

# City of Columbia Police & Fire

## Deferred Retirement Option Program (DROP)

### FACTS ABOUT THE DROP:

\* The DROP was set up in 2007 to retain institutional knowledge within the Police and Fire Departments as well as assist department administrators with planning for retirements

- The retention of experienced firefighters and police officers is critical to the continued safe operation of these departments

- During the last 5-year period, Police and Fire members have worked an average of nearly 3 years in the program

\* 81 members are eligible to enter the program over the next 5 years

- 44 Firefighters

- 35 Police Officers

\* Firefighters will not receive a Social Security benefit upon their retirement

Firefighters contribute 16.32% of their salary to the plan

\* Police Officers receive a combined benefit upon retirement

Officers contribute 3.5% of their salary to the plan

\* Since inception, **72** employees (34 Police & 38 Firefighters) have contributed to the pension plan a total of **\$1,245,944** in member contributions as part of the DROP

\* When an eligible employee enters the DROP, their pension benefit is frozen regardless if the employee receives raises or promotions during their DROP period.

- The plan continues to receive the member's contribution yet incurs no further liability just as if the employee were retired

\* Upon retirement, the benefit the employee receives from the DROP is their principle plus 2% interest. This is money that stays in the plan while participants continue to contribute and provide service to the citizens of Columbia

## **HIRING/TRAINING COSTS for POLICE & FIRE DEPARTMENTS:**

**Fire** - Total cost of hiring/initial training of a new firefighter -- **\$15,630**

\* 13 weeks of training before service is provided to Columbia citizens

*Source – Columbia Fire Department Administration*

**Police** - Total cost of hiring/initial training of a new police officer -- **\$29,500**

\* 9 months of training before service is provided to Columbia citizens

*Source – Columbia Police Department Training & Recruiting Unit*

## **SURVEY INFORMATION:**

**Fire** – **78%** of those eligible would participate in DROP if it is renewed

**90%** of those eligible would retire if DROP is not renewed

**31** of the **44** eligible are currently in a supervisor, manager, or department head capacity

*Source – Columbia Fire Department internal survey*

**Police** – **67%** of those eligible would participate in DROP if it is renewed

**18** of the **37** eligible are currently in a supervisor or manager capacity

*Source – Columbia Police Department internal survey*

## **EXCERPTS FROM 2016 EXPERIENCE STUDY REVIEW SESSION (November 9, 2016):**

Mita Drazilov (actuary for our plan) stated that “...he wouldn’t suggest the DROP is costing anything but rather it isn’t being utilized by one of the groups.

When asked by City Finance Director Michele Nix if the DROP were eliminated and all eligible firefighters retired would it affect the plan negatively, Drazilov replied “...yes, the benefit of the DROP comes in when membership stays employed beyond the 20 years. Before the DROP was put into place and based upon experience in the past, the Fire retirement rate at 20 years was about 60%, so the DROP has had a positive impact for Fire membership.”