



Municipal Technical Advisory Service
INSTITUTE *for* PUBLIC SERVICE

TCRS Hazardous Duty Supplemental Retirement Benefit

Public Chapter No. 919

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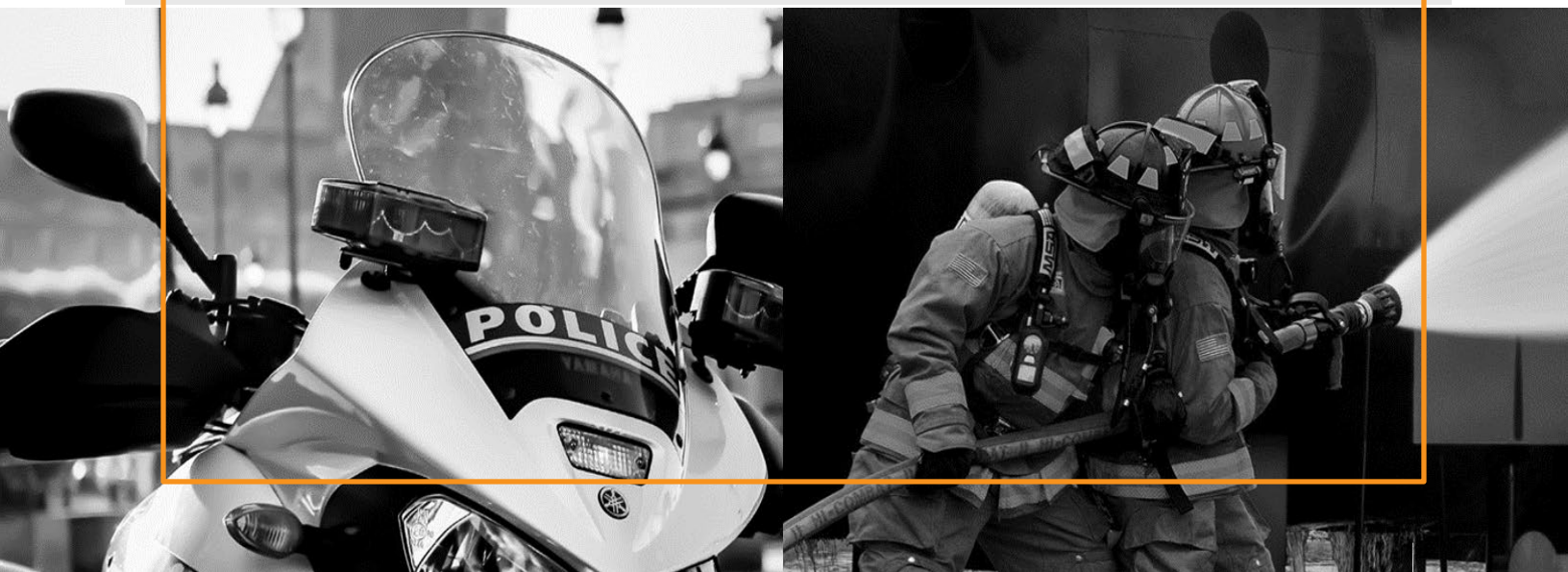


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Introduction

In 2024, the Tennessee General Assembly took a significant step in addressing the unique challenges faced by Tennessee's public safety officers who are part of the Tennessee Consolidated Retirement System (TCRS) by unanimously passing House Bill 2683, now codified as Public Chapter 919. This legislation marks a pivotal moment in the state's approach to the retirement benefits of its law enforcement officers, firefighters, and correctional officers; individuals who dedicate their careers to protecting public safety and maintaining order. Recognizing the inherent risks and responsibilities associated with these roles, the General Assembly introduced the "hazardous duty supplemental benefit," a new optional provision designed to offer enhanced financial security to those who retire after years of service in these demanding and often dangerous public safety positions.



Public Chapter 919 is not just a routine amendment to the retirement system; it represents both a deliberate and thoughtful effort to acknowledge the sacrifices made by public safety officers. By implementing this law, Tennessee joins a growing number of states that are reevaluating the retirement benefits offered to public safety individuals serving in high-risk professions. This enhancement ensures that public safety employees' retirement compensation reflects the hazardous nature of their duties.

Summary

The Act was passed unanimously in the Tennessee State House of Representatives (92-0 vote) and the Tennessee State Senate (31-0 vote). The hazardous duty supplemental benefit introduced by this law provides a financial boost to specific eligible retirees, supplementing their standard retirement budget. These additional retirement funds are calculated based on their years of service and final compensation.

This benefit is particularly significant for public safety officers, whose careers are often marked by physical and psychological demands that can accelerate their departure from active service compared to other public sector employees. By offering this supplemental benefit, the state of Tennessee is taking proactive steps to ensure that these officers can retire with greater financial stability, recognizing the toll that years of hazardous duty can take on their health and well-being.

Public Chapter 919 represents a forward-thinking approach to public safety officer retirement benefits, aligning the state's retirement policies with the realities faced by those who serve in some of the most challenging and vital roles within our communities. Through this legislation, Tennessee not only honors the contributions of its public safety officers but also sets a new standard for retirement benefits that others may look to as a model.

Act Definitions

Many of the Tennessee Code Annotated have unique definitions associated with the specific law. The law defines "public safety officer" to include:

Full-time salaried employees of a political subdivision who is:

- Law Enforcement Officers: Sheriffs, deputies, police officers, chiefs of police, and other officers who work to prevent and solve crimes.
- Correctional Officers: Full-time workers who oversee prisoners.
- Firefighters: Full-time workers responsible for fighting fires and responding to emergencies.

How is the Hazardous Duty Supplement Benefit Calculated

The hazardous duty supplemental benefit under Tennessee's Public Chapter 919 is designed to provide additional financial support to public safety officers upon retirement, reflecting the risks associated with their careers. The calculation of this benefit is intricately linked to the officer's final average salary and the total number of years they have served in a qualifying role. The specifics of the calculation vary depending on the type of retirement and the retirement plan under which the officer is enrolled.

Service Retirement Allowance

For officers who retire under the standard service retirement allowance, the hazardous duty supplemental benefit is calculated by applying a percentage multiplier to their average final compensation. Specifically, the benefit equals 0.375% of the officer's average salary, multiplied by the total years the officer has served in a public safety role. This calculation reflects on the officer's entire career and provides a proportional increase in retirement benefits based on their tenure in hazardous duty positions.

Early Service Retirement Allowance

For officers who opt for early retirement, calculating the hazardous duty supplemental benefit includes a reduction factor to account for the early receipt of retirement benefits. In this situation, the benefit calculated as 0.375% of the officer's average salary is reduced by 0.4% for each month that the officer's retirement date precedes the normal service retirement age. This reduction is designed to balance the financial implications of an extended retirement period, ensuring that the benefit remains actuarially sound while still providing meaningful support to officers who retire early.

Alternate Defined Benefit Plan or Hybrid Plans

Officers enrolled in an alternate defined benefit plans or hybrid retirement plans, such as outlined in Tennessee Code Annotated §§ 8-35-255 and 8-35-256, will have their hazardous duty supplemental benefit calculated differently. The base benefit calculation of 0.375% of the officer's average final compensation multiplied by years of service remains the same. However, this benefit is then adjusted by an actuarially determined factor. The specific adjustment is set by the retirement board. It is designed to associate the supplemental benefit with the unique characteristics and funding mechanisms of these plans, ensuring a measure of fairness and sustainability across the different retirement systems.

The hazardous duty supplemental benefit specified in Public Chapter 919 is designed to recognize both the length of service and the specific retirement conditions of public safety officers. By incorporating these detailed calculations, the law provides a different approach that rewards long-term service while maintaining the financial integrity of the retirement system.

Funding the Hazardous Duty Supplement Benefit

To finance the hazardous duty supplemental benefit introduced by Public Chapter 919, local governments have several options to manage the associated costs. These options provide flexibility in how the increased pension liability is addressed, allowing local governments to choose the method that best suits their financial situation. The three primary funding methods are as follows:

Lump Sum Payment

The local government can opt to cover the entire cost of the supplemental benefit through a one-time, lump sum payment. This approach requires the local government to pay the full amount of the increased pension liability upfront, immediately addressing the financial obligation without the need for future payments. While this option demands significant financial resources at the outset, it eliminates the need for ongoing adjustments to the retirement system and can be advantageous if the government has sufficient funds available.

Employer Contribution Rate Increase

Alternatively, the local government may choose to increase **its** employer contribution rate to the retirement system for the upcoming fiscal year. Under this method, the local government spreads the cost of the supplemental benefit over the course of the next fiscal year (July 1 - June 30). This incremental increase in contributions allows the government to manage the financial impact more gradually, rather than requiring a large immediate outlay. It can be a practical solution for governments that prefer to integrate the cost into their annual budgeting process.

Amortization

The third option allows the local government to amortize the unfunded accrued liability associated with the supplemental benefit over a period of up to ten years. By spreading the payments over a longer timeframe, this method reduces the immediate financial burden, making it easier for local governments to manage their cash flow and budgetary constraints. However, it also means that the government will be making payments over a prolonged period, which could include interest and other carrying costs. This option is particularly useful for local governments that need to balance long-term financial commitments with other fiscal responsibilities.

Each potential funding method provides differing approaches to managing the financial responsibilities associated with the hazardous duty supplemental benefit. The choice of method depends on the local government's financial health, cash reserves, and long-term budgeting strategies. Ultimately, these options are designed to ensure that the supplemental benefits are fully funded while allowing local governments to choose a payment plan that aligns best with their fiscal capabilities.

Eligibility for the Hazardous Duty Supplement Benefit

Public Chapter 919 establishes specific criteria that public safety officers in Tennessee must meet to qualify for the hazardous duty supplemental benefit. This benefit is designed to provide additional financial support to officers who have dedicated a substantial number of years of service in hazardous roles. The eligibility requirements are thorough, ensuring that only those who meet these strict standards are eligible to receive this benefit. The key eligibility criteria are as follows:

Retirement Eligibility

The first requirement is that the officer must be eligible to retire under the rules set by the Tennessee retirement system. This means that the officer must meet all the general conditions for retirement, such as reaching the appropriate age or completing the necessary years of service, as outlined in the state's retirement plan. A public safety officer cannot qualify for the hazardous duty supplemental benefit without meeting these minimum retirement criteria.

Service Duration

The officer must have completed at least 20 years of creditable service, specifically as a public safety officer. This requirement ensures that the benefit is reserved for those who have devoted a significant portion of their careers to roles that involve considerable risk, such as law enforcement, firefighting, or corrections. The 20-year service threshold underscores the intent to reward an officer's long-term commitment to public safety.

Type of Retirement

Officers must retire under standard retirement conditions, meaning they must receive a service retirement allowance or an early service retirement allowance. Disability retirements do not qualify for the hazardous duty supplemental benefit. This distinction is important because the supplemental benefit is intended to reward officers who complete their service careers under normal circumstances rather than those who retire due to injury or illness.

Political Subdivision Eligibility

Should the public entity or political subdivision employer consider offering this TCRS retirement enhancement, it must take formal legislative action to offer supplemental hazardous duty benefits to its eligible officers.

Political Subdivision's Role

The local government entity that employs public safety officers, such as a city or county, plays a vital role in the process. The governing body must pass a resolution to authorize an actuarial study to determine the financial impact of implementing the hazardous duty supplemental benefit. This study is essential to understanding the long-term costs associated with the benefit. In addition, the local government must agree to take on the financial responsibility for these costs, ensuring that the state does not bear the burden.

Funding Requirements

After the benefit is implemented, the local government's retirement system must remain at least 70% funded. This condition is in place to maintain the financial health and long-term sustainability of the retirement system and prevent it from becoming underfunded due to the additional benefit. An important note, the cost of providing the hazardous duty supplemental benefit must be covered entirely by the local government, with no financial assistance from the state. This ensures that the local government is fully accountable for the financial commitments it makes to its officers.

In all cases, these eligibility requirements are in place to ensure that the hazardous duty supplemental benefit is both fair and financially sustainable. They balance the need to reward dedicated public safety officers with the practical considerations of maintaining a healthy retirement system at the local government level.

Additional Provisions of the Act

Public Chapter 919 includes several important provisions that outline how the hazardous duty supplemental benefit is managed and maintained over time. These included provisions ensure that the benefit remains fair, consistent, and aligned with broader retirement policies. Some key additional provisions are as follows:

Cost-of-Living Adjustments (COLA)

Retired officers who qualify for the hazardous duty supplemental benefit are entitled to receive regular adjustments to their benefit to account for inflation. These adjustments are intended to maintain the purchasing power of the benefit over time as the cost-of-living increases. These COLA adjustments are calculated separately from the officer's main retirement allowance. This separation ensures that the supplemental benefit is specifically adjusted for inflation, providing additional financial security for retired officers.

Duration of the Benefit

The hazardous duty supplemental benefit becomes active based on the officer's retirement timeline. Specifically, the benefit starts either on the officer's retirement date or when the officer turns 60 years old, whichever comes later. This timing ensures that officers receive the benefit when they are most likely to need it during retirement. The benefit continues to be paid out until one of two conditions is met: either the officer passes away, or the officer reaches the full retirement age as defined by the Social Security Act. This provision sets clear parameters for the duration of the benefit, ensuring it is provided during the officer's retirement years but not indefinitely.

Non-Retroactivity

The hazardous duty supplemental benefit is designed to apply only to those retiring after the effective date and future retirees who meet the eligibility criteria outlined in the law. This means that officers who retired before the law was enacted or before the benefit was made available are not eligible to receive it for past years. The non-retroactivity clause ensures that the benefit is implemented fairly and consistently when the law takes effect, avoiding the complexities and financial burdens that could arise from retroactively applying the benefit to past retirees.

These additional provisions are crucial in maintaining the integrity and sustainability of the hazardous duty supplemental benefit. They provide clear guidelines on how the benefit is adjusted for inflation, when it begins and ends, and to whom it applies, ensuring that the benefit serves its intended purpose without creating undue financial strain on the retirement system or local governments.

Implementation Date

The provisions of Public Chapter 919 were signed into law on May 3, 2024, and will take effect on January 1, 2025. This effective date is purposely chosen to give local governments plenty of time to prepare for the new retirement benefits. During this period, local governments must assess their current retirement systems, conduct necessary actuarial studies, and make financial adjustments to accommodate the hazardous duty supplemental benefit. This preparation phase is critical to ensuring a smooth transition to the new benefits structure and maintaining local retirement systems' financial health.

Conclusion

Public safety officers provide vital public safety services to the public at large. The job brings many significant inherent hazards that can cause serious physical and emotional injuries, including death. Public Chapter 919 represents a significant improvement in the retirement benefits offered to Tennessee's public safety officers. By introducing and passing the hazardous duty supplemental benefit, legislators acknowledge the inherent risks and challenges faced by law enforcement, firefighting, and corrections officers. This new benefit ensures that those who have dedicated their careers to protecting the public are appropriately compensated in retirement for the hazards they endured during their service. The passage of this bill underscores Tennessee's commitment to honoring and supporting the men and women who serve on the front lines, safeguarding the welfare of its citizens.

Questions or Assistance

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Additional Resources

Tennessee Public Chapter 919

Hyperlink: [Tennessee Public Chapter 919](#)



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