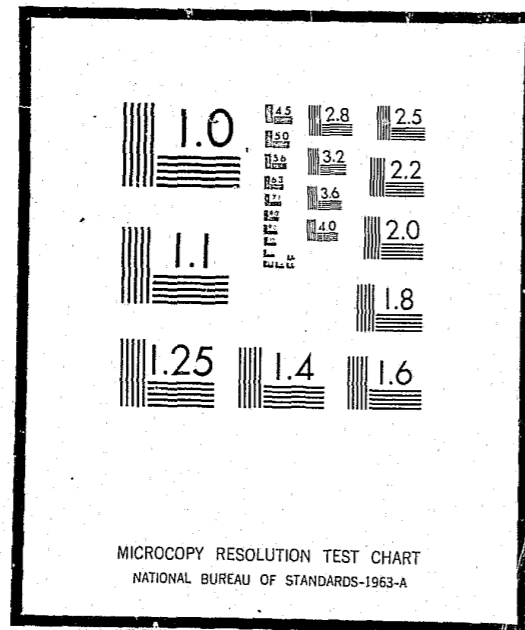


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STATE OF WISCONSIN

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RETIREMENT RESEARCH COMMITTEE

STAFF REPORT NO. 24A -- 1972

NATIONWIDE STUDY OF SELECTED SYSTEMS TO DETERMINE HOW PROTECTIVE OCCUPATION PARTICIPANTS UNDER THE WISCONSIN RETIREMENT FUND COMPARE WITH OTHER SYSTEMS RELATIVE TO SERVICE RETIREMENT BENEFITS

- SECTION I. Purpose of the Study
- SECTION II. Police Retirement Systems. Service retirement benefits provided by systems not covered by Social Security as well as those that are covered.
- SECTION III. Fire Retirement Systems. Service retirement benefits provided by systems not covered by Social Security as well as those that are covered.
- SECTION IV. Relative Position of service retirement benefits received by protective occupation members (police and fire) of the Wisconsin retirement fund as compared with the benefits received by members of the other surveyed systems.

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STATE OF WISCONSINRETIREMENT RESEARCH COMMITTEESTAFF REPORT NO. 24A -- 1972

NATIONWIDE STUDY OF SELECTED SYSTEMS TO DETERMINE HOW
PROTECTIVE OCCUPATION PARTICIPANTS UNDER THE
WISCONSIN RETIREMENT FUND COMPARE WITH
OTHER SYSTEMS RELATIVE TO SERVICE
RETIREMENT BENEFITS

SECTION I. PURPOSE OF THE STUDY

The Retirement Research Committee has been requested to conduct a nationwide study to determine how protective occupation participants under the Wisconsin Retirement fund compare with other systems relative to various benefits and benefit levels. It has been suggested that this study up-date the material developed in 1967 Staff Report No. 15, which dealt with a similar subject.

Rather than preparing a voluminous report on all phases of law enforcement and fire prevention and suppression member retirement systems, it was considered preferable to divide the study into two major categories. The first, 1972 Staff Report No. 24A, will deal exclusively with the service retirement aspects of the above retirement systems. This study will be followed at a later date by Staff Report No. 24B, which will deal with the remainder of

the system's benefits to include; disability, death benefits as well as survivor benefits.

Many police and fire systems may be categorized as a part of a city retirement system, a separate system, or, as part of a state retirement system. The committee staff developed a questionnaire* containing a series of desired facts which was to be mailed to a selected control group. In order to include police and fire departments that provide retirement benefits to their members from the three categories of systems above, it was decided to select the 100 largest cities in the United States, as determined by the 1970 Federal Census, for the control group. A questionnaire was mailed to each of the 100 police and fire departments concerned. As a result of a second mailing and a telephone follow up, complete returns were received from all 200 of the sources.

Section II deals with data as it pertains to membership of police retirement systems. Information is provided on the basis of whether or not the members of a system are covered by the federal Social Security program. Section III contains the same information but restricted to membership of fire systems. Section IV is devoted to the relative position of service retirement benefits received by protective occupation members (fire and police) of the Wisconsin Retirement Fund as compared with the benefits received by members of the other surveyed systems.

*Copy of cover letter and questionnaire in appendix 1 and 2, pages 37 and 38.

Milwaukee's position, based on population, is number 12 amongst the 100 largest cities and Madison holds position number 76.

It should be noted that the retirement formulas utilized in the preparation of Sections II and III provide the maximum benefit the members of the various surveyed systems can receive. It's impossible, from the data gathered, to ascertain whether or not specific survivor annuities are automatically paid after the death of the retired member. In many instances, election of a survivor option by a member of a public agency retirement system will require a substantial reduction of the basic annuity paid to the member.

It is contemplated that the preparation of Staff Report 24B will cover this matter in great detail.

CHART 1.100 LARGEST CITIES IN DESCENDING ORDER BY SIZE

1. New York	51. Wichita
2. Chicago	52. Akron
3. Los Angeles	53. Tucson
4. Philadelphia	54. Jersey City
5. Detroit	55. Sacramento
6. Houston	56. Austin
7. Baltimore	57. Richmond
8. Dallas	58. Albuquerque
9. Washington	59. Dayton
10. Cleveland	60. Charlotte
11. Indianapolis	61. St. Petersburg
12. Milwaukee	62. Corpus Christi
13. San Francisco	63. Des Moines
14. San Diego	64. Grand Rapids
15. San Antonio	65. Syracuse
16. Boston	66. Flint
17. Memphis	67. Mobile
18. St. Louis	68. Shreveport
19. New Orleans	69. Warren
20. Phoenix	70. Providence
21. Columbus, Ohio	71. Fort Wayne
22. Seattle	72. Worcester
23. Jacksonville	73. Salt Lake City
24. Pittsburgh	74. Gary
25. Denver	75. Knoxville
26. Kansas City, Mo.	76. Madison
27. Atlanta, Ga.	77. Virginia Beach
28. Buffalo	78. Spokane
29. Cincinnati	79. Kansas City, Ka.
30. Nashville	80. Anaheim
31. San Jose	81. Fresno
32. Minneapolis	82. Baton Rouge
33. Fort Worth	83. Springfield, Mas.
34. Toledo	84. Hartford
35. Portland	85. Santa Ana
36. Newark	86. Bridgeport
37. Oklahoma City	87. Tacoma
38. Oakland	88. Columbus, Ga.
39. Louisville	89. Jackson
40. Long Beach	90. Lincoln
41. Omaha	91. Lubbock
42. Miami	92. Rockford
43. Tulsa	93. Paterson
44. Honolulu	94. Greensboro
45. El Paso	95. Riverside
46. St. Paul	96. Youngstown
47. Norfolk	97. Fort Lauderdale
48. Birmingham	98. Evansville
49. Rochester, N.Y.	99. Newport News
50. Tampa	100. Yonkers

SECTION II. POLICE RETIREMENT SYSTEMS

The following section includes the tabulation of the findings which has resulted from the completion of the police retirement survey.

Question 1

Is your retirement system:

- (a) part of the State Employee's retirement system?
- (b) part of a city retirement system?
- (c) a separate retirement system?

Findings

Police in 17% of the cities surveyed belong to state employee retirement systems, 36% belong to city retirement systems and the remaining 47% are members of separate systems. The state employee systems to which police belong are operated under state statutes and are centrally administered. Approximately 30% of the separate systems surveyed are regulated by state statutes.

Question 2

What is normal retirement age for your system? (The age at which a member can retire without being subject to an actuarially reduced annuity.)

Findings

Approximately 62% of the systems surveyed have established normal retirement age within the range of age

50 to 55. 25% of the systems do not require the attainment of any age while the remaining 13% have established age requirements from 43 to 49 or from 56 to 65.

Question 3

In the event your system utilizes a so-called normal years-of-service concept, please complete this item.

Findings

As a general rule, policemen must have completed between 20 and 25 years of service in order to be eligible for a full retirement benefit. 65% of the systems have established normal years of service within the above range. 14% of the systems have established normal years of service in excess of 25 years but only two of these have a requirement in excess of 30 years. 21% of the systems do not require completion of any specific number of years.

A person may be eligible to receive retirement benefits with less than the normal required years of service. Generally, after twenty years of service, a policeman may elect to retire with the understanding that he will receive an actuarially reduced benefit. The minimum number of years of service required for eligibility for a service retirement benefit may be quite low. As an example, Wisconsin does not have a minimum years-of-service requirement for a service retirement benefit.

Of those systems in which attainment of a certain age is not essential, all but one demands the completion of either 20 or 25 years of service. In the majority of systems that do not have any service requirement, attainment of age 50, 52 or 55 is necessary. The most frequently required combination of age and service requirement is 50 or 55 with either 20 or 25 years of service.

Question 4

Would you kindly record your system's basic retirement formula.

Findings

A tremendous lack of uniformity exists concerning the systems basic retirement formulas. They vary from a specific percent for each year of service to larger percentages after completing a certain number of years in the system or upon attaining an age in excess of the systems normal retirement age. Naturally, retirement at a younger age or with fewer years of service quite often subjects the member to a reduced benefit. The great majority of systems utilize a formula that generates a benefit of at least 50% of final average salary after completion of 25 years of service. For examples of retirement benefits compared to a policemen's final annual salary both for systems covered and not covered by Social Security, refer to pages 15 and 16.

Question 5

Which of the following factors does your system utilize in determining final average salary for retirement computations?

- (a) Final Salary
- (b) Highest one year
- (c) Highest two years
- (d) Highest three years
- (e) Highest five years
- (f) Lifetime average
- (g) Other

Findings

17% of the systems utilize final salary, 10% use the highest one year and 27% the highest three years. 3% designate the highest four years while 28% use the highest five years. No system uses a lifetime average while fifteen systems indicated that they use some other method of determining final average salary. Amongst these were salary three years prior to retirement, patrolman's pay after ten years, top patrolman's salary of current year, money purchase, patrolman's base pay, final monthly salary, last six-month salary and last thirty-month salary.

Question 6

Is there a maximum limitation on the percentage of final average salary that a member can receive in the form of a retirement annuity?

Findings

62% of the systems surveyed indicated that their systems have established a maximum limitation on the percentage of final average salary that a member can receive in the form of a retirement annuity. The list follows:

<u>No. of Systems</u>	<u>Max. Limitation</u>
1	50% less \$85.00
6	50%
9	60%
3	65%
9	66%
4	66 2/3%
5	70%
4	74%
12	75%
7	80%
1	82%
1	85%

38% of the systems indicated that their systems do not have a maximum limitation established.

Question 7

Does your system have a minimum retirement age?

Findings

68% of the systems indicated that their systems have established a minimum retirement age for receipt of service retirement benefits. The list follows:

<u>No. of Systems</u>	<u>Minimum Age</u>
1	62
2	60
21	55
8	52
29	50
2	46
1	44
1	43
2	41
1	39

32% of the systems indicated that their systems have not established a minimum retirement age.

Question 8

Does your system have a compulsory retirement age?

Findings

83% of the systems indicated that their systems utilize a compulsory retirement age. The information follows:

<u>No. of Systems</u>	<u>Compulsory Retirement Age</u>
7	70
1	68
41	65
1	64
4	63
9	62
19	60
1	55

17% of the systems indicated that they do not have a compulsory retirement age.

Question 9

Does your system require the completion of a minimum number of years of service in order to be eligible for a service retirement annuity?

Findings

88% indicated that their systems require the completion of a minimum number of years of service in order for the member to be eligible for service retirement benefits.

<u>No. of Systems</u>	<u>Min. Yrs. of Service for Retirement</u>
18	25
1	22
1	21
36	20
10	15

12	10
8	5
1	4
1	1

12% of the systems surveyed do not have a minimum service requirement for retirement.

Question 10

What is the required member contribution to the retirement fund?

Findings

74% of the systems indicated a member contribution rate falling between 5% and 8% of salary with the average for this group being 6.25%. 8% of the systems have contribution rates over the above range and 11% of the systems have rates under the range.

Seven systems indicated that they do not require member contributions.

Question 11

Does the employer pay all or part of the member's required contributions to the system?

Findings

The returns indicate that very few employers pay all or part of the member's required contribution.

Approximately three systems indicate a participation in this type of a program. It should, however, be borne in mind that the information obtained in question 10 indicates that 7 systems do not require any member contributions whatsoever.

Question 12

Are your retirement benefits subject to collective bargaining?

Findings

81 systems indicated that their retirement benefits were not subject to collective bargaining, while 19 systems indicated that theirs were.

Question 13

In addition to retirement benefits from your system, are your members also covered by Social Security?

Findings

18 systems provide Social Security coverage for their members.

Comparison of Benefits

The fact that the various retirement systems utilize different final average salaries for retirement computations, plus the great variance between the salaries actually paid policemen, created problems regarding the development of comparative examples. The criteria adopted for the benefit comparison includes age 55 with 25 years of service. In addition, an approximate 5% salary progression rate has been assumed, with the member receiving an annual salary of \$10,000 for the last year prior to retirement. For the purposes of this survey the salary for computation purposes was established as follows:

Annual Salary	5 years prior to retirement	-----	\$8,145
" "	4 " " "	" "	8,574
" "	3 " " "	" "	9,025
" "	2 " " "	" "	9,500
" "	Last " " "	" "	10,000

The next step was to compute the retirement benefit, payable from each of the 100 systems, based on the actual final average salary used by each system (high 5 years, 3 years, 2 years, etc.) and then to compare the resulting annuity as a percent of the annual last year before retirement salary of \$10,000. For examples, refer to Tables 1 and 2, pages 15 and 16. Information on systems without Social Security will be found in Table 1 and information regarding systems with Social Security will be found in Table 2.

TABLE 1

Comparison Table of Systems Without Social Security Coverage

1. #Shreveport	66.7%	27. #San Francisco	52.3%	54. Chicago	46.4%
2. #Washington, D.C.	65. %	28. #Pittsburgh	50.5%	55. #Birmingham	46.4%
3. #Long Beach	64.2%	29. #Memphis	50. %	56. #Detroit	45.2%
4. #Philadelphia	62.5%	30. #Denver	50. %	57. #Baltimore	45.2%
5. San Diego	62.3%	31. San Jose	50. %	58. #Cleveland	45.2%
6. #Miami	60.9%	32. #Minneapolis	50. %	59. #San Antonio	45.2%
7. #Tulsa	60. %	33. #Portland	50. %	60. #Phoenix	45.2%
8. Dallas	60. %	34. Omaha	50. %	61. #Columbus, Oh.	45.2%
9. #Evansville	60. %	35. #El Paso	50. %	62. #Cincinnati	45.2%
10. #Indianapolis	60. %	36. #St. Paul	50. %	63. #Toledo	45.2%
11. #Fort Wayne	60. %	37. #Knoxville	50. %	64. Louisville	45.2%
12. #Gary	60. %	38. #Hartford	50. %	65. Albuquerque	45.2%
13. Honolulu	59.4%	39. #Bridgeport	50. %	66. #Dayton	45.2%
14. Boston	59.4%	40. Lincoln	48.9%	67. *Des Moines	45.2%
15. #Tampa	59.4%	41. Newark	47.5%	68. Grand Rapids	45.2%
16. Baton Rouge	59.4%	42. Wichita	47.5%	69. Flint	45.2%
17. Springfield, Ma.	59.4%	43. Jersey City	47.5%	70. #Warren	45.2%
18. #Jackson, Ms.	58.5%	44. Norfolk	47.5%	71. #Youngstown, Oh.	45.2%
19. #Fresno	58.3%	45. Worcester	47.5%	72. #Akron	45.2%
20. #New Orleans	58. %	46. Kansas City, Ka.	47.5%	73. #Tucson	45.2%
21. #Oklahoma City	57.6%	47. Kansas City, Mo.	47.5%	74. Oakland	45.1%
22. Sacramento	57.1%	48. #Anaheim	47.5%	75. St. Louis	42.4%
23. #Providence	57.1%	49. Santa Ana	47.5%	76. Fort Worth	37.6%
24. #Los Angeles	55. %	50. Paterson, N.J.	47.5%	77. Houston	36.2%
25. #Rockford	55. %	51. *Riverside	47.5%	78. Austin	33.9%
26. #Milwaukee	53.5%	52. #Jacksonville, Fl.	47.5%	79. Greensboro, N.C.	28.3%
		53. Atlanta	47.5%		

Average 50.605%
Median 48.9%

Note

#Indicates police in these cities would receive same benefits at a younger age.
*Indicates police would receive same benefits with less years of service.

Corpus Christi and Lubbock, Texas have a money purchase system.

Comparison Table of Systems With Social Security Coverage

TABLE 2

1. St. Petersburg	57.1%	
2. Mobile	52.5%	
3. #New York	51.7%	
4. #Seattle	50. %	
5. #Tacoma	50. %	
6. #Spokane	50. %	
7. #Buffalo	50. %	
8. #Rochester	50. %	
9. *#Syracuse	50. %	
10. #Yonkers	50. %	
11. Salt Lake City	47.5%	OASDHI is optional. If covered, the benefit is reduced by 50% of OASDHI benefits.
12. Nashville-Davidson	45.2%	Reduced at 65 by amount of primary OASDHI benefit.
13. Newport News	43.6%	Benefit reduced at 65 due to OASDHI benefits to 32.6% of F.A.S.
14. Madison	42.8%	Benefit plus OASDHI benefit must not exceed 80% of F.A.S.
15. Fort Lauderdale	39.8%	Benefit reduced by 50% of OASDHI benefit.
16. Columbus, Ga.	36.2%	Formula coordinated with OASDHI Formula does not cover first \$1,200 of F.A.S.
17. Virginia Beach	33.9%	Benefit reduced by 2% x OASDHI x years (maximum 20)).
18. Charlotte	30.4%	
19. Richmond	26.4%	
**Average	45%	
Median	50%	

Notes

- # Indicates cities in which policemen would receive the same benefit at a younger age.
- * Indicates cities in which policemen would receive same benefits with less years of service.
- ** Indicates prior to OASDHI modifications.

SECTION III. FIREMAN RETIREMENT SYSTEMS

The following section includes the tabulation of the findings which has resulted from the completion of the fireman retirement survey.

Question 1

Is your retirement system:

- (a) part of the State Employee's retirement system?
- (b) part of a city retirement system?
- (c) a separate retirement system?

Findings

Firemen in 13% of the cities surveyed belong to state employee retirement systems, 35% belong to city retirement systems and the remaining 52% are members of separate systems. The state employee systems to which police belong are operated under state statutes and are centrally administered. Approximately 16% of the separate systems surveyed are regulated by state statutes.

Question 2

What is normal retirement age for your system? (The age at which a member can retire without being subject to an actuarially reduced annuity.)

Findings

Approximately 59% of the systems surveyed have established normal retirement age within the range of age 50 to 55. 31% of the systems do not require the attainment of any age while the remaining 10% have established age requirements between age 56 and 65.

Question 3

In the event your system utilizes a so-called normal years-of-service concept, please complete this item.

Findings

As a general rule, firemen must have completed between 20 and 25 years of service in order to be eligible for a full retirement benefit. 70% of the systems have established normal years of service within the above range. 4% of the systems have established normal years of service in excess of 25 years with all 4 requiring 30 years or more. One system requires less than 20 years of service while 25% do not require completion of any specific number of years.

A person may be eligible to receive retirement benefits with less than the normal required years of service. Generally, after twenty years of service, a fireman may elect to retire with the understanding that he will receive an actuarially reduced benefit. The

minimum number of years of service required for eligibility for a service retirement benefit may be quite low. As an example, Wisconsin does not have a minimum years of service requirement for a service retirement benefit. The most frequently required combination of age and service requirement is age 50 or 55 with either 20 or 25 years of service.

Question 4

Would you kindly record your system's basic retirement formula.

Findings

A tremendous lack of uniformity exists concerning the systems basic retirement formulas. They vary from a specific percent for each year of service to larger percentages after completing a certain number of years in the system or upon attaining an age in excess of the systems normal retirement age. Naturally, retirement at a younger age or with fewer years of service quite often subjects the member to a reduced benefit. The great majority of systems utilize a formula that generates a benefit of at least 50% of final average salary after completion of 25 years of service. For examples of retirement benefits compared to a fireman's final annual salary both for systems covered and not covered by Social Security, refer to pages 27 and 28.

Question 5

Which of the following factors does your system utilize in determining final average salary for retirement computations?

- (a) Final Salary
- (b) Highest one year
- (c) Highest two years
- (d) Highest three years
- (e) Highest five years
- (f) Lifetime average
- (g) Other.

Findings

24% of the systems utilize final salary, 6% use the highest one year and 29% the highest or last three years. 3% designate the highest four years while 28% use the highest five years. No system uses a lifetime average though eleven systems indicated that they use some other method of determining final average salary. Amongst the latter group were salary of a 12th-year man, last 30 months, highest or last two years, money purchase, base pay of a fully paid 1st-class firefighter, a privates salary, base pay or last 6 months salary.

Question 6

Is there a maximum limitation on the percentage of final average salary that a member can receive in the form of a retirement annuity?

Findings

65% of the systems surveyed indicated that their systems have established a maximum limitation on the percentage of final average salary that a member can receive in the form of a retirement annuity. The list follows:

<u>No. of Systems</u>	<u>Max. Limitation</u>
1	50% less \$85.00
10	50%
11	60%
4	65%
7	66%
3	66 2/3%
4	70%
1	72%
3	74%
12	75%
8	80%
1	85%

35% of the systems indicated that their systems do not have a maximum limitation established.

Question 7

Does your system have a minimum retirement age?

Findings

70% of the systems indicated that their systems have established a minimum retirement age for receipt of service retirement benefits. The list follows:

<u>No. of Systems</u>	<u>Minimum Age</u>
2	60
22	55
1	53
7	52
1	51
32	50
2	46
3	41

30% of the systems indicated that their systems have not established a minimum retirement age.

Question 8

Does your system have a compulsory retirement age?

Findings

84% of the systems indicated that they have an established compulsory retirement age. The information follows:

<u>No. of Systems</u>	<u>Compulsory Retirement Age</u>
4	70
1	68
44	65
1	64
3	63
11	62
19	60
1	55

16% of the systems indicated that they do not have a compulsory retirement age.

Question 9

Does your system require the completion of a minimum number of years of service in order to be eligible for a service retirement annuity?

Findings

86% indicated that their systems require the completion of a minimum number of years of service in order for the member to be eligible for service retirement benefits.

<u>No. of Systems</u>	<u>Min. Years of Serv. for Retirement</u>
21	25
1	23
2	22

1	21
37	20
10	15
6	10
8	5

14% of the systems surveyed do not have a minimum service requirement for retirement.

Question 10

What is the required member contribution to the retirement fund?

Findings

67% of the systems indicated a member contribution rate falling between 5% and 8% of salary with the average for this group being 6.52%. Approximately 13% of the systems have contribution rates over the above range and 13% of the systems have rates under the range.

Seven systems indicated that they do not require member contributions.

Question 11

Does the employer pay all or part of the member's required contributions to the system?

Findings

The returns indicate that very few employers pay all or part of the member's required contribution.

Approximately three systems indicate a participation in this type of a program. It should, however, be borne in mind that the information obtained in Question 10 indicates that 7 systems do not require any member contributions whatsoever.

Question 12

[Are your retirement benefits subject to collective bargaining?]

Findings

80 systems indicated that their retirement benefits were not subject to collective bargaining, while 20 systems indicated that theirs were.

Question 13

[In addition to retirement benefits from your system, are your members also covered by Social Security?]

Findings

16 systems provide Social Security coverage for their members.

Comparison of Benefits

The fact that the various retirement systems utilize different final average salaries for retirement computations, plus the great variance between the salaries actually paid firemen, created problems regarding the development of comparative examples. The criteria adopted for the benefit comparison includes age 55 with 25 years of service. In addition, an approximate 5% salary progression rate has been assumed, with the member receiving an annual salary of \$10,000 for the last year prior to retirement. For the purposes of this survey, the salary for computation purposes was established as follows:

Annual Salary	5 years prior to retirement	\$ 8,145
" "	4 " " "	8,574
" "	3 " " "	9,025
" "	2 " " "	9,500
" "	Last " " "	10,000

The next step was to compute the retirement benefit, payable from each of the 100 systems, based on the actual final average salary used by each system (high 5 years, 3 years, 2 years, etc.) and then to compare the resulting annuity as a percent of the annual last year before retirement salary of \$10,000. For examples, refer to Tables 3 and 4, pages 27 and 28. Information on systems without Social Security will be found in Table 3 and information regarding systems with Social Security will be found in Table 4.

TABLE 3

Comparison Table of Systems Without Social Security Coverage

1. #Shreveport	66.7%	29. #Memphis	50. %	56. #Salt Lake City	47.5%
2. #Washington, D.C.	65. %	30. #Denver	50. %	57. #Anaheim	47.5%
3. #Philadelphia	62.5%	31. #Minneapolis	50. %	58. Santa Ana	47.5%
4. San Jose	62.5%	32. Portland	50. %	59. #Chicago	46.4%
5. #San Diego	62.3%	33. Omaha	50. %	60. #Birmingham	46.4%
6. #Miami	60.9%	34. #El Paso	50. %	61. #Detroit	45.2%
7. Dallas	60. %	35. #Bridgeport	50. %	62. #Baltimore	45.2%
8. #Indianapolis	60. %	36. #Hartford	50. %	63. #Cleveland	45.2%
9. #Tulsa	60. %	37. #Kansas City, Ka.	50. %	64. #San Antonio	45.2%
10. #Gary	60. %	38. #Tucson	49.8%	65. #Columbus, Oh.	45.2%
11. #Fort Wayne	60. %	39. #Phoenix	49.7%	66. #Warren	45.2%
12. #Evansville	60. %	40. #Louisville	48.9%	67. Grand Rapids	45.2%
13. Boston	59.4%	41. Lincoln	48.9%	68. *Des Moines	45.2%
14. Honolulu	59.4%	42. Norfolk	47.8%	69. #Dayton	45.2%
15. #Baton Rouge	59.4%	43. #Houston	47.5%	70. Albuquerque	45.2%
16. Springfield, Ma.	59.4%	44. #Jacksonville, Fl.	47.5%	71. #Akron	45.2%
17. #Tampa	59.4%	45. *#Pittsburgh	47.5%	72. Youngstown	45.2%
18. #Jackson, Ms.	58.5%	46. #Kansas City, Mo.	47.5%	73. #Cincinnati	45.2%
19. #Fresno	58.3%	47. Worcester	47.5%	74. #Toledo	45.2%
20. #New Orleans	58. %	48. #Flint	47.5%	75. Oakland	45.1%
21. #Oklahoma City	57.6%	49. Jersey City	47.5%	76. St. Paul	44.3%
22. Sacramento	57.1%	50. Wichita	47.5%	77. Austin	40.7%
23. #Providence	57.1%	51. Riverside	47.5%	78. St. Louis	40.7%
24. #Los Angeles	55. %	52. Paterson, N.J.	47.5%	79. Fort Lauderdale	39.8%
25. #San Francisco	55. %	53. Atlanta	47.5%	80. Fort Worth	37.8%
26. #Rockford	55. %	54. Newark	47.5%	81. #Charlotte	34.1%
27. Madison	54.7%	55. #Long Beach	47.5%	82. Lubbock	27.1%
28. #Milwaukee	53.5%			83. Greensboro	18. %

(Early Retirement)

Median 47.8%
Average 50.18%

Notes:

- # Indicates firemen in these cities may retire at a younger age and receive the same benefit.
- * Indicates firemen in these cities may retire with less years of service and receive the same benefit.

Corpus Christi - Money Purchase

1. #St. Petersburg	57.1%	
2. Mobile	52.5%	
3. #New York	51.7%	
4. #Tacoma	50. %	
5. #Spokane	50. %	
6. #Seattle	50. %	
7. #Buffalo	50. %	
8. #Rochester	50. %	
9. *#Syracuse	50. %	
10. #Yonkers	50. %	
11. #Knoxville	50. %	
12. Nashville-Davidson	50. %	
13. Newport News	43.6%	This amount reduced at 65 by amount of OASDHI benefit. Benefit reduced at 65 to 32.6% of F.A.S. due to OASDHI.
14. Columbus, Ga.	34.7%	Benefit reduced by 50% of OASDHI benefit.
15. Virginia Beach	33.9%	Formula is coordinated with OASDHI benefit. Formula does not cover first \$1,200 of F.A.S. Benefit reduced by (2 1/2% x OASDHI benefit x years (max. 20)).
16. Richmond	33.2%	
	Average 46.99%	
	Median 50%	

Notes

- # Indicates firemen in these cities can retire at an earlier age and receive the same benefit.
- * Indicates firemen in this city can retire with less years of service and receive the same benefit.

Comparison Table of Systems With Social Security Coverage

TABLE 4

SECTION IV. RECAPITULATION OF MAJOR FINDINGS REGARDING
SERVICE RETIREMENT DATA OF RETIREMENT
SYSTEMS - POLICE.

Major Findings

1. 62% of the systems surveyed have established age for normal retirement between 50 and 55.

[THE NORMAL AGE FOR RETIREMENT OF
POLICE MEMBERS OF THE WRF IS 55.]

2. 65% of the systems surveyed have established normal years of service between 20 and 25 years.

[THE NORMAL YEARS OF SERVICE FOR
POLICE MEMBERS OF THE WRF IS 25.]

3. The most frequently required combination of age and service is age 50 to 55 with either 20 or 25 years of service.

[WRF UTILIZES AGE 55 WITH 25 YEARS
OF SERVICE.]

4. 58% of the systems surveyed base the final average salary for retirement computations on the highest or last 3 to 5 years.

[POLICE MEMBERS UNDER THE WRF USE
THE HIGHEST 3 YEARS.]

5. The average maximum annuity limitation for the 62 systems utilizing such a limitation is 68.04% of final average salary.

[THE POLICE MEMBERS UNDER THE WRF
ARE BOUND BY AN 80% MAXIMUM LIM-
ITATION INCLUDING PRIMARY SOCIAL
SECURITY BENEFITS.]

6. The average minimum retirement age for the 68 systems which have adopted minimum ages for retirement is 51.51.

[THE POLICE MEMBERS OF THE WRF
HAVE A MINIMUM RETIREMENT AGE
OF 55.]

7. The average compulsory retirement age established by the 83 systems who have adopted this factor is 63.76.

[THE POLICE MEMBERS UNDER THE
WRF ARE NOT BOUND BY A COM-
PULSORY RETIREMENT AGE.]

8. The average minimum years of service required by the 88 systems who have adopted this requirement is 16.34 years.

[THE POLICE MEMBERS OF THE WRF
ARE NOT BOUND BY A MINIMUM
NUMBER OF YEARS OF SERVICE
REQUIREMENT.]

9. The average members contribution rate for 74% of the systems surveyed falls between 5% and 8% of salary. The average for all 93 of the systems requiring a member contribution rate is 6.3% of salary.

[THE PRESENT WRF POLICE MEMBERS
CONTRIBUTION RATE IS 5½% OF ALL
EARNINGS WHICH ARE SUBJECT TO
SOCIAL SECURITY CONTRIBUTIONS,
AND 8% OF ALL EARNINGS WHICH
ARE NOT SUBJECT TO SOCIAL
SECURITY COVERAGE. EFFECTIVE
JANUARY 1, 1974, THE WRF
POLICE CONTRIBUTION RATE WILL
BE 6% OF ALL EARNINGS.]

10. 19 systems indicate that their retirement benefits were subject to collective bargaining.

THE ONLY MUNICIPAL POLICE AND FIRE RETIREMENT BENEFIT SUBJECT TO COLLECTIVE BARGAINING FOR MEMBERS OF THE WRF AT THIS TIME IS WHETHER OR NOT THE PARTICIPATING MUNICIPALITY ELECTS TO PAY PART OR ALL OF THE MEMBER'S REQUIRED CONTRIBUTION TO THE RETIREMENT FUND.

Summary of Retirement Benefit Level
of Policemen From The Surveyed Systems
With 25 Years of Service At Age 55
As a Percent of Final Annual Salary

A. Systems Without Social Security Coverage

The average retirement benefit of policemen with 25 years of service at age 55 in the 79 systems surveyed represents approximately 50.605% of their final annual salary. The median is 48.9%. Two systems were not included because their benefits are based on money purchase.

B. Systems With Social Security Coverage

The average retirement benefit of policemen with 25 years of service at age 55 in the 19 systems providing Social Security coverage represents approximately 45% of their final annual salary. The median is 50%.

PROTECTIVE OCCUPATION PARTICIPANTS OF THE WRF WHO ARE POLICEMEN WILL RECEIVE RETIREMENT BENEFITS BASED ON THE ABOVE CRITERIA WHICH WILL REPRESENT APPROXIMATELY 42.8% OF THEIR FINAL ANNUAL SALARY.

It may be significant to note that 53 of the 100 systems surveyed would provide the same percentage of benefits to their members at an age lower than the normal age 55 used in this report.

RECAPITULATION OF MAJOR FINDINGS REGARDING SERVICE
RETIREMENT DATA OF RETIREMENT SYSTEMS - FIRE.

Major Findings

1. 59% of the systems surveyed have established the age for normal retirement between 50 and 55.

THE NORMAL AGE FOR RETIREMENT
OF FIRE MEMBERS OF THE WRF IS
55.

2. 70% of the systems surveyed have established normal years of service between 20 and 25 years.

THE NORMAL YEARS OF SERVICE
FOR FIRE MEMBERS OF THE WRF
IS 25.

3. The most frequently required combination of age and service is age 50 to 55 with either 20 or 25 years of service.

WRF UTILIZES AGE 55 WITH 25
YEARS OF SERVICE.

4. 60% of the systems surveyed base the final average salary for retirement computations on the highest or last 3 to 5 years.

FIRE MEMBERS UNDER THE WRF
USE THE HIGHEST 3 YEARS.

5. The average maximum annuity limitation for the 65 systems utilizing such a limitation is 66.63% of final average salary.

THE FIRE MEMBERS UNDER THE WRF
ARE BOUND BY AN 80% MAXIMUM
LIMITATION

6. The average minimum retirement age for the 70 systems which have adopted minimum ages for retirement is 51.8.

THE FIRE MEMBERS OF THE WRF
HAVE A MINIMUM RETIREMENT AGE
OF 55.

7. The average compulsory retirement age established by the 84 systems who have adopted this factor is 63.55.

THE FIRE MEMBERS UNDER THE
WRF ARE NOT BOUND BY A
COMPULSORY RETIREMENT AGE.

8. The average minimum years of service required by the 86 systems who have adopted this requirement is 18.64 years.

THE FIRE MEMBERS OF THE WRF
ARE NOT BOUND BY A MINIMUM
NUMBER OF YEARS OF SERVICE
REQUIREMENT.

9. The average members contribution rate for 67% of the systems surveyed falls between 5% and 8% of salary. The average for all 93 of the systems requiring a member contribution rate is 6.48% of salary.

THE PRESENT WRF FIRE MEMBERS
CONTRIBUTION RATE IS 7½% OF
ALL EARNINGS WHICH ARE SUB-
JECT TO SOCIAL SECURITY CONTRI-
BUTIONS, AND 8% OF ALL EARNINGS
WHICH ARE NOT SUBJECT TO SOCIAL
SECURITY COVERAGE. EFFECTIVE
JANUARY 1, 1974, THE WRF FIRE
MEMBERS CONTRIBUTION RATE WILL
BE 8% OF ALL EARNINGS.

10. 20 systems indicate that their retirement benefits were subject to collective bargaining.

THE ONLY MUNICIPAL POLICE AND FIRE RETIREMENT BENEFIT SUBJECT TO COLLECTIVE BARGAINING FOR MEMBERS OF THE WRF AT THIS TIME IS WHETHER OR NOT THE PARTICIPATING MUNICIPALITY ELECTS TO PAY PART OR ALL OF THE MEMBER'S REQUIRED CONTRIBUTION TO THE RETIREMENT FUND.

11. 16 of the 100 retirement systems (fire) surveyed provide Social Security coverage to their members.

THE FIRE MEMBERS OF THE WRF ARE NOT COVERED BY SOCIAL SECURITY.

Summary of Retirement Benefit Level
of Firemen From the Surveyed Systems
With 25 Years of Service At Age 55
As A Percent of Final Annual Salary

A. Systems Without Social Security Coverage

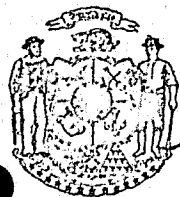
The average retirement benefit of firemen with 25 years of service at age 55 in the 83 systems surveyed represents approximately 50.18% of their final annual salary. The median is 47.8%. One system was not included because their benefits are based on money purchase.

PROTECTIVE OCCUPATION PARTICIPANTS OF THE WRF WHO ARE FIREMEN WILL RECEIVE RETIREMENT BENEFITS BASED ON THE ABOVE CRITERIA WHICH WILL REPRESENT APPROXIMATELY 54.7% OF THEIR FINAL ANNUAL SALARY.

B. Systems With Social Security Coverage

The average retirement benefit of firemen with 25 years of service at age 55 in the 19 systems providing Social Security coverage represents approximately 46.99% of their final annual salary. The median is 50.00%.

It may be significant to note that 62 of the 100 systems surveyed would provide the same percentage of benefits to their members at an age lower than the normal age 55 used in this report.



The State of Wisconsin

RETIREMENT RESEARCH COMMITTEE
STATE CAPITOL - ROOM 107 NORTH
MADISON 53702
TELEPHONE: 266-3019

SENATOR REUBEN LA FAVE
CHAIRMAN
ROBERT P. LOGAN
RESEARCH DIRECTOR

August 2, 1972

Dear

The Retirement Research Committee of the State of Wisconsin has been requested to conduct a survey of the level of retirement benefits provided to policemen and firemen by the 100 largest cities in the United States.

Inasmuch as your city falls within the criteria above, we would appreciate you or your designated representative completing the enclosed form and returning it to us in the stamped, self-addressed envelope we have provided.

If you are interested in the results of the study, please so indicate by marking the appropriate square on the form. Thank you very much for your cooperation.

Sincerely,

Robert P. Logan
Director of Retirement Research

RPL:dv
Enc. 1

SURVEY OF RETIREMENT RESEARCH COMMITTEE STATE OF WISCONSIN

POLICE AND FIRE RETIREMENT BENEFITS THROUGHOUT THE UNITED STATES

1. Is your retirement system:

Check one

- (a) Part of the State Employee's Retirement System?
- (b) Part of a City Retirement System?
- (c) A separate retirement system?

2. What is normal retirement age for your system?
(The age at which a member can retire without being subject to an actuarially reduced annuity.)

Age _____

3. In the event your system utilizes a so-called normal years of service concept, please complete this item.

Normal Years of Service _____

4. Would you kindly record your system's basic retirement formula.

Basic Retirement Formula _____

5. Which of the following factors does your system utilize in determining the final average salary for retirement computations?

Check one

- (a) Final Salary

- (b) Highest one year.
- (c) Highest three years.
- (d) Highest four years.
- (e) Highest five years.
- (f) Lifetime average.
- (g) Other, please list. _____

6. Is there a maximum limitation on the percentage of final average salary that you can receive in the form of a retirement annuity?

Check one

- Yes, the maximum percent is _____.
- No.

7. Does your system have a minimum retirement age?

Check one

- Yes, the minimum age is _____.
- No.

8. Does your system have a compulsory retirement age?

Check one

- Yes, the compulsory age is _____.
- No.

9. Does your system require the completion of a minimum number of years of service in order to be eligible for a service retirement annuity?

Check one

- Yes, the minimum number of years is _____.
- No.

10. What is the required member contribution to the retirement fund? _____

In the event that the rate is based on the age of the member at entry into the system, complete the following:

Age 22	Contribution rate	_____
Age 26	Contribution rate	_____
Age 30	Contribution rate	_____

11. Does the employer pay all or part of the member's required contributions to the system?

Check one

- Yes, the employer pays _____% of the member's contribution.
- No.

12. Are your retirement benefits subject to collective bargaining?

Yes

No

13. In addition to retirement benefits from your system, are your members also covered by Social Security?

Yes

No

We would appreciate receiving a copy of your Informational Handbook for Members, if such is available.

_____ Name of Person Completing Form.

_____ Title of Person Completing Form.

_____ Name of Organization.

_____ Address of Organization.

Check box at left in the event you wish to receive a copy of the completed study.

END