

FISCAL NOTE

Bill #: HB0452

Title: Deferred retirement option plan for municipal police

Primary

Sponsor: James Whitaker

Status: As Introduced

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Expenditures:		
Other (Municipal Police Retirement Trust Fund)	69,867	27,367
Revenues:	0	0
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. This is the only provision being considered. If other provisions are enacted, the cost associated with this provision may be different.
2. The current employee, employer, and state contributions will continue to be paid into the Municipal Police Officers' Retirement Trust Fund and will not be credited to a member's Deferred Retirement Option Plan (DROP) account.

3. For purposes of this fiscal note, no change in the pattern of retirements by age was assumed. Retirement, in this sense, means exit from the workforce, not entry into the DROP. Until reliable experience is available it is not clear that retirement rates would significantly change.
4. Fifty percent of the elections would be for the maximum period, and 50% would be for three years.
5. DROP accounts will be credited with interest at the same rate as the interest that is earned on the entire investment portfolio of the retirement system.
6. If all the above assumptions are met, this proposal will most likely be actuarially cost neutral, however, there will be administrative costs.
7. Administration of the DROP will require enhancements to the mainframe database system and the equivalent of 1.00 FTE, grade 11. The FTE will be needed for accounting, education and benefit counseling.

FISCAL IMPACT:

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
FTE	1.00	1.00

Expenditures:

Personal Services	27,367	27,367
Equipment	<u>42,500</u>	<u>0</u>
TOTAL	\$69,867	\$27,367

Funding:

Other (Municipal Police Retirement Trust Fund)	\$69,867	\$27,367
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Net Impact to Fund Balance (Revenue minus Expenditure):

Other (Municipal Police Retirement Trust Fund)	(\$69,867)	(\$27,367)
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