		Trough Toursel	
5	NAME & TITLE	Thomas P. Taneyhill, Executive Director	
9	AGENCY NAME & ADDRESS	Fire and Police Employees' Retirement System 7 E. Redwood Street, 19 <sup>th</sup> floor	
<u>L</u>	SUBJECT	Report to City Council City Council Bill 09-0295 (DROP 2)	

CITY of



TO

DATE:

April 24, 2009

The Honorable President and Members
Of the Baltimore City Council
Attn: Karen Randle, Executive Secretary
Room 409, City Hall
100 Holliday Street
Baltimore, Maryland 21202

Re: City Council Bill 09-0295 (DROP 2)

City Council Bill 09-0295 is an Administration bill that establishes a new Deferred Retirement Option Plan (DROP 2) for members of the Fire and Police Employees' Retirement System (F&P, System) who acquire twenty or more years of service credit on or after July 1, 2009. System members who attain twenty years of service credit as of June 30, 2009, remain eligible for the existing DROP. The Bill further clarifies certain technical provisions and language of the existing non-DROP benefits law and existing DROP law.

At their April 21, 2009 meeting, the F&P Board of Trustees examined City Council Bill 09-0295, the actuary's savings analysis, and the additional information attached to this report. The F&P Board finds Council Bill 09-0295 to be administratively workable.

### Fiscal note

An analysis of City Council Bill 09-0295 was prepared by the System's actuary. It is attached to this report. The System's actuary estimates that DROP 2 could save the City \$4 to \$7 million in annual contributions to the F&P. The estimated savings are dependent upon the retirement behavior of the plan membership. Should the members retire from their respective departments after the acquisition of 27 to 28 years of service on average, the City could realize savings of \$7 million per year. Should the plan members retire after the acquisition of 25 to 26 years of service on average, the City's savings could be \$4 million per year. However, if the majority of plan members retire early, that is, after acquiring 20 years of service or upon attaining the age of 50, then the City may not realize any savings and the plan could cost the City more not less. The behavior of the membership is very difficult to predict and will only become known through actual experience after DROP 2 is established.

City Council Bill 09-0295 F&P – DROP 2 April 24, 2009 Page 2 of 12

The F&P's actuary estimates that the current DROP costs the City \$9 to \$11 million per year.

### Legislative History

The Deferred Retirement Option Plan (DROP) was established July 1, 1996. The purpose of DROP was - and still is - to encourage experienced police and fire officers to remain in the employ of their respective departments.

The existing DROP law contains a unique provision whereby if the costs of DROP were found to exceed the "excess earnings" allocated to pay for DROP (the "DROP Test"), the City Administration could modify or eliminate DROP with respect to members who had not yet attained eligibility to participate in DROP.

DROP was initially funded by an allocation of \$6 million of "excess earnings." The excess earnings were F&P plan assets.

DROP was modified through special City legislation in June 2000. Again, "excess earnings" of the F&P were used to pay for the changes that improved DROP to its present form.

As required by the plan provision, the DROP Test was performed by the System's actuary during fiscal year 2005. The test result revealed that the cost of DROP exceeded the "excess earnings" allocated to pay for DROP. The test result was reviewed by the actuary retained by the members. The members did not object to the test findings. Therefore, the Administration could enact legislation to modify DROP.

City Council Bill 09-0295 (DROP 2) is the result of a collaborative effort between the Administration and the union leadership representing the fire and police members of the plan.

### How DROP works

The essential features of DROP as established in 1996 and later improved in 2000 are:

- 1) DROP is a retirement benefit enhancement.
- 2) DROP is a voluntary benefit program for members who acquire 20 years of system service credit and who are otherwise eligible for service retirement benefits.

For those uniformed employees who became F&P members prior to July 1, 2003, the F&P provides service retirement benefits after the

City Council Bill 09-0295 F&P – DROP 2 April 24, 2009 Page 3 of 12

acquisition of 20 years of service, regardless of age, or after attaining age 50, regardless of years of service.

For those uniformed employees who became F&P members on or after July 1, 2003, the F&P provides service retirement benefits after the acquisition of 20 years of service, regardless of age, of which 10 years must be as a contributing member of the F&P or after attaining age 50 with a minimum of 10 years as a contributing member of the F&P.

- 3) A member must apply to participate in DROP.
- Upon entering DROP, a "savings account" is established for the DROP participant.
- 5) The DROP participation period always starts on the first day of a month. The participation period is a maximum of 36 consecutive months (3 years).
- 6) A maximum annual retirement benefit amount is calculated for the DROP participant as if the member retired on his/her DROP start date. The annual benefit amount is "deposited" each year pro-rata to the member's DROP account for up to a maximum of three years.
- 7) The DROP participant continues to make regular mandatory contributions to the System (6% of regular pay). During the member's DROP participation period, member contributions are "deposited" to the member's DROP account.
- 8) DROP participants can elect to shorten their DROP participation period by applying to discontinue DROP on either the first or second anniversary of their DROP start date rather than staying and accumulating DROP benefits and DROP contributions for three full years.
- 9) F&P service credit is not earned during the member's DROP participation period. The benefit accrual rate is 2% for years of service over 20 years. Therefore, if the member's DROP participation period is three years, the member has three less years of service credit and has "lost" 6% in accrual rate towards his/her retirement benefit calculation.
- 10) The "lost" service credits can be earned back through 4 years of continuous employment as a contributing member of the F&P following the member's DROP participation period.
- 11) After a member completes her/his DROP participation period, the member can:

- a) retire; or
- b) continue employment covered by the F&P and resume earning F&P service credits for additional retirement benefits.
- 12)Interest is credited to the member's DROP account at 8.25% each year until the member terminates from employment (cut-off, dies, etc.) covered by the F&P.
- 13) Upon retirement, the DROP participant can elect to:
  - a) receive the DROP account in a lump sum;
  - b) rollover all or part of the DROP account to an IRA, or other employer plan; or
  - c) annuitize the DROP account and increase the amount of her/his biweekly paid retirement benefit.
- 14) There are three levels of DROP retirement benefits:
  - a) BASIC DROP provides that the member can retire at any time during or at the end of the member's DROP participation period. At retirement the member receives:
    - the retirement benefit calculated at the member's DROP start date, i.e. the retirement benefit is based on the average final compensation and service credit at the member's DROP start date; plus,
    - (ii) the member's DROP account, with 8.25% interest credited to the member's cut-off date, the last day of F&P covered employment.
    - b) INTERMEDIATE DROP provides retirement at any time during the 18 months that follow the member's DROP participation period. At retirement the member receives:
      - (i) the retirement benefit calculated at the member's DROP start date (the BASIC DROP benefit); plus,
      - (ii) a retirement benefit of 2.0% of the member's average final compensation for each year of service credit, prorata for shorter time periods, following the member's DROP participation period; plus,

City Council Bill 09-0295 F&P – DROP 2 April 24, 2009 Page 5 of 12

- (iii) a retirement benefit of 1.5% of the member's average final compensation for each year of service credit, prorata for shorter time periods, following the member's DROP participation period to recover the accrual rates "lost" during the member's DROP participation period, subject to the limitation of the accrual rate actually lost for a member who discontinued his/her DROP participation period; plus,
- (iv) the member's DROP account, with 8.25% interest credited to the member's cut-off date, the last day of F&P covered employment.
- c) FULL DROP provides retirement at any time 18 or more months following the member's DROP participation period. At retirement the member receives:
  - (i) a "refreshed" retirement benefit recalculated and based on current average final compensation and all service credit as of the member's retirement date (service credit is still not earned during the member's DROP participation period); plus,
  - (ii) a bonus benefit of 1.5% of current average final compensation (AFC) for each year - up to 4 years immediately following the member's DROP participation period to recover the accrual rates "lost" during the member's DROP participation period, subject to the limitation of the accrual rate actually lost for a member who discontinued his/her DROP participation period; plus,
  - (iii) the member's DROP account, with 8.25% interest credited to the member's cut-off date, the last day of F&P covered employment.
- 15) If the member enters DROP at 20 years of service and continues to be a contributing member of the F&P for 7 more years, the member will retire with the same retirement benefit amount as the non-DROP retirement benefit, plus the member's DROP account.

### DROP 2

City Council Bill 09-0295 (DROP 2) is a variation of the existing DROP provisions. The following compares and contrasts DROP and DROP 2:

- A) An F&P member who acquires 20 years of service credit as of June 30, 2009, will be entitled to participate in the existing DROP.
- B) A member who entered the F&P prior to July 1, 2003, and who acquires 20 years of service credit on or after July 1, 2009, will be eligible to participate in DROP 2.
- C) A member who enters the F&P on or after July 1, 2003, and on or before June 30, 2009, must acquire 20 years of service credit and must have at least 10 of those years as a contributing member of the F&P to become eligible for DROP 2.
- D) A member who enters the F&P on or after July 1, 2009, must acquire 20 or more consecutive years of service credit through City employment and as a contributing member of the F&P to become eligible for DROP 2.
- E) The interest rate credited to a DROP 2 account will be 5.5%, which is the regular interest rate credited on member contributions. The interest rate credited to an existing DROP account is 8.25%.
- F) The DROP participation period is a maximum term of three consecutive years, i.e. 36 months. The same applies to DROP 2.
- G) DROP participants can retire at any time following commencement of their DROP participation period. Members who retire during or at the end of their DROP participation period receive a Basic DROP benefit. With DROP 2, the participant must remain in DROP 2 for at least 1 year. Following that first year of DROP 2 participation, the member can retire at any time and receive an Early DROP 2 retirement benefit which is similar to the Basic DROP benefit.
- H) A DROP 2 participant who retires prior to the end of his or her first year of DROP 2 participation will not be entitled to receive any amounts accumulated in the DROP 2 account. Instead, the member will receive a non-DROP 2 retirement benefit based on the member's service credit and average final compensation as of the member's cut-off date (the member's last day of F&P covered employment) as if the member never entered DROP 2 participation.
- I) Service credit is not earned during the member's DROP participation period. The same provision applies to DROP 2. For each year of service credit, a member would normally earn a benefit accrual rate of 2%. During both the DROP and the DROP 2 participation periods, the member does not earn service credit and the corresponding accrual rates of 2% per year up to 6% are "lost."

City Council Bill 09-0295 F&P – DROP 2 April 24, 2009 Page 7 of 12

> J) With DROP there is a four year period immediately following the member's DROP participation period during which the accrual rates "lost" during the member's DROP participation period are "recovered" at the rate of 1.5% per year.

With DROP 2, the same four-year "recovery" period applies to Fire Department participants only.

Police Department participants do not have a "recovery" period and do not "recover" the accrual rates lost during their DROP 2 participation period.

K) With DROP there is retirement "bonus" calculation time period of 18 months (this is the Intermediate DROP benefit) immediately following the member's DROP participation period.

With DROP 2, the "bonus" calculation time period (this is the Mid DROP 2 benefit) has been extended to five years for Fire Department participants only.

Police Department DROP 2 participants have a "bonus" calculation period of three and a half years (this is the Mid DROP 2 benefit).

- L) The Mid DROP 2 benefit for Fire Department participants provides that at retirement the member receives:
  - (i) the retirement benefit calculated at the member's DROP 2 start date (the Early DROP 2 benefit); plus,
  - (ii) a retirement benefit of 2.0% of the member's average final compensation for each year of service credit, prorata for shorter time periods, following the member's DROP 2 participation period up to 5 years; plus,
  - (iii) a retirement benefit of 1.5% of the member's average final compensation for each year of service credit up to 4 years, pro-rata for shorter time periods, following the member's DROP 2 participation period to recover the accrual rates "lost" during the member's DROP 2 participation period, subject to the limitation of the accrual rates actually lost for a member who discontinued his/her DROP 2 participation period; plus,
  - (iv) the member's DROP 2 account, with 5.5% interest credited to the member's cut-off date, the last day of F&P covered employment.

City Council Bill 09-0295 F&P – DROP 2 April 24, 2009 Page 8 of 12

- M) The Mid DROP 2 benefit for Police Department participants provides that at retirement the member receives:
  - (i) the retirement benefit calculated at the member's DROP 2 start date (the Early DROP 2 benefit); plus,
  - (ii) a retirement benefit of 2.0% of the member's average final compensation for each year of service credit up to 3½ years, pro-rata for shorter time periods, following the member's DROP 2 participation period; plus,
  - (iii) the member's DROP 2 account, with 5.5% interest credited to the member's cut-off date, the last day of F&P covered employment
- N) With DROP, retirement benefits are "refreshed" 18 months following the member's DROP participation period (this is the Full DROP benefit). "Refreshed" means that a new retirement benefit is calculated using the member's current average final compensation (AFC) and all service credit earned as of the member's retirement date. Service credit still is not earned during the member's DROP participation period, but, the member has the ability to earn back the accrual rates "lost" by continuing to earn service credit after the member's DROP participation period.

With DROP 2, the retirement benefits of Fire Department participants are "refreshed" five years after the member's DROP 2 participation period. This is the Complete DROP 2 benefit.

Police Department participants will have their retirement benefits "refreshed" three and a half years after their DROP 2 participation period. This is the Complete DROP 2 benefit.

- O) The Complete DROP 2 benefit for Fire Department participants provides that, if the member retires 5 or more years after his DROP 2 participation period, at retirement the member receives:
  - (i) a "refreshed" retirement benefit recalculated and based on current average final compensation and all service credit as of the member's retirement date (service credit is still not earned during the member's DROP 2 participation period); plus.

City Council Bill 09-0295 F&P – DROP 2 April 24, 2009 Page 9 of 12

- (ii) a benefit of 1.5% of current average final compensation (AFC) for each year - up to 4 years - immediately following the member's DROP 2 participation period for the accrual rates "lost" during the member's DROP participation period, subject to the limitation of the accrual rates actually lost for a member who discontinued his/her DROP 2 participation period; plus,
- (iii) the member's DROP account, with 5.5% interest credited to the member's cut-off date, the last day of F&P covered employment.
- P) The Complete DROP 2 benefit for Police Department participants provides that, if the member retires 3½ or more years after the member's DROP 2 participation period, at retirement the member receives:
  - i) a "refreshed" retirement benefit recalculated and based on current average final compensation and all service credit as of the member's retirement date (service credit is still not earned during the member's DROP 2 participation period); plus,
  - ii) the member's DROP 2 account, with 5.5% interest credited to the member's cut-off date, the last day of F&P covered employment.
- Q) DROP required that a test be performed to determine whether the costs of DROP exceeded the "excess earnings" allocated to pay for DROP. The test was required eight years after DROP was established.

DROP 2 requires that an annual experience report be prepared for the F&P Board of Trustees by the System's actuary and be included with the annual actuarial valuation report beginning with the fiscal year ended June 30, 2010. The DROP 2 experience report will indicate whether members retire earlier or later than assumed. The actuarial valuation report containing the DROP 2 experience report will be forwarded to the Director of Finance.

DROP 2 also requires that a savings test is to be prepared by the System's actuary beginning with the fiscal year ended June 30, 2017, and every four years thereafter. The first savings test is to be completed eight years after establishing DROP 2 to allow time for the accumulation of actual plan experience.

The DROP 2 savings test will be performed by the System's actuary in consultation with the actuary retained by the plan members. This

City Council Bill 09-0295 F&P – DROP 2 April 24, 2009 Page 10 of 12

means that the results calculated by the System's actuary will be provided to the plan members' actuary for review and comment.

It is only after the savings test performed for the year ending June 30, 2021, that if the expected savings have not been met, the City can enact legislation to modify or terminate DROP 2, but, only with respect to members who have not yet attained eligibility to participate in DROP 2.

R) DROP 2 contains a special provision that provides that it is the intention of the City to maintain a deferred retirement option plan, a DROP, for the F&P plan members. Should DROP 2 not provide the savings expected by the City, the provision provides that the City will at a minimum establish a cost-neutral DROP for the F&P members.

The bottom line for a Fire Department DROP 2 participant is that after 30 years of service:

- The DROP 2 participant will receive the same annual retirement benefit as a non-DROP member and a current DROP participant.
- The total value of DROP 2 benefits including the DROP 2 account is more than 22% greater than basic (non-DROP) benefits.
- The total value of DROP 2 benefits including the DROP 2 account is about 96% of the total value of current DROP benefits including the DROP account. This difference is solely due to the lower 5.5% interest rate credited on the DROP 2 account as opposed to the 8.25% interest rate credited on the existing DROP account.
- The DROP 2 account accumulations will be about 80% of a similar member's DROP account. This is solely because of the lower 5.5% interest rate credited on the DROP 2 account and the power of compounding.

The bottom line for a Police Department DROP 2 participant is that after 30 years of service:

- The DROP 2 participant will receive an annual retirement benefit that is 9% lower than the annual retirement benefit received by a non-DROP member and a current DROP participant.
- The total value of DROP 2 benefits including the DROP 2 account is more than 13% greater than basic (non-DROP) benefits.

- The total value of DROP 2 benefits including the DROP 2 account is about 89% of the total value of current DROP benefits including the DROP account. This difference is due to the lower 5.5% interest rate credited on the DROP 2 account as opposed to the 8.25% interest rate credited on the existing DROP account and the fact that police DROP 2 participants do not "recover" the accrual rates lost during their DROP 2 participation period.
- The DROP 2 account accumulations will be about 80% of a similar member's DROP account. This is solely because of the lower 5.5% interest rate credited on the DROP 2 account and the power of compounding.

Included with this report are the following:

- Tab 1: This report to the City Council.
- Tab 2: The March 3, 2009 savings analysis prepared by Douglas Rowe of Mercer, actuary to the F&P Board of Trustees.
- Tab 3: A copy of City Council Bill 09-0295 (DROP 2).
- Tab 4: Comparison of current DROP to DROP 2.
- Tab 5: Comparison retirement benefit schedules for fire and police members with 20 to 30 years of F&P service credit:
  - Page 1: Fire fighter non-DROP retirement benefits compared to existing DROP benefits.
  - Page 2: Fire fighter non-DROP retirement benefits compared to DROP 2 benefits.
  - Page 3: Fire fighter existing DROP retirement benefits compared to DROP 2 benefits.
  - Page 4: Police officer non-DROP retirement benefits compared to existing DROP benefits.
  - Page 5: Police officer non-DROP retirement benefits compared to DROP 2 benefits.
  - Page 6: Police officer existing DROP retirement benefits compared to DROP 2 benefits.

I will be available to provide testimony on behalf of the F&P Board of Trustees at the City Council hearing scheduled for April 30, 2009 at 10:30 a.m.

City Council Bill 09-0295 F&P – DROP 2 April 24, 2009 Page 12 of 12

Cc: The Honorable Members of the City Council of Baltimore
The Honorable Members of the F&P Board of Trustees
Christopher Thomaskutty, Deputy Mayor
Edward J. Gallagher, Director of Finance
Andrew Kleine, Director, Bureau of the Budget
Thomas Driscoll, Deputy Budget Director
Deborah Moore-Carter, Labor Commissioner
Stephan G. Fugate, President, Fire Officers Union Local #964
Robert Sledgeski, President, Fire Fighters Union Local #734
Robert Cherry, President, Fraternal Order of Police Lodge #3
Larry Green, Director, Office of Council Services
Angela Gibson, Mayor's Legislative Liaison to the City Council

# **Douglas L. Rowe, FSA, MAAA, EA**Principal

## MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

120 E Baltimore St., 20th Floor Baltimore, MD 21202 410 347 2806 Fax 410 727 3347 douglas.rowe@mercer.com www.mercer.com

March 3, 2009

Mr. Thomas Taneyhill
Executive Director
Baltimore City Fire and Police Employees' Retirement System
7 E. Redwood Street
4th Floor
Baltimore, MD 21202

Subject: Possible DROP Changes

Dear Tom:

This letter summarizes cost estimates for the possible changes which you requested to the DROP via email on February 25, 2009.

### Basis for the cost/savings calculations

The estimates are based on the June 30, 2008 actuarial valuation data. Actual savings will depend on the experience of the plan. The actuarial assumptions and methods used are the same as those used in our June 2008 actuarial valuation report except as noted below. The benefit changes are assumed to be effective July 1, 2009 and apply only to active members with fewer than 20 years of service on June 30, 2009. The relative impact of the changes shouldn't change significantly for a later effective date.

We have projected all savings to July 1, 2009 just as we do for the usual valuation. By savings, we mean the decrease in Normal Cost and a 20-year amortization of any changes in unfunded liability. Savings will change over time as experience develops. In addition, the savings will increase over the short term as current DROP participants retire and are replaced by members to whom the benefits changes apply. Over the long term, the savings will decline to only Normal Cost savings, which represent approximately 47-48% of the first year savings using the optimistically late retirement age assumptions.

### **Description of DROP Changes Considered**

All plan provisions for the requested change are the same as the current DROP except for the following:

For police, there is no recoup; for fire, the recoup is unchanged.

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Page 2
March 3, 2009
Mr. Thomas Taneyhill
Baltimore City Fire and Police Employees' Retirement System

- For police, the refresh period is increased from 1.5 years to 3.5 years; for fire, the refresh period is increased from 1.5 years to 5 years.
- The DROP account interest rate for both police and fire is decreased from 8.25% to 5.50%.

Below is an explanation of some of the key terms used in the provisions:

- Recoup Recoup refers to the additional benefit credit that is earned in post-DROP years to make up for the one, two, or three 2% credits that are not earned during DROP participation.
- Refresh Refresh means that if a member retires before the refresh time, pre-DROP average compensation is used to determine the benefit for pre-DROP years of service. If a member retires at or after the refresh time, post-DROP average compensation is used to determine the benefit for all years of service.

### **Assumption Changes**

We used the actuarial assumptions shown in the June 30, 2008 valuation for the calculations described in this letter, with the following exceptions:

- We assumed that the number of active members who are not eligible for DROP on the date of the plan change would be the same at July 1, 2009 as July 1, 2008, but their average pay would be 3% higher.
- Because a change in the DROP could potentially change the behavior of the affected members in terms of when they would retire, we have also provided the cost of the DROP scenarios under alternative retirement assumptions.
- For the pessimistically early retirement assumptions, we also assumed that 85% of members would elect to participate in the revised DROP. This is updated from the current valuation assumption of 90% DROP participation to reflect lower benefits.

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Page 3
March 3, 2009
Mr. Thomas Taneyhill
Baltimore City Fire and Police Employees' Retirement System

### Rates of Retirement for DROP Participants

			Updated F	Provisions	
Years of	Current	Optimisti	cally Late	Pessimisti	cally Early
Service	Provisions	Fire	Police	Fire	Police
20	0.0%	0.00%	0.00%	0.00%	0.00%
21	4.0%	3.25%	4.75%	7.25%	8.75%
22	5.0%	4.25%	5.75%	7.25%	8.75%
23	8.0%	11.25%	12.75%	14.25%	15.75%
24	10.0%	10.25%	11.75%	12.25%	13.75%
25	25.0%	10.25%	11.75%	19.25%	25.75%
26	17.0%	7.25%	9.00%	19.25%	26.00%
27	25.0%	7.25%	26.00%	19.25%	36.00%
28	25.0%	24.00%	26.00%	34.00%	36.00%
29	25.0%	24.00%	26.00%	34.00%	36.00%
30	25.0%	23.50%	26.50%	33.50%	36.50%
31	25.0%	23.50%	26.50%	33.50%	36.50%
32	25.0%	23.50%	26.50%	33.50%	36.50%
33	25.0%	23.50%	26.50%	33.50%	36.50%
34+	25.0%	23.00%	27.00%	33.00%	37.00%

### **Costs of Changes**

Estimated change in net plan cost for FY 2011 (in millions)

Department	Based on later retirement assumptions	Based on earlier retirement assumptions
Police	\$(5.2)	\$(3.1)
Fire	(1.8)	(0.9)
Total	\$(7.0)	\$(4.0)

Negative amounts represent contribution savings.

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Page 4
March 3, 2009
Mr. Thomas Taneyhill
Baltimore City Fire and Police Employees' Retirement System

### Other Issues

Pension changes which affect the timing of employees' retirement can also have a cost impact on retiree medical benefits, which is beyond the scope of this letter.

According to the June 30, 2008 valuation data, all of the BWI airport members except one would have over 20 years of service as of July 1, 2009. Any savings attributable to BWI airport members would be immaterial.

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

Please let me know if you have any questions or need any further information. I can be reached at 410 347 2806. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this letter.

Sincerely.

Douglas L. Rowe, FSA, MAAA, EA

Principal DLR:TS:cdf

Copy: David Randall, BCFPERS

James Baughman, Mercer

Janfas I Rowe

Enclosure

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# Fire and Police Employees' Retirement System

# Comparison of Current DROP to Proposed DROP 2 April 2009

ITEM	CURRENT DROP	DROP 2
Date established	July 1, 1996	July 1, 2009
Date closed for new eligibility	July 1, 2009	Not applicable
DROP Entry Eligibility	F&P Membership entry date before 7/1/03: 20 years of any service.	Same
	F&P Membership entry date after 6/30/03: 20 years of service, but, 10 years must be F&P covered employment.	Same
	Not applicable	F&P Membership entry date on or after July 1, 2009, member must have 20 years of continuous F&P covered employment
Maximum DROP participation period	3 years/36 consecutive months	Same
Minimum DROP participation period	None	1 year participation period required for DROP 2 benefits
Service credit earned during DROP participation period	No	Same
"Lost" benefit accruals during 3 year DROP participation period	Yes: 2% per year for a total of 6% over 3 years	Same

"Lost" benefit accruals recovered through continued employment	Fire: Yes Police: Yes	Fire: Same Police: No
"Lost" benefit recovery rate	Fire: 1.5% per year Police: 1.5% per year	Fire: Same Police: None
"Lost" benefit recovery period	Fire: 4 years of continuous employment after the DROP participation period	Fire: Same
	Police: 4 years of continuous employment after the DROP participation period	Police: Not Applicable
Member contributions continue during DROP period	Yes	Same
"DROP Account" established for member	Yes	Same
Member contributions made during DROP period credited to DROP account	Yes	Same
Maximum annual retirement benefit calculated at DROP start date credited to DROP account	Yes Credited for up to 3 years	Same
Interest credited on DROP account until "cut-off" date	8.25%	5.50%
Benefit calculation "Refresh" using new AFC	Yes	Same

Bonus benefit time period	Fire: Intermediate DROP 18 months  Police: Intermediate DROP 18 months	Fire: Mid DROP 5 years  Police: Mid DROP 3½ years
Member can retire at any time during or at the end of the 3 year DROP period	Yes  BASIC DROP  Member can retire at any time during or at the end of the DROP participation period.  Member receives retirement benefit calculated at DROP start date, plus, DROP account.	Member must complete 1 year of DROP 2 participation period.  EARLY DROP 2  Member must complete 1 year of DROP 2 participation period. Then, member can retire at any time during or at the end of the DROP 2 participation period. Member receives retirement benefit calculated at DROP 2 start date, plus, DROP 2 account.  If member leaves employment before completing 1 year of DROP 2 participation period, the member receives regular benefit as of retirement date.
Retirement benefit "bonus" provided after DROP participation period	INTERMEDIATE DROP  Fire: Yes: Member receives retirement benefit calculated at DROP start date, plus, 2% of current AFC at retirement date for each year after DROP period up to 1½ years, plus, a "recovery" benefit of 1.5% of current AFC at retirement date for each year after DROP period up to 1½ years, plus, the member's DROP	Fire: Yes: Member receives retirement benefit calculated at DROP 2 start date, plus, 2% of current AFC at retirement date up to the first 5 years of employment after DROP 2 period, plus, a "recovery" benefit of 1.5% of current AFC at retirement date for the first 4 years of covered employment after DROP 2 period (maximum "recovery" of 6% and limited to

Police: Yes: Member receives retirement benefit calculated at DROP start date, plus, 2% of current AFC at retirement date for each year after DROP period up to 1½	credits "lost" in DROP 2 period), plus, the member's DROP account.  Police: Yes Member receives retirement benefit calculated at DROP 2 start date, plus, 2% of current AFC at retirement date for the first 3½ years after DROP 2 period,
years, plus, a "recovery" benefit of 1.5% of current AFC at retirement date for each year after DROP period up to 1½ years, plus, the member's DROP account.	plus, the member's DROP 2 account. There is no "recovery" of "lost" credits for police members.
Yes:	Yes:
FULL DROP	COMPLETE DROP 2
Fire: starts 18 months after DROP period.	Fire: starts 5 years after DROP 2 period.
Member receives regular benefit based on all service credit and current AFC at retirement date; plus, "recovery" benefit of "lost" credits at rate of 1.5% per year of AFC at retirement date for first 4 years of covered employment after DROP period (maximum "recovery" of 6% and limited to credits "lost" in DROP period), plus, member's DROP account.	Member receives regular benefit based on all service credit and current AFC at retirement, plus, "recovery" benefit of "lost" credits at 1.5% per year of AFC at retirement for first 4 years after DROP 2 period, plus, member's DROP 2 account.
	Member receives retirement benefit calculated at DROP start date, plus, 2% of current AFC at retirement date for each year after DROP period up to 1½ years, plus, a "recovery" benefit of 1.5% of current AFC at retirement date for each year after DROP period up to 1½ years, plus, the member's DROP account.  Yes:  FULL DROP  Fire: starts 18 months after DROP period.  Member receives regular benefit based on all service credit and current AFC at retirement date; plus, "recovery" benefit of "lost" credits at rate of 1.5% per year of AFC at retirement date for first 4 years of covered employment after DROP period (maximum "recovery" of 6% and limited to credits "lost" in DROP period),

	FULL DROP (continued)  Police: starts 18 months after DROP period.  Member receives regular benefit based on all service credit and current AFC at retirement date; plus, "recovery" benefit of "lost" credits at rate of 1.5% per year of AFC at retirement date for first 4 years of covered employment after DROP period (maximum "recovery" of 6% and limited to credits "lost" in DROP period), plus, member's DROP account.	COMPLETE DROP 2 (continued) Police: starts 3½ years after DROP 2 period.  Member receives regular benefit based on all service credit and current AFC at retirement date, plus, DROP 2 account. There is no "recovery" of "lost" credits for police members.
Early exit from DROP period allowed	Yes, on 1 <sup>st</sup> or 2 <sup>nd</sup> anniversary of DROP start date  Member keeps DROP account and advances to Intermediate and Full DROP sooner.	Member keeps DROP account and advances to Mid and Complete DROP sooner.
Recovery of "lost" credits limited by time in DROP participation period	Yes  If member exits DROP period after 1 year, member can only recover "lost" credits of 2%.  If member exits DROP period after 2 years, member can only recover "lost" credits of 4%.	Same
DROP account distribution	Member can receive DROP account in the form of: 1) Lump-sum to member, 2) Lump sum rollover to IRA or other employer plan, or 3) Annuity of DROP account: increases retirement benefit	Same

Post retirement benefit eligibility following DROP	Member who retires on BASIC DROP has DROP period counted towards post-retirement benefit eligibility.  Otherwise, member must be retired for 2 or more years as of June 30 post-retirement increase determination date.	Member must be retired for 2 or more years as of June 30 post- retirement increase determination date.
DROP can be modified or terminated	Yes, if "DROP test" failed, the City can amend or terminate DROP	Yes:  DROP 2 experience report each year until June 30, 2021 to F&P Board of Trustees and Director of Finance.  DROP 2 savings test beginning June 30, 2017 and every 4 years thereafter to F&P Board of Trustees and Director of Finance.  If contribution reductions not realized beginning with the June 30, 2021 savings test, the City can modify or terminate existing DROP 2.  Members already participating or eligible for DROP 2 will not be affected.
City acknowledges intention to maintain some form of DROP even if savings expectation is not met	No	Yes

# Comparison of Current DROP to DROP 2

# April 2009

Projected Costs/Savings	DROP COSTS \$9 to \$11 million per year	DROP 2 SAVINGS/COSTS  Estimated SAVINGS \$4 to \$7 million per year versus current DROP.
×5		Estimated cost \$2 to \$7 million per year.
		Savings goal of at least \$5 million per year.

4/23/2009 5:54 PM

# FIRE AND POLICE EMPLO : Y' RETIREMENT SYSTEM DROP 2 C ARISON

The contract of the contract			NON-DROP	NON-DROP BENEFIT							100	-				
The control of the											CURRE	INT DROP				
Age at the present   Age at the second   Age	efighter	700					Firefi	ighter:								
Section   Court   Co	Increas	es: 3.0%					Age	at hire = 27	Age at DR	7P = 47						
Sign	/rs of	Avg Final	Benefit	Annual	۵	Pres Val	Tay	Increases: 3.0%	Yrs of	Avg Final	Benefit	Annual	Pres Val	DROP	Pres Val	Ratio to
2.0   \$59,646   \$0.0   \$50,04   \$1,3202   \$411,686   \$10.0   \$50,040   \$1,410   \$1	Serv	Comp	%	Benefit	1	Ttl Ben			Serv	Comp	%	Benefit	Factor	Account	Ttl Ben	Basi
Basic DROPP   21   61.427   62.08   61.442   62.08   61.442   62.08   61.442   62.08   61.442   62.08   61.442   62.08   62.	20	\$59,648	50.0	\$29,824		\$411,685			20	\$59,648	50.0	\$29.824	13.8038	C	\$411 685	100 0%
Secretary   Secr	21	61,437	52.0			438,386		Basic DROP	21	61,437		29,824	13.7221	\$34,893	444.140	101 3%
Control   Cont	22	63,281	54.0		-			No Service Credit	22	63,281		29,824	13.6356	72,779	479,447	102.9%
4.5   68, 14.1   50.0	24	67 134	58.0				토.	ozen Annual Benefit	23	62,179		29,824	13.5440	113,909	517,846	104.8%
24   24   25   25   25   25   25   25	24.5	68.141	59.0			538 554		rermediate DROP	24	67,134	3.5	32,174	13.4471	123,307	555,950	106.2%
20	25	69,148	0.09	41,489		553.650		TURI DROP	24.5	68,141	55.25	37,648	13.3958	128,393	632,720	117.5%
25	26	71,223	62.0	44,158	13.2360	584,477	AFC i	is refreshed for	26	71 223	0.70	43,000	13.3445	133,480	744 000	119.1%
28	27	73,360	64.0	46,950	13.1217	616,065	allser	rvice credit	27	73.360	64.0	46.950	13 1917	156 419	770,477	122.3%
29   77,827   68.0   62,922   12,8748   681,366   641,657   641,657   651,757   680   62,752   12,8748   183,266   641,657	28	75,560	0.99	49,870	13.0012	648,367			28	75,560	0.99	49 870	13 0019	169.316	817 684	106 10/
10   10   10   10   10   10   10   10	29	77,827	0.89	52,922	12.8748	681,366			29	77,827	68.0	52 922	12 8748	183 285	864 651	126.1%
The content of the	30	80,162	70.0	56,113	12.7427	715,036			30	80,162	70.0	56,113	12.7427	198,406	913,442	127.7%
Interest 20 years of service Retirement Calculation:  leavice over 20 years = 2.5% X Years of Service X AFC  ervice over 20 years = 2.0% X Years of Service X AFC  lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.									000	10000						
Interest 20 years of service Retirement Calculation:  lest 20 years of service X AFC  ervice over 20 years = 2.0% X Years of Service X AFC  lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.							- Indeed	4.0.000	DROP	ACCOUNT						
nal Service Retirement Calculation: list 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.							Intere	St: 8.25%	Vrc	DBOD	MAKA	401				
nal Service Retirement Calculation: list 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.									e to	Ben	Contr	acac	0000			
nal Service Retirement Calculation: list 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.									Serv	Accum	Accum	Acct	Account			
nal Service Retirement Calculation:  Irst 20 years of service = 2.5% X Years of Service X AFC  ervice over 20 years = 2.0% X Years of Service X AFC  lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.									20				0			
e = 2.5% X Years of Service X AFC = 2.0% X Years of Service X AFC the year 20 salary based on the FY 2009 MOU.								Frozen	21	29,824	3,686	1,382	34,893			
nal Service Retirement Calculation: Irst 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.								Benefit	22	29,824	3,797	4,265	72,779			
e = 2.5% X Years of Service X AFC = 2.0% X Years of Service X AFC the year 20 salary based on the FY 2009 MOU.									23	29,824	3,911	7,396	113,909			
nal Service Retirement Calculation: Irst 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.									24			9,398	123,307			
nal Service Retirement Calculation: Irst 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.									24.5			5,086	128,393			
nal Service Retirement Calculation: Irst 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.									52			10,173	133,480			
nal Service Retirement Calculation:  Irst 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.									27			41 004	144,492			
Inal Service Retirement Calculation:  If Service Retirement Calculation:  If Service Retirement Calculation:  If Service X AFC  In Service X AFC									28			120,11	160 216			
Irist 20 years of service = 2.5% X Years of Service X AFC  ervice over 20 years = 2.0% X Years of Service X AFC  ervice over 20 years = 2.0% X Years of Service X AFC  lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.	1								29			13.969	183,285			
Irist 20 years of service = 2.5% X Years of Service X AFC  ervice over 20 years = 2.0% X Years of Service X AFC  lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.	100								30			15,121	198,406			
lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.	ind Ser	VICE RELIFER	nent Calct	llation:		Q.										
lary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.	131 20 7	dais of serv	Ce = 2.3%	A reals of	Service X F	J.		Basic DROP:	Retirement	during or at $\epsilon$	and of 3 yea	ir DROP pai	rticipation p	eriod.		
the year 20 salary based on the FY 2009 MOU.	Parvice	ver 20 vear	1	Y Voore of	Congo			Intermediate DROP:	Retirement	any time with	in 18 montl	ns after DRC	OP particips	ation period.	Retiremer	nt benefit
Year 20 AFCis the year 20 salary based on the FY 2009 MOU.  Refreshed: Refreshed: AFC: Salary:		no for in		N Icans of	COLVICO	2		End Doop.	Is refreshed	O months	1					
Refreshed:  Refreshed:  AFC: Salary:		ear 20 AFC	is the year	20 salary ba	ased on the			Bocogoog.	Accinement	TO HIGHINS OF	later after	UHUP parti	cipation per	lod.		
AFC: Average Final Compensation.  Salary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.								Refreshed:	Retirement F	s (2 % per ye	atod oc of	Momborlo 2	participatio	in period ar	earned ba	ick.
AFC: Average Final Compensation is the average of the highest 18 consecutive months of regular compensation.  Salary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.									using curren	t AFC and a	Il service or	odite	an ememory	alle		
Salary: Year 20 AFCis the year 20 salary based on the FY 2009 MOU.								AFC: /	Average Fin.	al Compens	ation is the	average of t	the highest	18 000000	this.	
									months of re	gular earnat	ale compens	sation.	200	100000	DAID	
									Year 20 AFC	Sis the year	20 salary ba	sed on the	FY 2009 M	on.		
	-		-					The second secon								

# FIRE AND POLICE EMPLO' 'RETIREMENT SYSTEM DROP 2 CL ARISON

Firefighter: Age at hire = 27 Pay Increases: 3.0% Yrs of Avg Final Benefit	NON-DROP BENEFIT											
3.0% g Final Bene Comp								DR	DROP 2			
3.0% g Final Bene Comp				Firefighter:								
Avg Final Bene				Age at hire = 27 Pay Increases: 3.0%	Age at L	Age at DROP = 47						
	offit Annual	Р	Pres Val		Yrs of	Avg Final	Benefit	Annual	Pres Val	DROP	Pres Val	Ratio vs
		Lactor	III Ben		Serv	Comp	%	Benefit	Factor	Account	Ttl Ben	Basic
	0,		\$411,685		20	\$59,648	50.0	\$29 824	13 8038	0	\$411 GBE	100 004
			438,386	Early DROP	21	61,437		29,824	13.7221	\$34.432	443 680	101 2%
			465,949	No Service Credit	22	63,281		29,824	13.6356	70,871	477.539	102.5%
00,11,9			494,359	Frozen Annual Benefit	23	62,179		29,824	13.5440	109,431		
60 148 60.0	0 38,938		523,602	Mid DROP	24	67,134	3.5	32,174	13.4471	115,450		
			553,650	γ	25	69,148	7.0	34,664	13.3445	121,800	100000	
		13.2360	584,477	4-YR	26	71,223	10.5	37,302	13.2360	128,499	-	
	46,950	13.1217	616,065	Recovery Period	- 27	73,360	14.0	40,094	13.1217	135,566	661,672	107.4%
			048,367	Complete DROP	28	75,560	0.99	49,870	13.0012	143,022	791,390	122.1%
			247.000	AFC is refreshed		77,827	0.89	52,922	12.8748	150,889	832,254	122.1%
		12.7427	715,036	for all service credit	30	80,162	70.0	56,113	12.7427	159,187	874,223	122.3%
					DROP	DROP ACCOUNT						
				Interest: 5.50%								
					\ Vro	doad	MAby	100				
					2 4		IOINI	10 11				
					Con	Ben	Contr	DROP	DROP			
					20	ACCUIII	Accum	ACCI	Account			
				Frozen	21	\$29,824	\$3.686	\$922	\$34 432			
				Benefit	22	29,824	3.797	2.818	70.871			
					23	29,824	3,911	4.826	109.431			
					24			6.019	115,450			
					25			6,350	121,800			
					26			669'9	128,499			
					27			7,067	135,566			
					28			7,456	143,022			
					30			7,866	159,889			
			-1-									
For first 20 years of periods of 60 V V	culation:			Early DROP:	Retireme	nt during or	at the end	of 3-yr DRC	OP 2 particip	vation perior	d; Member	Early DROP: Retirement during or at the end of 3-yr DROP 2 participation period; Member does not earn service
Dhie	% A rears of	Service X A	2		credit nor	7.2.0% per y	ear accrual	rate during	credit nor 2.0% per year accrual rate during DROP 2 participation period.	articipation	period.	
0			4	Mid DROP:		time period	during whic	h the mem	ber earns th	e basic 2.0	% accrual	A 5-year time period during which the member earns the basic 2.0% accrual rate. PLUS for the first
of service over 20 years = 2.0	U% X Years of Service X AFC	Service X A	2		four year	s after a 3-y	r DROP 2 p	articipation	period, the	member ea	arns 1.5%	four years after a 3-yr DROP 2 participation period, the member earns 1.5% per year to recover
Salary: Vear 20 A ECie the wex	y OC COLOR	- the poor	A FCis the way 20 calculation of the FV constant		accrualra	ates "lost" d	uring DROF	2 participa	ation period.	The Mid L	JROP 2 be	accrual rates "lost" during DROP 2 participation period. The Mid DROP 2 benefit provides the service
200	al 20 salaly D.	ased on me	LY ZUUS IMOU.			arned after L	JROP 2 tim	es the mer	nber's currer	nt AFC plus	s the Early	credits earned after DROP 2 times the member's current AFC plus the Early DROP 2 Benefit.
				Complete DROP:	Hetireme	nt 5 or more	years afte.	DROP 2	articipation	period. Cu	irrent AFC	Hetirement 5 or more years after DROP 2 participation period. Current AFC is used for all credits.
						ates (2% pe	r year) "los	during D	Recovery: Accrual rates (2% per year) "lost" during DROP 2 participation period are earned back.	ipation per	iod are ear.	ned back.
				Refreshed:		nt benefit co	ilculated as	of membe	r's retiremen	nt date usin	g current A	Hetirement benefit calculated as of member's retirement date using current AFC and all service credits
				25	Aveiage	Avelage rilial compensation - t	ansation - th	ne average	of the highe	est 18 cons	ecutive mo	Arc. Average months of injuries a verage of the highest 18 consecutive months of regular annual earnable components.
				Salarv:	Year 20 A	FCis the ve	ar 20 calan	r haced on	Year 20 AECis the wear 20 salary based on the EV 2000 MOLL	LIONIO		
						A CHILD IN	al EV Salai	y Dased Of	1118 1 1 200.	S MOO.		

# FIRE AND POLICE EMPLO : RETIREMENT SYSTEM DROP 2 C ARISON

		CURRE	CURRENT DROP								1					
												DROP 2				
Firefighter: Age at hire = 27	Are at DROP - 47	D - 47						Firefighter:								
Pay Increases: 3.0%	an of	1						Age at hire = 27	Age at DROP = 47	DP = 47						
	Yrs of Serv	Avg Final	Benefit 97	Annual	Pres Val	DROP		d increases: 0.0 /0	Yrs of	Avg Final	Benefit	Annual	Pres Val	DROP	Pres Val	Batio to
	ABO	GIIDO	0/	Benefil	Factor	Account	Ttl Ben		Serv	Comp	%	Benefit	Factor	Account	Ttl Ben	Current DROP
	20	\$59,648	50.0	\$29,824	13.8038	0	\$411,685		20	\$59.648	50.0	\$20 R24	13 8038	C	DA44 COE	700 007
No Spring Credit	23	61,437		29,824	13.7221	\$34,893	444,140	Early DROP	21	61,437	200	29,824	13 7221	\$34 435	4411,000	00.00%
Frozen Applial Benefit	77.	63,281		29,824	13.6356	72,779	479,447	No Service Credit	22	63,281		29,824	13.6356	70.871	477 530	99.9%
Intermediate DDOD	22	62,179	0	29,824	13.5440	113,909	517,846	Frozen Annual Benefit	23	65,179		29,824	13.5440	109 431	513.368	99.070
Full DROP	24 F	68 1/1	3.5	32,174	13.4471	123,307	555,950	Mid DROP	7 24	67,134	3.5	32,174	13.4471	115,450	548,093	98.6%
	25	69 148	57.0	20,048	13.3958	128,393	632,720		24.5	68,141	5.25	33,401	13.3958	118,625	566,064	89.5%
AFC is refreshed	26	71 223	0.70	42,000	13.3445	133,480	659,448	4 YR	25	69,148	7.0	34,664	13.3445	121,800	584,379	88.6%
or all service credit	27	73.360	640	45,050	19.2300	144,492	114,829	Recovery Period	26	71,223	10.5	37,302	13.2360	128,499	622,233	87.0%
	28	75.560	0.99	49 870	13 0010	160 046	112,411		12/	73,360	14.0	40,094	13.1217	135,566	661,672	85.7%
	29	77.827	68.0	59 999	10 8748	100,010	400,110	ACM piete DROP	87.	75,560	0.99	49,870	13.0012	143,022	791,390	%8.96
	30	80 169	70.07	56 112	10.7407	103,285	864,651	AFC is refreshed	29	77,827	0.89	52,922	12.8748	150,889	832,254	96.3%
			2	21,00	12.1421	130,400	913,442	Tor all service credit	30	80,162	70.0	56,113	12.7427	159,187	874,223	92.7%
	DROP /	DROP ACCOUNT														
nterest: 8.25%								Interact: 5 50%	DHC	DROP ACCOUNT						
	Yrs	DROP	Mbr	Int on				Herest, 9.30 %	Vrc	9090	AAbe	11				
	of	Ben	Contr	DROP	DROP				of Jo	Ren	Contr	DROP	acac			
	Serv	Accum	Accum	Acct	Account				Serv	Accim	Accum	Acct	Account			
t	20				0				20			1001	TINGOON O			
Popefit	12	29,824	3,686	1,382	34,893			Frozen	21	\$29,824	\$3,686	\$922	\$34.432			
	27	20,024	3,797	4,265	12,779			Benefit	22	29,824	3,797	2,818	70,871			
	24	470'67	1.6,0	0.300	113,909				23	29,824	3,911	4,826	109,431			
	24.5			9,030	100,000				24			6,019	115,450			
	25			00000	120,393				24.5			3,175	118,625			
	56			11,010	144 400				25			6,350	121,800			
	27			11 001	156 410				56			6,699	128,499			
	28			12 904	160 216				27			7,067	135,566			
	29			13 969	183 285				588			7,456	143,022			
	30			15,121	198,406				30			7,866	150,889			
									3			6,239	129,187			
Basic DROP: Retirement during or at end of 3 year DROP participation period.	Retirement d	uring or at er	nd of 3 year	r DROP pa	rticipation p	eriod.		Early DROP: F	Retirement of	furing or at the	e end of 3-v	r DROP 2 p	varticination	pariod. Mar	nhar door n	Early DROP: Retirement during or at the end of 3-vr DROP? particination nariors' Mamber done not some consists
Intermediate DROP: Retirement any time within 18 months after DROP participation period.	Hetirement a	ny time withii	n 18 month	s after DR	OP participa	tion period.		0	redit nor 2.	credit nor 2.0% per year accrual rate during DBOP 2 participation period	accrual rate	during DRO	P 2 particip	ation pariod	III COO IOOII	or early service
0000	nemement p	helifernent benefit is refreshed.	shed.					Mid DROP: △	4 5-year tim	e period durin	a which the	member ea	rns the bas	ic 2 0% acc	rual rato Di	A 5-year time period during which the member earns the hasir 20% according to the first
Full DROP: Hetirement 18 months or later after DROP participation period.	Relifement	8 months or	later after I	DROP parti	cipation per	iod.		92	our years at	four years after a 3-vr DROP 2 participation period the member parps 1 5% per year to recover	OP 2 partici	pation perio	d the mem	Der parne 1	5% per year	to roomer
necovery:	Accrual rates	necovery: Accrual rates (2% per year) "lost" during DROP participation period are	ar) "lost" du	Iring DROP	participation	n period are		, co	accrual rates	"lost" during	DROP 2 pg	inticipation p	Period The	Mid DROP	2 handfit pro	accrual rates "lost" during DROP 2 participation period. The Min DROP 3 handit accounted the control of the con
Definehed	earned back.	-						0	redits earn	credits earned after DROP 2 times the member's current AEC nlus the Early DROP 2 Benefit	P 2 times th	e member's	Current AFC	Chile the F	arly DROP	Nides life service
nerresned:	Retirement D	nerresned: Retirement benefit calculated as of member's retirement date	ited as of r	nember's re	stirement da	ite		Complete DROP: Retirement 5 or more years after DROP 2 participation period. Current AEC is used for all readits	Retirement 5	or more year	rs after DRC	OP 2 particit	vation perior	Current A	AFC is used	for all cradite
CIL	dsing current	using current AFC and all service credits.	Service cre	edits.				Recovery: A	Accrual rate	Accrual rates (2% per year) "lost" during DROP 2 participation period are earned back	ir) "lost" dur	ing DROP 2	participation	n period are	s earned had	io all croutes.
AFC	Average Fina	AFC: Average Final Compensation is the average of the highest 18 consecutive	tion is the	average of	the highest	18 consecu	tive	Refreshed: F	Retirement b	enefit calcula	ited as of m	ember's reti	rement date	Ilsing Curre	ant AFC and	Retirement benefit calculated as of member's retirement date using current AEC and all service cradition
Colonii	Months of reg	Most 20 A Foliation	e compens	sation.				AFC: A	Average Fin	Average Final Compensation - the average of the highest 18 consecutive months of regular	tion - the av	erage of the	highest 18	consecutive	a months of	regular
Salai y.	Teal 20 AFO	real 20 AFCIS the year 20 salary based on the FY 2009 MOU.	) salary ba	sed on the	FY 2009 Mc	on.		Ø	innual earns	annual earnable compensation.	ation.					
								Salary: Y	ear 20 AFC	Year 20 AFCis the year 20 salary based on the FY 2009 MOU.	0 salary bas	ed on the F	Y 2009 MOI			
		The second second														

	NON-DRO	NON-DROP BENEFIT	1	-					1	1				
								500	CURRENI DROP	do				
Police Officer:						Police Officer:								
Age at nire = 2/ Pay Increases: 3.0%				1		Age at hire = 27	Age at [	Age at DROP = 47						
Yrs of Avg Final	nal Bene		Ф	_	Pres Val	r ay mereases, 3.0%	Yrs of	Ava Final	Renefit	IciidaA	Droc Vol	0000	17/100	
Serv	% dw	6 Benefit		Factor	Ttl Ben		Serv	Comp		Benefit		Account	Ttl Ben	Basic DROP
20 \$65,098		0 \$32,549		13.8038 \$2	\$449,300		00	\$6E 000	0	400 5 40	0000			
					478,441	Basic DROP	24	67.051	0.00	952,549		0	\$449,300	100.0%
22 69,062					508,522	No Service Credit	22	69,069		32,549	13.7221	\$38,081	484,721	101.3%
					539,528	Frozen Annual Benefit	23	71 134		39 540		19,459	523,254	102.9%
					571,443	Intermediate DROP	24	73.268	20	25,043		174 577	101,000	104.8%
24.5 74,367					587,761	Full DROP	24.5	74.367	55.05	41 088	1	134,5/3	606,747	106.2%
-					604,234	AFC is refreshed	25	75.466	57.0	43.016	13 3445	146,123	740,704	117.5%
		48,193			637,877	for all service credit	26	77,730	60.5	47,027	13 2360	157 694	780 140	119.1%
+					672,352		27	80,062	64.0	51 240		170,071	943 050	105.070
					707,605		28	82.464	99	54 426		194 797	040,000	123.4%
29 84,938					743,619		29	84,938	68.0	57 758		200 032	032,030	406.00/
30 87,486	86 /0.0	61,240	12.7427	70.50	780,365		30	87,486	70.0	61.240		216.534	996 902	197 7%
														2/
							Dan	THOO ACCOUNT						
								NOON A						
-							2 5	DHOP	Mbr	Int on				
						Interest: 8.25%	Serv	Accilm	Accum	POHO!	DHOP V			
							20		TIPO CALL	ACCI	ACCOUNT			
						Frozen	21	\$32.549	\$4.023	\$1,500	\$38 081			
						Benefit	22	32,549	4.144	4.655	79,429			
							23	32,549	4,268	8.072	124.317			
							24			10.256	134.573			
							24.5			5,551	140,125			
							25			11,102	145,676			
							26			12,018	157,694			
							26.5			6,505	164,199			
							27			13,010	170,704			
							28			14,083	184,787			
							53			15,245	200,032			
							30			16,503	216,534			
Normal Service Betirement Coloulation	mont Color	Intion												
For first 20 years of sepvice = 2 5% V Vocas of Saming V APO	vice - 2 5%	V Voors of	Coming	CL		Basic DROP: Retirement during or at end of 3 year DROP participation period.	Retireme	nt during or a	at end of 3	year DRO	P participati	on period.		
oc locale of the	100 - 6.07	V Legis O	, aervice ,	APC		Intermediate DROP:	Retiremen	nt any time v	vithin 18 m	onths after	DROP part	Retirement any time within 18 months after DROP participation period.	.poq.	
For solving convince of				-			Retiremen	Retirement benefit is refreshed.	refreshed.					
avice over 20 year		= 2.0% A Years of Service X AFC	Service	X AFC		Full DROP:	Retiremer	Retirement 18 months or later after DROP participation period.	s or later a	fter DROP	participation	1 period.		
- Action	1 . 00					Recovery:	Accrual re	ates (2% per	year) "los	t" during Di	ROP particit	Recovery: Accrual rates (2% per year) "lost" during DROP participation period are	are	
salary: Salary at y	salary at year 20 is based on the FY 2009 MOL	ised on the	FY 2009	MOU.			earned back.	ick.						
						Refreshed: Retirement benefit calculated as of member's retirement date	Retiremer	t benefit cal	culated as	of membe	r's refiremen	of date		
							using curr	using current AFC and all service credits.	d all servic	e credits.				
						AFC:	Average F	-inal Compe	nsation is	the average	e of the hink	AFC: Average Final Compensation is the average of the highest 18 consecutive	Scritivo	1
							months of	months of regular earnable compensation	nable com	pensation		-	DAILING OF THE PROPERTY OF THE	1
								1000 1000	100000000000000000000000000000000000000	Some Some	and the second of the second o			

FIRE AND POLICE EMPLO \* RETIREMENT SYSTEM DROP 2 C. ARISON

Series   Compare   Compa	1	Z	NON-DROP BENEFIT	BENEFIT							000				
Police Off	Jolline Of										JAOP 2				
The color   The	Age at hire	s = 27					Police Officer:	Agont	47						
Serv	ay Incres	ises: 3.0%					Pay Increases: 3.0%	Age at L	JROP = 47						
21	Serv	Avg Final Comp	Benefit %	Annual	Pres Val Factor	Pres Val Ttl Ben		Yrs of Serv	Avg Final Comp	Benefit %	Annual	Pres Val Factor	×	۵	Basic
13.7221 478,441 Early 13.6356 508,522 No Serv 13.4471 571,443 Mid 13.3445 604,234 13.2446 634,234 13.1789 655,048 Comple 13.1217 672,352 AFC is 13.0012 707,605 for all service 13.012 707,605 for all service 12.7427 780,365 Interest; 5.E	20	\$62,098	50.0	\$32,549		\$449.300		00	465,000	C	\$00 E40	000007		1	
22 69,062 54.0 37,294 13.6356 568,522 No Senvice X-134 56.0 39,835 13.5440 539,528 Frozen An 24,486 50.0 42,486 13.447 571,443 Mid 25 75,466 60.0 62.0 48,193 13.2360 637.877 60.02 63.0 49,704 13.1789 655,048 Compit 27 80,062 64.0 51,240 13.177 672,552 AFC is 8.8 49,936 66.0 54,426 13.0012 707,605 for all service 84,936 66.0 54,426 13.0012 707,605 for all service 84,936 66.0 54,426 13.0012 707,605 for all service 98,4936 70.0 61,240 12.7427 780,365 11.000 12.742 780,365 12.878 12.8	21	67,051	52.0	34,866		478 441	Farly DROD	24	060,000	0.00	\$32,549	13.8038			
23 71,134 56.0 39,835 13,5440 539,528 Frozen An 24,5486 58.0 42,2486 13,4471 571,443 Mid 25.6 77,736 62.0 48,193 13,245 66,04,234 66.0 63.0 49,704 13,1789 655,048 Compit 27 80,062 64.0 51,240 13,1779 672,552 AFC is 28 84,938 68.0 57,758 12,8748 743,619 30 87,486 70.0 61,240 12,7427 780,365 11 10 10 10 10 10 10 10 10 10 10 10 10	22	69,062	54.0	37,294		508,522	No Service Credit	22	69 062		32,549	13.7221	\$37,578		
24 73,266 58.0 42,496 13.4471 571,443 Mid 25 75,466 60.0 45,280 13.3260 657,387 26.5 77,730 63.0 48,193 13.2360 657,387 27 80,062 64.0 51,240 13.1217 672,352 28 82,464 66.0 54,426 13.0012 707,605 for all services and services and services and services and services and services are consistent at year 20 is based on the FY 2009 MOU.	23	71,134	26.0	39,835	13.5440	539,528	Frozen Annual Benefit	23	71.134		32 540	13 5440	11,040		
25	24	73,268	58.0	42,496	200	571,443	Mid DROP	24	73.268	2.0	34 014	13 4471	125,000		
26.5 78,896 63.0 48,193 13,2360 637,877 26.5 78,896 63.0 49,704 13,1789 655,048 27 80,065 for all service 84,938 68.0 51,758 12,8748 743,619 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 61,240 12,7427 780,365 30 87,486 70.0 82,758 12,8748 782,009 MOU.  Complement Salary at year 20 is based on the FY 2009 MOU.	25	75,466	0.09	45,280	13.3445	604,234		25	75,466	4.0	35.568	13.3445	139 999		
29 82,486 68.0 51,240 13.1789 655,048 Comple 28 82,486 70.0 61,240 12.7427 780,365	500	77,730	62.0	48,193	13.2360	637,877		26	77,730	0.9	37,213	13.2360	140.240		
28 82,464 66.0 54,426 13.0012 707,605 for all service 84,486 70.0 61,240 12.7427 780,365	20.5	98,87	63.0	49,704	13.1789	655,048	Complete DROP	26.5	78,896	57.0	44,971	13.1789	144,096		
29 84,938 68.0 57,758 12.8748 743,619 30 87,486 70.0 61,240 12.7427 780,365  Interest: 5.6  Interest: 5.7  Inte	00	200,002	04.0	51,240	13.1217	672,352	AFC is refreshed	27	80,062	58.0	46,436	13.1217	147,953		
30 87,486 70.0 61,240 12.7427 780,365 Interest: 5.6 Intere	00	404,20	0.00	24,426	13.0012	/07,6051	or all service credit	28	82,464	0.09	49,478	13.0012	156,090		
Interest: 5.5   Interest: 5.	30	97 786	0.00	54,758	12.8/48	743,619		29	84,938	62.0	52,661	12.8748	164,675		113.3%
Interest: 5.5  Interest: 5.6  Intere	3	00+,10	0.07	01,240	12.1421	780,365		30	87,486	64.0	55,991	12.7427	173,732		113.7%
Interest: 5.5  Interest: 5.6  Intere								- 2	1000	-					
nal Service Retirement Calculation: Irst 20 years of service = 2.5% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC							nterest 5 50%	HA -	OP ACCOU	-					
nal Service Retirement Calculation: Irst 20 years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC							0,000	Vrc	DDOD	AAba	Last And				
nal Service Retirement Calculation: Irst 20 years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC								of 5	Ben	Contr	DROP	DROP			
nal Service Retirement Calculation: Irst 20 years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC								Serv	Accum	Accum	Acct	Account			
Inal Service Retirement Calculation:  From the English of Service A AFC  First 20 years of service = 2.5% X Years of Service X AFC  Fervice over 20 years = 2.0% X Years of Service X AFC  First 20 years of service and the FY 2009 MOU.  Comp								20				0			
nal Service Retirement Calculation: Irst 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC							Frozen	21	\$32,549	\$4,023	\$1,006	\$37,578			
nal Service Retirement Calculation: Irst 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice and year 20 is based on the FY 2009 MOU.  Comp							Benefit	22	32,549	4,144	3,076	77,346			
nal Service Retirement Calculation: Irst 20 years of service = 2.5% X Years of Service X AFC envice over 20 years = 2.0% X Years of Service X AFC lary: Salary at year 20 is based on the FY 2009 MOU.  Comp								23	32,549	4,268	5,267	119,430			
nal Service Retirement Calculation:  list 20 years of service = 2.5% X Years of Service X AFC  envice over 20 years = 2.0% X Years of Service X AFC  lary: Salary at year 20 is based on the FY 2009 MOU.  Comp								24			6,569	125,999			
nal Service Retirement Calculation: list 20 years of service = 2.5% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC liary: Salary at year 20 is based on the FY 2009 MOU.  Comp								25			6,930	132,929			
nal Service Retirement Calculation:  irst 20 years of service = 2.5% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 is based on the FY 2009 MOU.  Comp								56			7,311	140,240			
nal Service Retirement Calculation: Irst 20 years of service = 2.5% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC								26.5			3,857	144,096			
nal Service Retirement Calculation: Irst 20 years of service = 2.5% X Years of Service X AFC service over 20 years = 2.0% X Years of Service X AFC service are 20 is based on the FY 2009 MOU.  Comp								27			7,713	147,953			33
nal Service Retirement Calculation: Irst 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC elary: Salary at year 20 is based on the FY 2009 MOU.  Comp								28			8,137	156,090			
Irst 20 years of service = 2.5% X Years of Service X AFC  envice over 20 years = 2.0% X Years of Service X AFC  lary: Salary at year 20 is based on the FY 2009 MOU.  Comp								200			8,585	164,675			
nal Service Retirement Calculation: Irst 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC llary: Salary at year 20 is based on the FY 2009 MOU.  Comp								00			9,057	173,732			
ist 20 years of service = 2.5% X Years of Service X AFC ervice over 20 years = 2.0% X Years of Service X AFC  istraction of the FY 2009 MOU.  Comp	rmal Ser	vice Retirem	ont Calcu	lation.			i d	:							
lary: Salary at year 20 is based on the FY 2009 MOU.	r first 20	lears of servin	20 = 2 5%	X Voore of	Sonio V		Early DROP:	Retireme	of during or a	it the end o	f 3-yr DROI	2 participa	tion period;	Member doe	es not earn service
20 is based on the FY 2009 MOU.	SI		0000	v Icais Ol v	Service A Ar	3	Mid DROP:	Credit nor A 5-vear	2.0% per ye	ar accrual	rate during	DROP 2 par	rticipation pe	eriod.	
Salary at year 20 is based on the FY 2009 MOU.	r service	over 20 years	11	X Years of	Service X AF	C		four years	after a 3-vr	DROP 2 pg	articipation	period the r	nomber earr	acciual fate	y, PLUS for the fill
Comp		ador so rado	- 1	- [				accrual re	ites "lost" du	ring DROP	2 participat	ion period.	The Mid DR	OP 2 benefit	year to recover
Complete DROP: Retirement 5 or more years after DROP 2 participation period. Current AFC is used for all credits.  Recovery: Accrual rates (2% per year) "lost" during DROP 2 participation period are earned back.  Refreshed: Retirement benefit calculated as of member's retirement date using current AFC and all service credits.  AFC: Average Final Compensation - the average of the highest 18 consecutive months of regular annual earnable compensation.		Salary at year	ZU IS Dase	ad on the F	7 2009 MOU			credits ea	rned after D	ROP 2 time	s the memi	per's current	t AFC plus ti	he Early DR	OP 2 Benefit
Recovery: Accrual rates (2% per year) "lost" during DROP 2 participation period are earned back.   Refreshed: Retirement benefit calculated as of member's retirement date using current AFC and all service credits   AFC: Average Final Compensation - the average of the highest 18 consecutive months of regular annual earnable compensation.							Complete DROP:	Retiremer	nt 5 or more	years after	DROP 2 pa	rticipation p	eriod. Curre	ent AFC is u	sed for all credits
Refreshed: Retirement benefit calculated as of member's retirement date using current AFC and all service credits  AFC: Average Final Compensation - the average of the highest 18 consecutive months of regular annual earnable compensation.							Recovery:	Accrual ra	ites (2% per	year) "lost"	during DR0	OP 2 particit	pation period	d are earned	back.
AFC: Average Final Compensation - the average of the highest 18 consecutive months of regular annual earnable compensation.							Refreshed:	Retiremer	t benefit cal	culated as	of member's	s retirement	date using o	current AFC	and all service c
annual earnable compensation.							AFC:	Average I	-inal Compe	nsation - th	e average c	of the highes	st 18 consec	utive month	s of regular
								annual ea	rnable comp	ensation.					

											-					
		CUR	CURRENT DROP	JP									DROP 2			
Police Officer:								Police Officer:								
Age at hire = 27 Pay Increases: 3.0%	Age at 1	Age at DROP = 47						Age at hire = 27	Age at DROP = 47	10P = 47						
	Yrs of Serv	Avg Final Comp	Benefit %	Annual Benefit	Pres Val Factor	DROP	Pres Val		Yrs of Serv	Avg Final Comp	Benefit %	Annual	Pres Val	DROP	Pres Val	Ratio vs
	20	\$65,098	50.0	\$32.549	13 8038		\$440300			100				Thoron I		TOUR TIBELLA
Basic DROP	21	67,051		32.549		\$38.081	787	DOGO MAN	200	\$60,098	20.0	\$32,549	13.8038	0	\$449,300	100.0%
No Service Credit	22	69,062		32,549		79 429	523	N	17	150,70		32,549	13.7221	\$37,578	484,218	%6.66
Frozen Annual Benefit	23	71,134		32,549				ù	22	29,062		32,549	13.6356	77,346	521,172	%9.66
Intermediate DROP	24	73,268	3.5	35,113				-	27	72 000	0	32,549	13.5440	119,430	560,274	99.1%
Full DROP	24.5	74,367	55.25	41,088		140,125		Mid DROP	24 5	74 367	2.0	34,014	13.4471	125,999	583,393	96.2%
AFC is refreshed	25	75,466	57.0	43,016					25	75.466	0.0	34,780	13.3958	129,464	595,370	86.2%
or all service credit	26	77,730	60.5	47,027					26	77,730	6.0	37,213	13 2360	140 240	632 788	84.4%
	26.5	78,896	62.25	49,113	-	164,199	811,452	Complete DROP	26.5	78,896	57.0	44,971	13.1789	144.096	736 758	90.1.70
	17	80,062	64.0	51,240		170,704	843,058	AFC is refreshed	27	80,062	58.0	46,436	13.1217	147,953	757.271	80.8%
	28	82,464	0.99	54,426		184,787	892,395	for all service credit	28	82,464	0.09	49.478	13.0012	156,090	790 367	80.6%
	62	84,938	68.0	57,758		200,032	943,653		29	84,938	62.0	52,661	12.8748	164.675	842,680	80.3%
	30	87,486	70.0	61,240	12.7427	216,534	996,902		30	87,486	64.0	55,991	12.7427	173,732	887,208	89.0%
	DROP	DROP ACCOUNT							1							
	Yrs	DROP	Mbr	Int on					DRO	DROP ACCOUNT						
	Jo	Ben	Contr	DROP	DROP				Y IS	DHOHO Bon	Mbr	Inton				
nterest: 8.25%	Serv	Accum	Accum	Acct	Account			Interest: 5.50%	New York	Accilm	Accum	POHO!	DHOT DE			
	20				0				200	III	Accul	HCCI	Account			
Frozen	21	\$32,549	\$4,023	\$1,509	\$38,081			Frozen	21	\$32.549	\$4 023	\$1 008	\$37 578			
Benefit	22	32,549	4,144	4,655	79,429			Benefit	22	32.549	4 144	3.076	77 346			
	23	32,549	4,268	8,072	124,317				23	32.549	4.268	5.267	119 430			
	24			10,256	134,573				24			6 569	125 999			
	24.5			5,551	140,125				24.5			3,465	129,464			
	22			11,102	145,676				25			6,930	132,929			
	92			12,018	157,694				26			7,311	140,240			
	0.02			6,505	164,199				26.5			3,857	144,096			
	288			14 083	1/0,/04				27			7,713	147,953			
	50			14,000 14,000	104,101				28			8,137	156,090			
	30			16.503	216 534				23			8,585	164,675			
					1000				30			9,057	173,732			
								Early DROP: F	Retirement	during or at	the end of	3-vr DROP	2 participa	ion pariod.	Member do	Early DROP: Retirement during or at the end of 3-vr DROP 2 participation period: Member does not earn somitor
Basic DROP: Retirement during or at end of 3 year DROP participation period.	: Hetireme.	it during or a	at end of 3	year DRO	P participat	tion period.		O	redit nor 2	credit nor 2.0% per year accrual rate during DBOP 2 participation period	accrual ra	e during D	ROP 2 nar	icipation ne	rind	S HOL COILL SOLVICE
Intermediate DROP: Retirement any time within 18 months after DROP participation period	Hetireme	it any time w	vithin 18 m	onths after	DROP par	ticipation pe	riod.	Mid DROP: A	5-year tin	ne period du	ing which t	he membe	r earns the	basic 2.0%	accrual rate	Mid DROP: A 5-year time period during which the member earns the basic 2.0% accrual rate. PLUS for the first
1	Hellreme	Retirement benefit is retreshed.	etreshed.					J.	our years a	ifter a 3-yr D	ROP 2 par	icipation p	eriod, the n	nember earr	s 1 5% ner	four years after a 3-yr DROP 2 participation period, the member earns 15% per year to recover
Full DRO	: Ketireme.	Full DROP: Retirement 18 months or later after DROP participation period.	or later a	fter DROP	participatio	n period.		w .	ccrual rate	is "lost" durir	d DROP 2	participation	on period	The Mid DR	OP 2 hanafi	accrual rates "lost" during DROP 2 participation period. The Mid DROP 2 henefit provides the service
Hecovery	: Accrual ra	Hecovery: Accrual rates (2% per year) "lost" during DROP participation period	year) "los	t" during D	<b>30P</b> partic	ipation perio	dare	O	redits earn	ed after DR	OP 2 times	the memb	er's current	AFC plus t	Parky DR	credits earned after DROP 2 times the member's current AFC in its the Farky DROP 3 panetit
	earned back.	ck.						Complete DROP: Retirement 5 or more years affer DROP 2 participation partial. Current AEC is used for all associates	Retirement	5 or more ve	ars after D	ROP 2 nar	ticipation	ariod Curre	of AEC is u	ood for all prodita
Herreshec	: Retireme	Hetreshed: Retirement benefit calculated as of member's retirement date	culated as	of membe	r's retireme	ent date		Recovery: Accrual rates (2% per year) "lost" during a proper participation period are earned heavy.	vccrual rate	es (2% per v	ear) "lost" c	uring DRC	P 2 particir	ation parior	are earned	hack
CHA	using cur	using current AFC and all service credits.	all servic	e credits.				Refreshed: R	Retirement	benefit calcu	lated as of	member's	retirement	date using	urrent AFC	Refreshed: Retirement benefit calculated as of member's retirement date using current ASC and a serving practite.
AFC	. Average	AFC: Average Final Compensation is the average of the highest 18 consecutive	nsation is	the averag	e of the hig	hest 18 con	secutive	AFC: A	verage Fir	Average Final Compensation - the average of the highest 18 consecutive months of requier	ation - the	average of	the highes	t 18 consec	Itive month	of radiilar
	MOURINS O	months of regular earnable compensation.	lable com	pensation.				a	nnual earn	annual earnable compensation.	nsation.	-				
Salary:	Year 20 A	Year 20 AFGis the year 20 salary based on the EV 2009 MOLL	rolog UC .	ac boond	00 11						111011100					