the position served. Bona fide occupational qualifications (BFOQ) are generally required as a means for evaluating positions to prevent discrimination issues. After a change in federal law that now permits a mandatory retirement age and exhaustive studies of the issues, the General Assembly elected to set a mandatory retirement age of 60 for state officers. Since officers could be forced to retire before eligibility for Social Security, a supplemental bridge benefit was authorized.
4. *Do local governments have to adopt mandatory retirement in order to provide the new benefits?* Yes. The program is a balance of incentives to retire and mandatory retirement. Further, if the benefits were made available without mandatory retirement then all members would likely argue that they are entitled to the bridge as well.
5. *What is the benefit requirement improvement?* In addition to the previous service retirement requirements of age 60 or any age with 30 years a new condition of age 55 with 25 years is available. This means that the early reduction no longer applies if the 55/25 condition is met.
6. *How was the bridge improved and how is it calculated?* Previously the bridge was only paid at age 60 until age 62. The bridge is now available as early as age 55. It is .75% per year of service up to a maximum of 22.5% of average salary. If someone has 30 years of public safety service and an average salary of \$40,000 the bridge would be: 30 times .0075 times \$40,000 divided by 12, which equals \$750 per month. A bridge for those with less than 30 years would be proportionately lower and could be subject to early reduction.

7. *What if I leave covered employment before age 55? If I choose not to draw until age 55, can I freeze the pension?* The bridge will begin at age 55 and will be paid until age 62. If one terminates before age 55 with 25 but less than 30 years, the benefit and bridge can be drawn at age 55. Care should be taken because medical insurance rules could impact one's decision.
8. *I have service as a police officer with more than one local government that is in TCRS. Do I get the bridge on this service?* If the local government adopts this provision, yes. Information is now available and hopefully most local governments will give it serious consideration.
9. *What will it cost local governments to provide this benefit improvement?* The most estimated cost is 3.5% of public safety officer covered payroll. This is the rate that will be charged, however, it could change as experience is recognized.
10. *What if I retire before the local government acts on this change?* TCRS will make any appropriate adjustment at the effective date of adoption even if a public safety officer is already retired. However, there will be no retroactive benefits.
11. *I have commissioned officer service in a position that was required to be POST certified but it was actually in the State Department of Revenue. Does this time count?* All TCRS service counts toward eligibility to retire, however, service rendered in a position such as revenue agents that are not subject to mandatory retirement do not qualify for bridge treatment.
12. *I will have 25 years of total service including my 5 years of revenue time and 20 years as a police officer at age 55. How will my benefit be calculated?* This will be a split calculation. The 5 years will be a reduced early benefit and the 20 years will be unreduced plus the bridge. For example, if you are age 55, have 20 years as a police officer and 5 years as a revenue agent, you would qualify for retirement; however, your bridge benefit would only be based on 20 years of service. In addition, your retirement benefit based on the 5 years of non-public safety officer experience would be reduced for early retirement.
13. *Why are positions such as revenue agents, correctional officers, arson investigators, military police, campus police, park rangers, EMT, dispatchers, and jailors not covered?* They are not in the retirement law definition of police or firefighters and have never been subject to mandatory retirement. The physical requirements of these positions are different and have not been viewed as ones that should be forced to retire at age 60. Many do not have physical requirements any more strenuous than general employees.
14. *What percent of my average salary is replaced?* It depends on the amount of covered service. For a 30 year employee with all service under the public safety category the replacement from age 55 to 62 should be approximately 72% (49% base plus 22.5% bridge) and once Social Security commences at age 62 approximately 78% will be replaced.

15. *What percent is replaced if I have more or less than 30 years?* Each year over 30 will add about 1.6% to the above replacements. Each year under 30 years will reduce the percent replaced by roughly 2.35% assuming a retirement age of at least 55. Reduced early retirement complicates this even further and TCRS would not recommend early retirement because of the inability to maintain a reasonable living standard later in life.
16. *If I die before age 62 will my beneficiary receive my bridge benefits?* No. The bridge is not part of any survivorship plan that you might select. The bridge is to carry the retired officer to Social Security eligibility.
17. *If I retire on disability from TCRS will I receive the bridge at age 55?* No. The bridge is only paid on service or early benefit payments. Also, disabled retirees usually begin receiving Social Security well before age 62.
18. *Why does the bridge benefit end at age 62 and not at age 65 or 67?* The law provides for the bridge until availability of Social Security benefits. If one is not working at age 62, most retirees choose to begin drawing Social Security. If substantially employed to the point of not being able to draw Social Security at age 62, the bridge benefit is unnecessary. If the bridge end date is not an age certain, then it will become an incentive for one to adversely select against the system by electing to delay drawing Social Security. It is important to note that if the age for early Social Security benefits is raised in the future, then the bridge ending age will automatically rise accordingly.

**Tennessee Consolidated
Retirement System**

A RESOLUTION to establish a mandatory retirement age requirement of age sixty (60) pursuant to Tennessee Code Annotated, Section 8-36-205, to authorize the payment of the supplemental bridge benefit pursuant to Tennessee Code Annotated, Section 8-36-211, and to authorize Group 1 members who have creditable service in a Group 1 position covered by such mandatory age retirement to retire on service retirement benefits upon attainment of age fifty-five (55) with twenty-five (25) years of creditable service pursuant to Tennessee Code Annotated, Section 8-36-201(a)(2).

WHEREAS, Tennessee Code Annotated, Section 8-36-205 provides that any political subdivision participating in the Tennessee Consolidated Retirement System may establish a mandatory retirement age requirement for all its firefighters and police officers, and for all its employees who have been transferred from such a position to a supervisory or administrative position within the political subdivision's police or fire department; provided that:

(A) the mandatory retirement of any such employee does not violate the Age Discrimination in Employment Act. In case of doubt, the respective political subdivision with the Tennessee Consolidated Retirement System shall determine whether the employee is employed in a position requiring the mandatory retirement of such employee under the provisions of Tennessee Code Annotated, Section 8-36-205(a)(2);

(B) the terms and conditions of the requirement shall be the same for all such employees within its employ;

(C) the mandatory age requirement *shall be* sixty (60) years of age;

(D) after the initial transition period as set in this Resolution, each such employee shall be retired on the first day of the month following the month in which the employee attains age sixty (60), or age sixty-two (62) if at least fifty percent (50%) of the position is administrative. The chief of a police department or of a fire department may continue in service beyond the age requirement for receipt of old age and survivors benefits under Title II of the Federal Social Security Act;

(E) Each such employee shall be entitled to the supplemental bridge benefit established pursuant to Tennessee Code Annotated, Section 8-36-211; and

(F) the chief governing body of the political subdivision passes a resolution authorizing the establishment of the mandatory retirement age requirement, and further accepts the liability associated with the granting of the supplemental bridge benefit. All costs associated with providing the supplemental benefit shall be paid by the political subdivision and not by the State; and

WHEREAS, Tennessee Code Annotated, Section 8-36-201(a)(2) further authorizes any political subdivision that establishes a mandatory retirement age requirement of sixty (60) to permit Group 1 members who have creditable service in a Group 1 position covered by such mandatory retirement age requirement to retire on service retirement benefits upon attainment of age fifty-five (55) with twenty-five (25) years of creditable service, provided that the service retirement benefits be based on the years of creditable service rendered and the average final compensation received while the Group 1 member served in a Group 1 position covered by the mandatory retirement provisions. If the member's total years of creditable service is less than thirty (30) or if the attained age is less than sixty (60), all other service shall be calculated under the reduced (early) retirement provisions; and

WHEREAS, the _____ of _____
(Name of Governing Body) (Name of Political Subdivision)

desires to establish a mandatory retirement age requirement of age sixty (60) pursuant to Tennessee Code Annotated, Section 8-36-205, to grant the supplemental bridge benefit pursuant to Tennessee Code Annotated, Section 8-36-211, and to allow Group 1 members who have creditable service in a Group 1 position covered by such mandatory retirement age requirement to retire on service retirement benefits pursuant to Tennessee Code Annotated, Section 8-36-201(a)(2); and

WHEREAS, the Governing Body of the above-named Political Subdivision acknowledges that the costs associated with the granting of the supplemental bridge benefit pursuant to Tennessee Code Annotated, Section 8-36-211 and of service retirement benefits pursuant to Tennessee Code Annotated, Section 8-36-201(a)(2) shall increase its accrued liability rate by 3.5% of the covered payroll of the affected employees; and

WHEREAS, the Governing Body of the above-named Political Subdivision further acknowledges that if an employee reaches the mandatory retirement age of sixty (60), the political subdivision shall determine whether the employee subject to such retirement age requirement serves in a supervisory or administrative position which requires less than fifty percent (50%) of the employee's duties to be involved in day-to-day law enforcement or fire fighting activities. If the Political Subdivision makes any such determination, then the employee may continue in service until the first day of the month following the month in which the employee attains sixty-two (62) years of age; provided such employee completes any form as may be required pursuant to Tennessee Code Annotated, Section 8-36-211 and files the same at the time and in the manner prescribed in Section 8-36-211.

NOW, THEREFORE, BE IT RESOLVED that the Governing Body of the above-named Political Subdivision hereby establishes a mandatory retirement age requirement of sixty (60) pursuant to the provisions of Tennessee Code Annotated, Section 8-36-205.

BE IT FURTHER RESOLVED, that the Governing Body of the above-named Political Subdivision authorizes that the supplemental bridge benefit established pursuant to Tennessee Code Annotated, Section 8-36-211 be paid to each Group 1 member who retires on a service retirement

allowance on or after the attainment of age fifty-five (55) with creditable service in a Group 1 position covered by the mandatory retirement age requirement established pursuant to this resolution and hereby agrees to accept the associated liability. Said payment to be made until the first day of the month following the month in which the member dies, or until the first day of the month following the month in which the member reaches the age requirement for receipt of old age and survivor's benefits under Title II of the Federal Social Security Act.

BE IT FURTHER RESOLVED, that the Governing Body of the above-named Political Subdivision authorizes its Group 1 members who have creditable service in a Group 1 position covered by such mandatory retirement age requirement to retire on service retirement benefits upon attainment of age fifty-five (55) with twenty-five (25) years of creditable service, provided that the service retirement benefits be based on the years of creditable service rendered and the average final compensation received while the Group 1 member served in a Group 1 position covered by the mandatory retirement provisions. If the member's total years of creditable service is less than thirty (30) or if the attained age is less than sixty (60), all other service shall be calculated under the reduced (early) retirement provisions.

BE IT FURTHER RESOLVED, that the effective date of this Resolution shall be on _____ with a transitional deferral date of _____ for the enforcement of the mandatory retirement age requirement (which date cannot be later than the July 1 following twelve (12) months after the effective date of the resolution). Any such deferral period shall not apply to any other provisions of this Resolution, such provisions being effective on the effective date of this Resolution.

STATE OF TENNESSEE

COUNTY OF _____

I, _____, clerk of the _____ of
(Name of Governing Body)

_____, Tennessee do hereby certify that this is a true and
(Name of Political Subdivision)

exact copy of the foregoing resolution that was approved and adopted at a meeting held on the _____ day of, 200_____, the original of which is on file in this office. I further certify that _____ members voted in favor of the resolution and that _____ members were present and voting.

IN WITNESS THEREOF, I have hereunto set my hand, and the seal of the

(Name of Political Subdivision)

As Clerk of the Board, as aforesaid

SEAL