

PUBLIC SAFETY RETIREMENT PLAN STUDY

SENATE BILL 1345 (2004)

**OKLAHOMA PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

December 1, 2004

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I. Introduction

Senate Bill 1345, enacted in 2004, requires the Oklahoma Public Employees Retirement System (OPERS) to conduct a comparative study of public safety retirement plan designs, make recommendations for plan design features for a new system, and analyze the costs of such a new system. OPERS staff collected data on specific design features from 68 public safety retirement plans in 42 states. Based on analysis of the collected data and of the job characteristics of existing OPERS members primarily engaged in public safety services, recommendations were developed for plan design and membership eligibility. Actuarial analysis was performed by the OPERS actuary to estimate the costs of providing retirement, disability, and survivor benefits to existing OPERS members most likely to join the plan and new members appointed to eligible job positions.

The OPERS Board of Trustees believes that no benefit enhancements or plan design changes of any kind should be considered until (1) the funded ratio of OPERS drastically improves, and (2) OPERS begins to collect adequate contributions to fund the current benefit structure. OPERS' funded ratio stands at 76.1% at the end of FY 2004. It is only collecting 59% of required contributions, which is currently the lowest percentage of all of Oklahoma's state retirement systems. Adopting any new benefits or benefit enhancements without adequate funding would be inadvisable and fiscally imprudent until existing benefits are fully funded.

Also, it would be a mistake to make a change in plan design or enact a new plan unless it is part of an overall human resources strategy. It would be inadvisable to enact a plan design primarily intended to enhance the public's safety by the employment of a youthful and vigorous work force unless that is truly a desired strategy. Enacting such a plan just because other public safety employees have a "20 years and out" retirement or because their work may be hazardous is questionable public policy. Those performing hazardous work should be compensated with enhanced pay.

However, if a new public safety retirement plan is enacted, the OPERS Board of Trustees recommends that:

- the scope of coverage be limited to existing OPERS positions for certified peace officers and firefighters in addition to new employees appointed to positions now covered under the existing OPERS hazardous duty plan;
- normal retirement eligibility be set at 25 years of service or age 55;
- the benefit calculation multiplier be set at 2.5%;
- final average salary be defined as the average for the highest 3 out of the last 10 years of service; and,
- the employee contribution rate be set at an increase of 8.6% over current OPERS rates.
- administration of a new or expanded retirement plan for public safety employees should be transferred to the Oklahoma Law Enforcement Retirement System.

II. Purpose of Public Safety Retirement Plans

State and local governments generally reserve "20 and out" early retirement plans almost exclusively for positions related to public safety. Physically demanding positions where the public is protected by having a more youthful and vigorous work force are typically the only positions covered by these plans.

"Hazardous duty" positions are those in which an employee is exposed to hazards, dangers and risks to that person's personal safety. In general, these criteria are used to justify "hazardous duty pay" by which such employees receive a higher salary for the period of time they are assigned to such duties. The fact that an employee is exposed to danger is not generally used to justify a "20 and out" retirement.

However, the "20 and out" norm in public safety retirement plans may need re-thinking. In the last decade, deferred retirement option plans (DROP's) have been instituted in almost every public safety retirement system in the United States. DROP's were designed to encourage this class of workers to work past normal retirement date. According to the most recent actuarial report of the Oklahoma Police Pension and Retirement System, 11.4% of their active members have more than 20 years of service. In addition, their current assumption is that only 39% of their members will retire at 20 years of service. The Oklahoma Law Enforcement Retirement System's report shows 12.2% of active members have more than 20 years of service. That System's current assumption is that a mere 23% will retire with 20 years of service. The Oklahoma Firefighters Pension and Retirement System's report shows that 16.6% of active members have more than 20 years of service. That System's current assumption is that only 31% of its members will retire with 20 years of service.

Since the individuals in this public safety population are apparently able to work longer than 20 years and still perform their duties, the "20 and out" might need to be changed to "25 and out". The OPERS survey of plans around the United States found that "25 and out" public safety plans are as common as "20 and out" plans.

This section of the study relies heavily on the following two sources:
Public Safety Retirement Advisory Commission Final Report, State of Missouri, 1998;
Public Employee Pension Funds - A Twentieth Century Fund Report, by Robert Tilove (Columbia University Press, 1976).

The first source cited above is a report from a comprehensive study of public safety retirements in the State of Missouri done in 1998. The Commission that conducted the study was composed of a broad range of officials with a variety of backgrounds. The second source cited is a book that is one of the most frequently quoted sources of information on public employee pensions. OPERS also looked at a sampling of other states' statutes to see how other states address this issue.

The Missouri study emphasized that retirement plans must be a part of a broad personnel policy. For each change in a retirement plan, there should be some articulated personnel objective that it satisfies. (footnote 1)

It is almost universally accepted that the original "20 and out" retirements for state and local employees were based on the structure of military retirements. (footnotes 1 and 5) Only police officers and firefighters were covered by these original twenty year "early" retirements. (footnote 5). The justification for giving employees in these public safety positions an early "20 and out" retirement, has always been to assure the public that they are being protected on the front lines by a more youthful and vigorous workforce. The Missouri study observed, "[w]ith respect to public safety employees, one policy objective which is frequently pursued is increasing the public's comfort level regarding personal safety by having line employees who are relatively young when compared with the workforce at large." (footnote 1) Robert Tilove compared the purpose of early military pensions with public safety pensions and observed that, "[t]hey resemble the retirement plans for military personnel, intended to keep the public safety force youthful by providing substantial pensions at comparatively early ages." (footnote 5)

The Missouri study identified several criteria to be used in examining specific positions for inclusion in a "20 and out" public safety retirement plan. They included:

- Sworn officers with arrest authority;
- Certification and Peace Officers Standards Training (POST) requirements;
- Mandatory retirement age;
- Required to be proactive in protecting the public;
- Physical fitness requirements.

(footnote 2)

As noted, the hazardous nature of the position was not one of the criteria. The fact that the job is physically demanding is also not a criterion by itself. As Robert Tilove observed:

"There are other jobs that are hazardous and physically demanding, but from which the public safety element is missing. These jobs have not, as a matter of fact, won equivalent treatment. The man who collects garbage is a good illustration. Going out in all kinds of weather and lifting heavy cans and other refuse is not a job to be recommended to someone who is 55. It is arduous and the accident rate is high. The same observation might be made about someone who maintains city sewers. However, with rare exception, these jobs are not given special consideration for retirement. What is missing is the appeal to the public in terms of public safety; physical demand alone has not been a sufficiently persuasive factor." (footnote 6)

The Missouri study also rejected the idea of establishing a general definition for public safety positions and letting the class grow over time. Instead the Commission recommended that the criteria be established at the beginning. After the criteria are established, specific jobs are then identified for coverage under the plan. The Commission also observed that it is simply too costly to a retirement plan to continually fund benefit increases to an open-ended group of public employees. (footnote 4) The clear trend in other states is to specifically list positions that are to be included by statute or even to establish separate plans for specifically identified groups. Examples of this can be found in Arizona, Connecticut, Maine, Minnesota and Iowa. Kentucky was a minority state that has a "generic definition" for hazardous positions. However, even Kentucky singles out positions such as law enforcement, firefighters, emergency medical technicians and correctional employees with "full-time" inmate contact for inclusion in an early retirement plan. (footnote 7)

Conclusions that can be drawn from this research include the following:

- "20 and out" retirements are reserved for public employees employed in positions related to public safety; not hazardous duty per se.
- Early retirement public safety plans are established to help protect the public by assuring a more youthful and vigorous workforce and are generally not established just because employees are exposed to hazards, dangers and other risks. They are also not established simply because the position is physically demanding.
- When public safety retirement plans are established, specific public safety positions must be identified for inclusion. It is not advisable to come up with a "public safety" definition which could be applied to an open-ended class of employees and be too costly to the plan.
- "25 and out" plans for public safety employees are now just as common as "20 and out" plans.

III. Summary of Comparative Study of Plan Designs

A. Overview

OPERS staff surveyed public safety retirement plans and obtained comparative information on 68 plans in 42 states. Most of the information was collected from Internet web sites and some by telephone. The information was collected into a spreadsheet for analysis (see Appendix "A").

B. Membership

A majority of the surveyed plans include police and other types of law enforcement officers. Slightly more than half of the plans include firefighters. About a quarter include correctional officers, jailers, and probation/parole officers, while only a few include any other categories of employees. Membership is mandatory for almost all.

C. Retirement Age and Years of Service

The most common provision for normal retirement age is 50 or 55. The most common provision for normal service is 20 or 25 years. Many plans require that a member meet both an age and a service requirement for normal retirement eligibility. Some plans provide for retirement at any age with a minimum of 20 to 25 years of service. Others have a minimum age requirement of 50 to 55, but require only 10 years or less of service.

The age and service provisions are more varied for early retirement and many plans do not provide for it. For those that do, the middle ground for years of service seems to be about 10, while the most frequent minimum age requirement is 50. One plan permits early retirement at any age if the member has at least 10 years of service.

The age and service provisions for disability retirement are also quite varied. About half the surveyed plans have a minimum service requirement of 5 to 10 years. Most frequently, the disability pension benefit is 100% of the benefit the member would be eligible to receive if qualified for normal retirement as of the date of disability.

D. Benefit Calculation Formulae and Multipliers

The benefit calculation formula used by almost all of the surveyed plans includes years of service multiplied by the final average salary multiplied by a factor or multiplier. The multiplier used in these formulae range from 1.7% to 4%. About half use a single multiplier of between 2.0% and 2.5%. Several use more than one multiplier.

E. Final Average Salary

Well over half of surveyed plans define "final average salary" as the highest average salary over any 3-year period of service. Others define it as the highest average salary for 3 years out of 5 to 20 years. Still others define it as the average salary over the last 3 years. A few define it as the actual salary for the last single year, the average of the highest 5 of the last 10 years, or some other variation.

F. Contribution Rates

Employer contribution rates among surveyed plans range from 3.42% of salary to 46.97%. Several set the employer contribution rate at the actuarial rate necessary to fully fund the plan. Employee contribution rates range from zero to 14.75%. Most are between 3% and 10%, and about half are above 8% and a third below 8%. Contribution rates for public safety retirement plans in Oklahoma are currently fairly low with an 8% employee contribution rate and a 10-13% employer contribution rate. However, all three of Oklahoma's public safety retirement systems are heavily subsidized with other earmarked taxes. The Oklahoma Firefighters System receives about 58% of its funding from earmarked state taxes and not contributions. The Oklahoma Police System receives about 36% and the Oklahoma Law Enforcement System receives more than 61% of its funds from non-contribution sources.

IV. Recommendations

The OPERS Board of Trustees does not recommend the implementation of a new public safety retirement plan or system in Oklahoma. If such a plan is enacted, however, the Board of Trustees makes the following recommendations.

A. Scope of coverage for specific job descriptions

Job positions included in any new public safety plan enacted in Oklahoma should be limited to those positions in state agencies and county governments that require CLEET-certified peace officers with powers of arrest and authority to use deadly force, and paid firefighters whose essential duties are fire suppression, search and rescue, and/or emergency medical service. These are the same types of positions participating in the three existing Oklahoma public safety retirement systems, but they are not included in any of those systems. They are the types for which a "young and vigorous" work force may enhance the public's safety. Individuals in these positions must meet the same physical fitness standards required for membership in OLERS.

The scope of coverage should include deputy sheriffs, but jailers should only be included if they are required to be CLEET-certified peace officers. Municipal police officers should be excluded because their employing municipality could elect to join the Oklahoma Police Pension and Retirement System. It appears that positions in the Oklahoma Department of Agriculture are the only firefighter positions not eligible to join an existing "20 and out" retirement plan.

Under this scope of coverage, approximately 800 county sheriff's deputies would be eligible to join. Additionally, state agencies, boards and commissions employ about 400 certified peace officers that are not eligible to join OLERS. These range from over 100 investigators under the District Attorneys Council to a single investigator for the Veterinary Medical Examiners Board. There are about 100 firefighters in the Agriculture Department. Employees in these positions should have a one-time election to participate in the new public safety plan at inception or remain in the regular OPERS plan.

In addition to the state and county peace officer and Agriculture Department firefighter positions previously identified, the scope of coverage for a new public safety plan should include employees appointed to positions that are currently covered under the OPERS hazardous duty retirement provisions on or after the inception date of the new plan. Specifically, new hires in these correctional officer, probation and parole officer, fugitive apprehension agent, and Military Department firefighter positions should be required to become members of the new public safety plan. Current OPERS members in those positions will remain covered under the existing "20 and out" retirement provisions, but no new members would be added. This will avoid the necessity to continue the long-term administration of separate but similar "20 and out" retirement plans.

B. Employee contribution rate

The employee contribution rate for the new plan should be 8.6% higher than the existing rate for the regular OPERS plan (Footnote 8). For details on the actuarial cost analysis resulting in this recommendation, see Section V. The contribution rates for the new plan should be reviewed and adjusted after one year to ensure full funding based on actuarial analysis.

C. Multiplier

The benefit calculation multiplier should be set at 2.5%. This is consistent with the majority of the surveyed plans in other states and with the existing public safety plans in Oklahoma. Using this multiplier, a member retiring with 25 years of service would receive a pension of 62.5% of final average salary.

D. Final average salary definition

The final average salary for a new public safety plan should be defined as the average of the highest salary for 3 of the member's last 10 years of service. This is similar to the typical definition for the surveyed plans in other states. It is also the same definition used in the regular OPERS retirement plan.

E. Normal and early retirement dates

Members of a new public safety retirement plan should not be eligible for normal retirement before completion of 20 years of service or attaining age 55 (See further recommendation in Section V). This would be very consistent with the typical public safety plans in other states and in Oklahoma. There should be no provision for earlier retirement, consistent with the three existing public safety retirement plans in Oklahoma.

F. Other relevant features

1. *Physical fitness requirements.* A public safety retirement plan should include physical fitness requirements for new members that are similar to those for the Oklahoma Law Enforcement Retirement System (OLERS). This is necessary to ensure achievement of the strategic purpose for a "20 and out" retirement plan; that is, to protect the public by employing a young and vigorous work force in physically-demanding positions that provide public safety services.
2. *Minimum service requirement.* There should be a minimum service requirement of 6 years for retirement at age 55. Six years is the minimum service requirement of the regular OPERS plan for normal retirement at age 62. This requirement permits the system to avoid the disproportionate administrative burden and expense of processing small pensions that would be payable to large numbers of individuals for very few years of service.

3. *Maximum service credit.* The maximum service credit should be set at 30 years, with vesting at 8 years of service. These provisions encourage retention of younger workers and retirement of older workers, consistent with the purpose of public safety retirement systems.
4. *Disability benefits.* Total and permanent disability not in the line of duty after 8 years of service should result in a pension that is 2.5% of final average salary times the actual number of years of service.
5. *Line-of-duty disability benefits.* Total and permanent disability in the line of duty should result in a pension that is 2.5% of final average salary times a minimum of 20 years of service.
6. *Survivor benefits.* The survivor benefit for a normal or total disability retiree should be 100% of the member's pension, payable for life to a surviving spouse or to children under the age of 18 (or age 22 for full time students).
7. *Line-of-duty death benefits.* The line-of-duty death benefit to a surviving spouse or children should be 100% of the pension the member would have been entitled to receive, but no less than a 20-year pension, plus \$400 per month for each child under 18 (22 for students).
8. *Purchase of past service.* For full funding of a new plan, the purchase of past qualifying service should only be permitted if purchased at full actuarial cost. All service not purchased will remain subject to existing OPERS provisions.
9. *Membership limitations.* Membership should only be open to eligible positions of an employer that is not eligible for participation in Oklahoma Police or Firefighters Pension Systems. Municipal governments may join those systems to provide "20 and out" retirement benefits for their public safety employees.

Employees that are eligible to receive a pension under the Oklahoma Police, Firefighters or Law Enforcement Systems or under any other "20 and out" retirement plan or system should be ineligible to join the new plan. Participation in more than one "20 and out" retirement plan is completely contradictory to the purpose and justification for such plans.

Members that have previously had an opportunity to participate in Oklahoma Police, Firefighters or Law Enforcement Systems should be ineligible to join the new plan.

G. Administration of a new or expanded public safety plan

According to its most recent actuarial report dated June 30, 2004, the Oklahoma Law Enforcement Retirement System (OLERS) had 1,129 active members and a total membership including retirees of 2,326. According to OPERS' study and survey, any new or expanded public safety retirement plan will have most of the attributes of the benefits enjoyed by members of OLERS. It is clear from legislation introduced in the last several legislative sessions in Oklahoma, that there is a perceived need by some to extend these same benefits to certain corrections employees and other public employees identified by the Oklahoma Legislature as coming within an acceptable definition of a "public safety" employee. OPERS has no experience administering a benefit plan for public safety employees which may include enhanced disability coverage or DROP options. It seems more logical that an existing state retirement system with experience administering similar benefits for similar public safety employees would be a better choice than OPERS. Any new members in such a retirement plan would not necessarily have to be covered by the current OLERS fund with the current contribution structure. A new fund could be established but administered by OLERS in the same manner that OPERS administers the Uniform Retirement System for Justices and Judges.

V. Actuarial Cost Analysis

The OPERS actuary, Mercer Human Resource Consulting, conducted an actuarial study of the recommended plan described in Section IV for the recommended membership of approximately 1,300 OPERS positions. The population studied included approximately 1,200 OPERS members that occupied state and local government positions as CLEET-certified peace officers in the Hazardous Duty Study conducted by OPERS in 2003. It also included the 92 OPERS members occupying positions as firefighters in the Oklahoma Department of Agriculture at the time of the 2003 study.

Senate Bill 1345 requires that this study "consider that persons in such job positions may have an option to join such new system". Consequently, Mercer was asked to provide actuarial analysis of two different possible scenarios in order to demonstrate the sensitivity of the costs to possible patterns of persons opting to join. In Scenario "A", Mercer assumed that 75% of those over the median age of 43 and 50% of those under that age would join this new system. In Scenario "B", they assumed that 25% of those over the median age and 75% of those under the median age would join. OPERS believes that Scenario "B" is the more probable of these two patterns.

Mercer's actuarial analysis shows that the estimated increase in OPERS' normal cost for the retirement, disability and survivor benefits under this new plan would be \$790,000.00 under Scenario "A" and \$730,000.00 under Scenario "B". Enacting the plan in OPERS would increase accrued liability by \$5.03 million under Scenario "A" and by \$4.29 million under Scenario "B".

If the current employer contribution rate remains the same for the new plan, then an employee contribution rate increase of 8.15% under Scenario "A" and 8.6% under Scenario "B" would be required to fully fund it under existing OPERS actuarial assumptions. These would be in addition to contributions paid under current rates (Footnote 8). Mercer's staff estimated that an employee contribution rate increase of about 9% would be necessary for full funding if only those under the median age elect to join the new plan, although specific calculations for this scenario were not performed.

Mercer's staff also estimated that making the normal retirement eligibility 25 years of service would have only a small effect on the normal costs for the new plan. The required contribution rates would be slightly lower for a "25 and out" plan design, which the survey found to be just as common as "20 and out". Based on those survey results and on the successful experiences of the current Oklahoma public safety retirement systems in having a significant percentage of their membership work longer than 20 years without adverse impact on the delivery of public safety services, OPERS recommends the new plan provide for normal retirement at 25 years of service instead of 20.

VI. Closing Comments

The OPERS Board of Trustees recommends that serious consideration be given to the following concepts as the possible implementation of a new public safety retirement system is debated.

- A. A reasonable and responsible plan for achieving full funding of existing state retirement systems should be developed and implemented before any new plan is implemented or existing benefits are enhanced.
- B. Implementation of a new retirement plan or enhanced benefits for a specific class of members should achieve a legitimate public purpose.
- C. Retirement plans that are designed to ensure a youthful public safety work force may be as obsolete as "males, only" and physical size standards that were once commonly applied for front line police officers and firefighters.
- D. The existing OPERS "20 and out" hazardous duty retirement provisions for correctional officers, probation and parole officers, fugitive apprehension agents, and Military Department firefighters should be closed to new employees unless a clear public purpose can be defined that would be fulfilled by continuing to extend these provisions to new hires.
- E. Administration of a new public safety plan could be more efficiently and effectively performed by the Board and staff of the Oklahoma Law Enforcement Retirement System, even if the new plan is created with a separate and independent fund from the existing OLERS fund. Administration of the new plan by OPERS would likely require additional staff and contractual service expenses.

VII. Footnotes

Footnotes 1 through 4 are from Public Safety Retirement Advisory Commission Final Report, State of Missouri, 1998.

1. Footnote:

“General Retirement Arrangements for Public Safety Employees”

It is common practice to use retirement plans as mechanisms for achieving certain broad personnel policy objectives. With respect to public safety employees, one policy objective which is frequently pursued is increasing the public's comfort level regarding personal safety by having line employees who are relatively young when compared with the workforce at large. The key retirement plan related questions which must be answered involve determining the proper role of retirement arrangements in pursuing this objective and then developing retirement plan structures which are consistent with that role.

The structure of the U.S. military retirement system has served as the basis for much of the retirement plan design in the public safety area at the state and local level. Upon examination, we find that the U.S. military, as an organization, has:

- very few management positions when compared with line positions and thus limited opportunities for employees to move out of line positions;
- a strong need for a relatively young line force; and, therefore,
- a need for personnel arrangements which facilitate moving relatively young employees out of the workforce.

The retirement solution adopted for the U.S. military provides for 20 and out retirement at one-half of base pay and 30 and out retirement at two-thirds of base pay.

At the state and local level, we find a paramilitary structure in most public safety organizations with personnel objectives comparable to those of the U.S. military. Consequently, it is not surprising to see retirement plans designed for state and local organizations which, to some extent, have been developed to pursue personnel objectives parallel to those of the U.S. military. Also, with some frequency, it is argued that the personnel objectives for public safety positions stem from the hazardous nature of the work and the related stress. During the course of its study, the PSRAC examined whether or not these arguments have merit and further evaluated the state's current policy relating to hazardous duty. “

2. Footnote:

Q. *What criteria should be utilized in assessing whether or not a position is considered to be public safety?*

A. Possible criteria for individuals in the field of public safety could include:

- Sworn officers with arrest authority.
- Certification and Peace Officers Standards Training (POST) requirements.
- Mandatory retirement age.
- Required to be proactive in protecting the public.
- Physical fitness requirements.

Q. *What state positions could qualify for inclusion in a public safety classification?*

A. Potential candidates for the public safety designation might include:

- Capitol Police
- Conservation Officers
- Corrections Officers
- Gaming Commission Enforcement Personnel
- Highway Patrol Troopers
- State Fire Marshal (line employees)
- Juvenile Court (line employees)
- Probation and Parole (line employees)
- Liquor Control Officers
- Park Rangers
- Select employees of the Adjutant General
- Water Patrol
- Campus Police/Security
- Criminal Investigators
- Bailiffs

3. Footnote:

Q. *Should hazardous duty be reflected in a salary or retirement benefit differential? What constitutes "hazardous" duty? (Is it defined by carrying a weapon, or by the rate at which duty-related deaths occur in a given position, or by handling forensic clients, or by the number of workers' compensation incidents which occur in a particular position?)*

A. In reviewing the criteria for hazardous duty and stress-related positions, it was discovered that the state has not adopted a clear policy in this regard. Positions vary by having different degrees of hazardous or stress-related duties, even within a job classification. As an example, Department of Mental Health security aides receive hazardous duty pay if they work in a high security forensic unit such as Biggs, however, they may not be eligible while working in another unit at the same facility. Based upon the information presented to the PSRAC, the Department of Conservation is the only state agency which provides any additional compensation to law

enforcement employees for hazardous assignments. The Department of Conservation may, at any given time, have one or two conservation agents working in undercover assignments. These are normally two year assignments and during this time the agents receive a 10% increase in their salary. After the assignment is completed, they continue to receive a 5% increase for the balance of their career.

Statistically, more duty related deaths occur in MoDOT than in any other agency. MoDOT has reported 113 duty related deaths since 1946 (records prior to that date were not available). The highway patrol has reported 18 deaths since 1933. As noted in the benefit comparison which appeared earlier in this report, death in service benefits for state employees (highway and water patrol and general employees) are calculated under the Joint & 100% survivor option, excluding MoDOT employees whose survivors receive 25% of the member's accrued life benefit increased 5/12 of 1% for each month of service in excess of 5 years to a maximum of 50% of the member's base benefit. These survivor benefits, however, are only available to survivors of employees who meet the vesting requirement (which for the highway patrol is 10 years; for MoDOT is 3 years; for MOSERS is 5 years), and who have been married for at least two years at the time of death. The PSRAC reviewed the present death in service benefits offered by HTEHPRS, MoDOT and MOSERS and determined that the existing benefit structures are flawed in that both a service and marriage requirement must be met in order for duty related death benefits to be payable to a surviving spouse.

As it relates to workers compensation claims and long-term disability benefits, the Department of Corrections, Department of Mental Health and the Department of Social Services rank the highest in job related injuries and disabilities of all agencies in the Executive Branch.

Inasmuch as the state has not adopted clear guidelines relating to hazardous pay, the PSRAC recommends that this issue be addressed by the TFTC as part of their policy on pay. "

4. Footnote:

"The PSRAC found that it was not feasible to craft a workable definition of a "public safety" employee, since there are some many classifications of employees that might be included under such a definition, and because the cost to continually fund benefit increases to such an open-ended group would prove too costly. The PSRAC was also concerned that singling out a select group of employees for special benefits without clearly defining the criteria for such treatment would result in equal protection lawsuits being filed against the state by other rank and file employees."

Footnotes 5 and 6 are from Public Employee Pension Funds-A Twentieth Century Fund Report, by Robert Tilove (Columbia Univ. Press 1976)

5. Footnote (p.222):

"Pension plans for policemen and firemen are usually quite different from the pension plans for other public employees--they resemble the retirement plans for military personnel, intended to keep the public safety force youthful by providing substantial pensions at comparatively early ages.

These plans are among the most expensive, sometimes reaching 50 percent of payroll. Serious underfunding is a common phenomenon."

6. Footnote (p. 235):

"That the efficiency of public agencies is involved is significant in another respect. There are other jobs that are hazardous and physically demanding, but from which the public safety element is missing. These jobs have not, as a matter of fact, won equivalent treatment. The man who collects garbage is a good illustration. Going out in all kinds of weather and lifting heavy cans and other refuse is not a job to be recommended to someone who is 55. It is arduous and the accident rate is high. The same observation might be made about someone who maintains city sewers. However, with rare exception, these jobs are not given special consideration for retirement. What is missing is the appeal to the public in terms of public safety; physical demand alone has not been a sufficiently persuasive factor."

7. Footnote (Examples of Statutes from Other States):

Arizona - Eligibility for "hazardous duty" pension is almost exclusively reserved for "certified peace officers" and firefighters. The basic positions are spelled out in statute rather than with a generic definition. (38-843, definition of "eligible groups")

Connecticut - Hazardous duty positions are spelled out. Limited to law enforcement, investigators, correctional guards, firefighters and a few "protective services" positions such as supervising mental health patients.

Kentucky - Has a generic definition for "hazardous positions" which are dangerous and require physical conditioning such as those related to law enforcement, probation/parole officers, firefighters, EMT's, paramedics, DOC employees with full-time inmate contact and alcohol control agents. (Kentucky Revised Statutes 61.592).

Maine - Has specific position lists for "special" retirement plans. Some are 20 & some are 25 & out plans. The "20 & out" include wildlife wardens, correctional officers and state police. The "25 & out" include pilots, liquor agents, forest rangers and fire marshals. (§17851 of the Maine Statutes).

Minnesota - Minnesota essentially has one public employees retirement system with several "plans" under its umbrella. There are separate plans for correctional officers, state police, DOT pilots and fire marshals. They are not all straight-forward "20 & out" plans, but do all permit earlier retirements.

Iowa - They have a plan for "protection occupations." These are peace officers, correctional officers, firefighters, and airport security officers. (Iowa Code 2001: Section 97B.49B).

8. Footnote (Current contribution rates):

Current retirement contribution rates for state agency members are 10% for the employer, 3% for the employee on annual compensation up to \$25,000 and 3.5% for the employee on annual compensation over \$25,000. Current rates for local government members vary, with the employer setting an employer contribution rate between 5% and 10% and an employee contribution rate between 3.5% and 8.5% so that the total contribution rate equals 13.5%.

OPERS PUBLIC SAFETY RETIREMENT PLAN STUDY
Appendix "A"

NAME OF PLAN OR SYSTEM	POLICE	FIRE	EMT	JAILER	P&P	DISP	JOIN	N YEARS	N AGE	E YEARS	E AGE	D YEARS	D %	FORMULA	FACTOR	FAS	ER RATE	EE RATE	OTHER				
Alabama State Police, Firefighters, ABC officers	Yes	Yes					MAN	10	52			10	100	YOSxFASxFactor	2.875	3 of 10	13.87	6 to 10					
Alaska	Yes	Yes					MAN	20	any		50			YOSxFASxFactor	2.0/2.5	3 of all	11.77	7.5	2.0% to 10 yrs; 2.5% for 11+				
Arizona Correctional Officers				Yes	Yes		MAN	20	62					YOSxFASxFactor	2.5	3 of 10	3.95	8.5					
Arizona Public Safety	Yes	Yes					MAN	20	62					80% of FAS	4	3 of 20	3.75	7.65					
California Industrial				Yes	Yes	Yes	MAN	5	55	5	50	5	100	YOSxFASxFactor		2 last 1	16.386	0					
California Peace Officers and Firefighters	Yes	Yes	Yes				MAN	5	50		50	5	100	YOSxFASxFactor		3 last 1	23.41	0					
Colorado FPPA	Yes	Yes	Yes				MAN	25	55	30	50	10		YOSxFASxFactor	2.0/2.5	3 of all	8	8	2.0% to 10 yrs; 2.5% for 11+				
Colorado PERA, State Troopers & Bureau of Investigation	Yes							20	55	20	50			FASxFactor	variable	3 of all	12.85	10	factor determined by age and YOS				
Connecticut Hazardous Duty	Yes	Yes		Yes	Yes		MAN	20	any			5		YOSxFASxFactor	2.5/2.0	3 of all		4	2.5% to 20 yrs; 2.0% for 21+				
Delaware State Police	Yes						MAN	20	any	10	any	5		YOSxFASxFactor	2.5/3.5	3 of all		7	2.5% to 20 yrs; 3.5% for 21+				
Employees Retirement System of Rhode Island - 20 Yr Plan	Yes	Yes					MAN	20	any			5		YOSxFASxFactor	2.5	3 of all		8					
Employees Retirement System of Rhode Island - 25 Yr Plan	Yes	Yes					MAN	10	55	20	50	5		YOSxFASxFactor		2 3 of all		7					
Florida-Special Risk	Yes	Yes		Yes			MAN	25	52	5				YOSxFASxFactor		3 5 of all	18.53	0					
Hawaii	Yes	Yes	Yes				MAN	10	55	25				YOSxFASxFactor	2.5		15.33	0					
Idaho Police and Fire	Yes	Yes	Yes				MAN		60		50	5		YOSxFASxFactor	2.3	3.5 of all	10.01	7.26	Rule of 80				
Illinois	Yes	Yes					MAN	20	60	25-30	55-60	1.5		YOSxFASxFactor	2.5	last 4	16.107	7.5	Rule of 85				
Indiana Excise Police & Conservation Enforcement	Yes						MAN	15	60	15	45	5	20	FASxFactor	variable	5 of 10	17.9	3	33% to 67% of FAS				
Indiana Police and Fire	Yes	Yes					MAN	20	52	20	50			YOSxFASxFactor	2.5	5 of 10	21	6					
Iowa PERS	Yes	Yes	Yes				MAN	22			55			YOS/22xFASx60%		3 of all	8.535	8.535					
Kansas Correctional				Yes			MAN		55	10	50			YOSxFASxFactor	1.75	3 of all	5.74	4					
Kansas Police and Fire	Yes	Yes					MAN	20	55	20	50			YOSxFASxFactor	2.5	3 of 5	11 to 19	7					
Kentucky Hazardous Duty	Yes	Yes						5	55	15	50			YOSxFASxFactor	2.49	3 of all	19.47	8					
Louisiana Correctional, Security, Public Safety				Yes	Yes		MAN	25	any			10	100	YOSxFASxFactor	3.33	3 of all	17.8	7.5					
Louisiana Fire		Yes					MAN	25	any			10	100	YOSxFASxFactor	3.33	3 of all	21	8					
Maine, Age 55 Plan	Yes	Yes		Yes	Yes	Yes	MAN	10	55				59	YOSxFASxFactor	2	3 of all	12.5 to 35.43	8.65					
Maryland Correctional Officers					Yes		MAN	20	55	7	50	5	100	YOSxFAS/55		3 of all	37.73	5					
Maryland Law Enforcement	Yes	Yes					MAN	25	or 50	10		5	100	YOSxFASxFactor		2 3 of all	37.73	4					
Maryland Police and Fire	Yes	Yes					MAN	25	or 62			5	100	YOSxFASxFactor	1.0/1.5	3 of all	37.73	5	1% to SSA limit; 1.5% over				
Maryland State Police	Yes						MAN	22	or 50			5	100	YOSxFASxFactor	2.55	3 of all	37.73	8					
Minnesota Correctional					Yes		MAN		55		50	1	36	YOSxFASxFactor	1.9	5 of all	8.75	5.83					
Minnesota Police & Fire	Yes	Yes					MAN	30	or 55	3	50	1	100	YOSxFASxFactor		3 5 of all	9.3	6.2					
Mississippi Highway Patrol	Yes						MAN	25	any	20	45	5	50	YOSxFASxFactor	2.5	4 of all	28.16	6.5					
Montana Firefighters		Yes					MAN	20	any	5	50			YOSxFASxFactor	2.5	last 3	46.97	10.7					
Montana Game Wardens, Peace Officers	Yes						MAN	20	50	5	55		100	YOSxFASxFactor	2.5	3 of all	9	10.56					
Montana Highway Patrol	Yes						MAN	20	any	5	50		100	YOSxFASxFactor	2.5	3 of all	36.33	9.05					
Montana Police	Yes						MAN	5	50	5			100	YOSxFASxFactor	2.5	3 of all	43.78	9					
Montana Sheriffs	Yes						MAN	20	any	5	50		100	YOSxFASxFactor	2.5	3 of all	9.535	9.245					
Nebraska State Patrol	Yes						MAN	25	50	10		17		YOSxFASxFactor	3	3 of all	11	11					
Nevada Police & Fire	Yes	Yes					OPT	25	any			5	100	YOSxFASxFactor	2.5	3 of all	14.75	14.75					
New Hampshire Retirement System, Group II	Yes	Yes	Yes	Yes	Yes		MAN	20	45			10	100	YOSxFASxFactor	2.5	3 of all	actuarial	9.3					
New Jersey Police and Firemen's Retirement System	Yes	Yes		Yes			MAN	20	55	10	55	4	100	FASx50%		2 last 1	actuarial	8.5					
New Jersey State Police Retirement System	Yes						MAN	20	any	10	55	4	100	FASx50%		2 last 1	actuarial	7.5					
New Mexico Public Employees Retirement System	Yes	Yes					MAN	variable	variable			5		YOSxFASxFactor	2 to 3.5	3 of all	10 to 25.1	7 to 16.3					
New York Employees' Retirement System, Tier 3	Yes			Yes			OPT	25	any		55	10	83.5	YOSxFASxFactor	2	3 of all	actuarial	3 (for 10 yrs)	special plans				
New York Police and Fire Retirement System, Tier 2	Yes	Yes					MAN	20	55		55	10	83.5	YOSxFASxFactor	2	3 of all	actuarial	3 (for 10 yrs)	special plans				
North Carolina Firemen's and Rescue Squad Workers' Pension Fund		Yes						20	55			10	100	\$158 per month			as necessary	\$10/month					
North Carolina Retirement System for Local Law Enforcement Officers	Yes							5	55	15	50	5	100	YOSxFASxFactor	1.85	4 of all	actuarial	6					
North Carolina Retirement System for State Law Enforcement Officers	Yes						MAN	5	55	15	50	5	65	YOSxFASxFactor	1.82	4 of all	3.42	6					
North Dakota Highway Patrol Retirement System	Yes						MAN	10	55	10	50	0.5	70	YOSxFASxFactor	3.6/1.75	3 of 10	16.7	10.3	Rule of 80: 3.6% to 25 yrs; 1.75 for 26+ yrs				
North Dakota National Guard/Law Enforcement Retirement System	Yes	Yes	Yes	Yes	Yes		MAN	3	55	3	50	0.5	25	YOSxFASxFactor		2 3 of 10	8.33	4					
Ohio Highway Patrol Retirement System	Yes						MAN	20	52	15	48		50	YOSxFASxFactor	2.5/2.25/2.0	3 of all	24.5	10	2.5% to 20 yrs; 2.25% for 21-25 yrs; 2% for 26-34 yrs				
Ohio Police & Fire Pension Fund	Yes	Yes					MAN	25	48	15	48	5	60	YOSxFASxFactor	2.5/2.0/1.5	3 of all	19.5 to 24	10	2.5% to 20 yrs; 2% for 21-25 yrs; 1.5% for 26-33 yrs				
Ohio Public Employees Retirement System	Yes						MAN	25	48	15	48	0	60	YOSxFASxFactor	2.5/2.1	3 of all	16.7	9 to 10.1	2.5% to 25 yrs; 2.1% for 26+				
Oklahoma Firefighters Pension & Retirement System		Yes					MAN	20	any			10	100	YOSxFASxFactor	2.5	2.5 of 5	13	8					
Oklahoma Law Enforcement Retirement System	Yes						MAN	20	any			3	100	YOSxFASxFactor	2.5	2.5 of all	10	8					
Oklahoma Police Pension & Retirement System	Yes						MAN	20	any			10	100	YOSxFASxFactor	2.5	2.5 of 5	13	8					
Oregon Public Service Retirement Plan	Yes	Yes		Yes	Yes		MAN	25	53	5	50	10	45	YOSxFASxFactor	1.8	3 of all	as necessary						
Pennsylvania State Employees' Retirement System, Class AA	Yes				Yes		MAN	3	50	5		0		YOSxFASxFactor	2.5	3 of all		6.25					
Pennsylvania State Employees' Retirement System, Class C	Yes						MAN	3	50	5		0		YOSxFASxFactor		2 3 of all		5					
South Carolina Police Officers' Retirement System	Yes	Yes						5	55			5		YOSxFASxFactor	2.14	3 of all		6.5					
South Dakota Retirement System, Class B - Public Safety	Yes	Yes		Yes	Yes		MAN	3	55	3	45	3	50	YOSxFASxFactor		2 1 of 10	8	8	Rule of 75				
Texas Supplemental Program for CPOs and Cos				Yes	Yes			20	50	20				YOSxFASxFactor	2.8	3 of all							
Utah Firefighters' Division A																							