

LEOPS V STATE RETIREMENT

LEOPS

Retirement Eligibility- 25 years of service full retirement or vested with partial retirement age 50

Example 1: New officer starting at age 21 who works 25 years is eligible for full retirement at age **46**

Example 2: Officer starting at age 30 who works 25 years is eligible for full retirement at age **55**

This option benefits the Town by:

- 10 years less of increased salaries/COLAS
- Earlier transition (10 years) of high-cost senior pay and overtime
- Decreased injury risk and workers compensation claims due to retirement at a younger age

State Retirement

Retirement Eligibility- Rule of 90 full retirement or vested and age 65

Example 1: New officer starting age at 21 who works 35 years would be **56+35** years of service =91

Example 2: Officer starting at age 30 who works 30 years would be **60+30** years of service =90

Current System Rule of 90 Example

| Entry Age | Years of Service | Retirement Eligibility Age |
|-----------|------------------|----------------------------|
| 21 | 35 | 56 |
| 22 | 34 | 56 |
| 23 | 34 | 57 |
| 24 | 33 | 57 |
| 25 | 33 | 58 |
| 26 | 32 | 58 |
| 27 | 32 | 59 |
| 28 | 31 | 59 |
| 29 | 31 | 60 |

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Officer Benefits

LEOPS

Retirement Calculations- 2% per year with a service cap of 32.5 years

Example: 25 years of service at 2% = **50%**

This option benefits the officers by:

- Receiving a higher benefit multiplier
- Larger monthly retirement benefit
- Rewards long term service in law enforcement roles
- Reduces injuries due to 10-year reduction in service

State Retirement

Retirement Calculations- 1.5% per year (1.8% pre 2011) with no service cap

Example 1: 35 years of service at 1.5%= 52.5% for 10 years of additional service

Example 2: Officer starting at age 40 who works 25 years would be age **65**+25 years of service =90 they would receive **37.5%**

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Why LEOPS

Retention

- Retirement plans play a major role on officer's employment decisions
- If current officers leave the Town for a better retirement system the **Town incurs additional costs to hire new officers to include recruiting expenses, training and academy costs, and the cost of equipment and uniforms**
- The current retirement played a role in the recent resignation of two Bladensburg officers

Recruitment

- Improves competitiveness with other county and municipal police agencies
- LEOPS is highly valued by officers statewide and six agencies have currently inquired into joining LEOPS. Greenbelt, Cheverly, Hyattsville and Bowie are among agencies already participating. There are eight counties and 25 municipalities in MD participating.
- Recruitment is very competitive and having LEOPS places Bladensburg in a more desirable position to limited applicants

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Why LEOPS

Higher Retirement Benefit For Officers

- 50% V 37.5%

Lower Years of Service

- 25 years V 35 years (min)

Earlier Retirement Age

- 46 V 56

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Why LEOPS

Law Enforcement v other professions

- There are physical demands, higher stress, and risks associated with policing that are not associated with other professions
- Law enforcement experiences a higher level of health issues due to working rotating shifts and other factors
- The average life expectancy for law enforcement after retirement is five years
- Officers experience wellness and mental health issues due to exposure to violence and traumatic events

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Moving to LEOPS -Benefits to the Town Overview

- Allows for the retention of current officers and the ability to be competitive in recruitment
- Cost Savings on increased salaries and benefits for 10 years less of service
- Cost savings on injuries and workers compensation claims due to 10 years less of service and a younger police force
- Allows officers more opportunity for upward mobility and career advancement due to 10 years less service of senior officers

Contribution Rates

Contribution Rates by Retirement System per Year



Current Pension System has been increasing on average 5% per year
LEOPS has been averaging 3% increase per year

Cost Comparison

Current Pension System

- \$545K with current staffing
- Average \$10.5K per employee

Addition of LEOPS

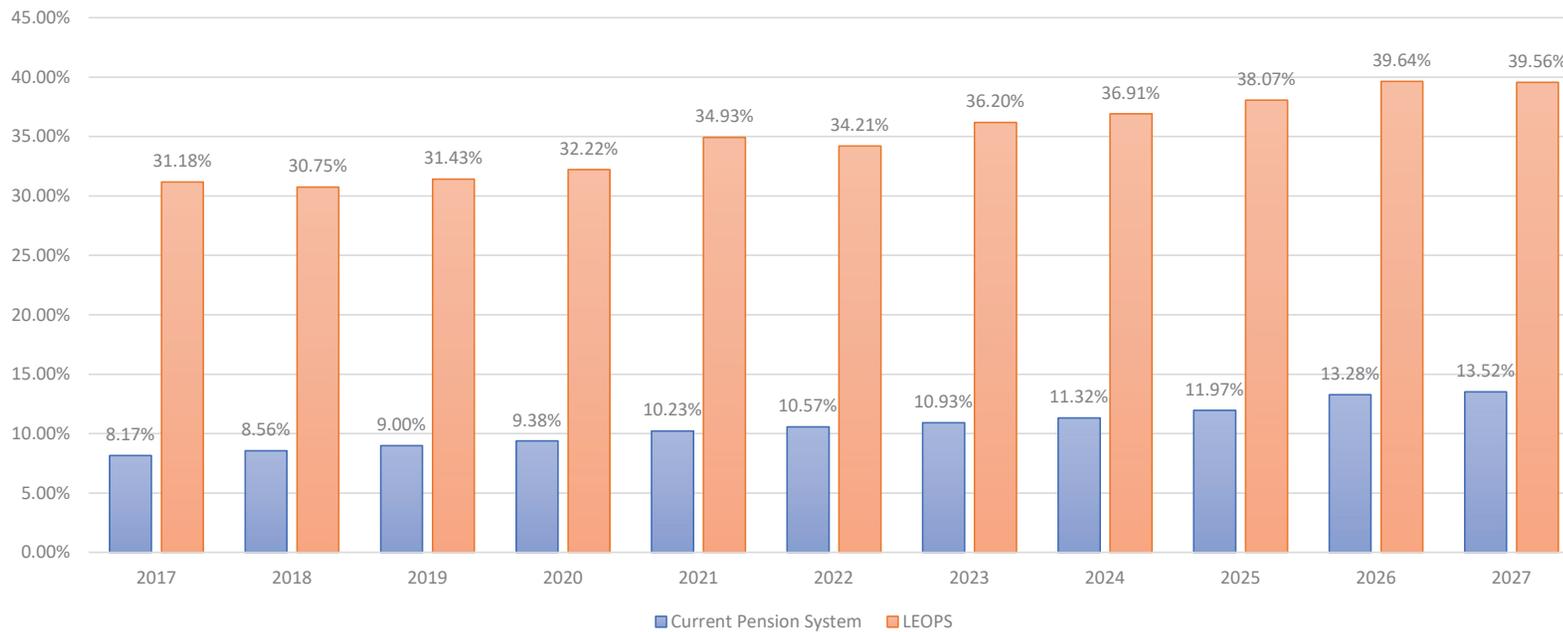
- 945K with current staffing
- This includes an annual (\$186K) credit from the State for converting to LEOPS
- Average \$26K per officer for LEOPS and \$10.5K per employee under current system

\$ Difference / Options

- \$400K increase
- Potential: (\$140K) Social Security savings if can opt out LEOPS employees *currently investigating*
- If allowed, increase would be \$260K over current plan
- Both will increase with staffing vacancies and/or salary improvements

Contribution Rates

Contribution Rates by Retirement System per Year



Current Pension System has been increasing on average 5% per year
LEOPS has been averaging 3% increase per year

Cost Comparison

Current Pension System

- \$563K with current staffing
- Average \$10.5K per employee

Addition of LEOPS

- \$1M with current staffing
- This includes an annual (\$186K) credit from the State for converting to LEOPS
- Average \$26K per officer for LEOPS and \$10.5K per employee under current system

\$ Difference / Options

- \$437K increase
- Potential: (\$147K) Social Security savings if can opt out LEOPS employees *currently investigating*
- If allowed, increase would be reduced to \$290K over current State plan
- Both will increase with staffing vacancies and/or salary improvements