

## RESOLUTION 24-271

### A RESOLUTION TO AUTHORIZE ADOPTION OF THE TCRS BRIDGE PROGRAM FOR POLICE AND FIRE DEPARTMENT

**WHEREAS**, the City of Spring Hill Fire and Police Departments make up the sworn public safety officers within the city as defined in Tennessee Code Annotated § 8-34-101; and

**WHEREAS**, the existing Tennessee Consolidated Retirement System (TCRS) that the City participates in allows for the addition of the Public Safety Officer Bridge Program as an early retirement option for Police and Fire staff; and

**WHEREAS**, it is in the best interest of the City and both the Fire and Police Departments to establish an early retirement option for public safety officers who (1) reach 25 years of service and age 55 or (2) reach age 60 with a minimum of 5 years' service; and

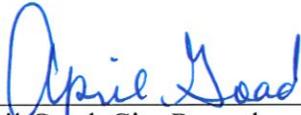
**WHEREAS**, the Police Chief and Fire Chief, per TCA § 8-36-205 (a) 2, have established that Operational Staff below the rank of Captain in the Police Dept., and below the rank of Assistant Chief in the Fire Dept., will have a mandatory retirement age at 60, while Administrative Staff at the rank of Captain and above in the Police Dept., and Assistant Chiefs or Deputy Chief with the Fire Dept., except for the Police Chief and Fire Chief, will have a mandatory retirement age of 62, and

**WHEREAS**, the city has budgeted in the FY25 Budget for a partial, six-month payment to TCRS for current qualifying employees, and established an official start date for participation in the TCRS Bridge Program of January 1<sup>st</sup>, 2025 with the mandatory retirement date set to begin on July 1, 2026.

**NOW, THEREFORE BE IT RESOLVED**, by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee to approve the adoption of the TCRS Bridge Program for Public Safety Officers, permit staff to work with TCRS to implement the program effective January 1, 2025; authorizes the mayor to execute any and all contracts and/or documents necessary for plan implementation.

**Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee, this 18th Day of November, 2024.**

ATTEST:

  
\_\_\_\_\_  
April Goad, City Recorder

  
\_\_\_\_\_  
Jim Hagaman, Mayor

LEGAL FORM APPROVED:

  
\_\_\_\_\_  
Patrick Carter, City Attorney



**REQUEST:**            *Approval of Resolution 24-271*

**SUBMITTED BY:**    Graig Temple, Fire Chief  
                             Don Brite, Police Chief

**DATE:**                November 18, 2024

**RE:**                     TCRS Bridge Program for Public Safety Officers

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**PURPOSE:**

The purpose of this resolution is to permit the city to expand the current city-funded retirement program with the Tennessee Consolidated Retirement System (TCRS) and implement the Public Safety Officer Bridge Program for Police and Fire Departments. With this addition, Public Safety Officers, as defined under TCA § 8-34-101 will have the option of early retirement at 55 years of age with 25 years of service; have reached minimum of 5 years of service at age 60; or have reached the maximum retirement age of 60 or 62 years with any number of years of service whereby a mandatory retirement age will be enforced for pre-determined Operational or Administrative roles within each department.

**BACKGROUND:**

Firefighters and Police Officers perform demanding jobs under moments of extreme psychological, emotional, and physical stress. The inherent dangers of the jobs include physical harm, emotional trauma, PTSD, exposure to communicable diseases, job related cancers, and death. With the requirements of each line of work becoming more and more demanding, as calls for service and populations increase, it is incumbent upon the city to ensure that staff can function to the best of their physical and mental abilities. Career longevity is an important topic as the human body ages. Workers' compensation injuries with career ending consequences could increase thus affecting an employee's quality of life in retirement. The Bridge Program would allow Fire and Police Officers to retire as early as age 55, allowing for staff to separate from the city following a complete career and enjoy retirement years fully.

**FINANCIAL IMPACT:**

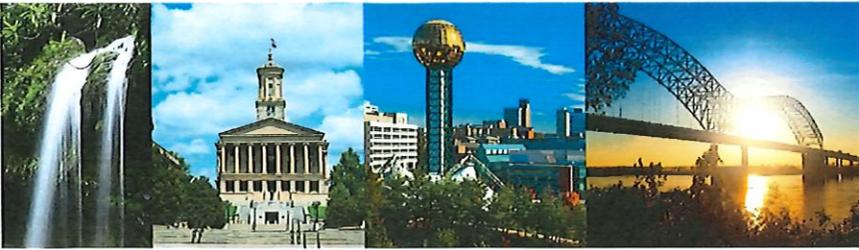
FY25 – Estimated \$180,000.00\* (Police and Fire combined for 6 months participation)

FY26 – Estimated \$360,500.00\* (Police and Fire combined for 12 months)

\*Exact amount is calculated by TCRS following a review of eligible employee numbers and an actuarial valuation of the financial market.

**STAFF RECOMMENDATION:**

Staff recommends approval of Resolution 24-271, so that implementation measures can be made for a January 1, 2025 start date with the Mayor being authorized to sign any contracts and/or documents necessary.



## Public Safety: 25-Year Actuarially Reduced Retirement in the Tennessee Consolidated Retirement System (TCRS)

The Tennessee General Assembly enacted legislation that creates an early retirement option for police officers, firefighters, state correctional officers, emergency communications and medical services personnel, and local government correctional officers. This document contains general information on the impact the legislation has on retirement benefits provided to these groups of employees through the Tennessee Consolidated Retirement System (TCRS).



*Note: The majority of legacy plan members can retire under existing 25-year early rules that were established prior to this legislation. If you are a member of the legacy plan and your employer does not offer 25-year early retirement to all employees, then please contact our office for an estimate.*

### What is the impact of the recent 25-year early retirement provisions?

Police officers, firefighters, state correctional officers, emergency communications and medical services personnel, and local government correctional officers retiring on or after the dates listed below shall be eligible for an early service retirement benefit option in any type of plan offered by TCRS, upon completion of 25 years of service and irrespective of the age of the member at the time of retirement. The service retirement allowance will be permanently reduced to be actuarially equivalent to the member's projected service retirement allowance. This benefit is available to the following members:

- Police officers and firefighters retiring on or after January 1, 2020.
- State correctional officers and emergency medical services personnel retiring on or after January 1, 2021.
- Local government correctional officers retiring on or after January 1, 2022.
- Emergency communications personnel retiring on or after January 1, 2023.

### For purposes of this law, what are the applicable definitions of a police officer and firefighter?

Tennessee Code Annotated § 8-34-101 defines "Police officer" to include any person employed by a political subdivision participating in TCRS who is actively engaged in police work as well as any commissioned member of the Department of Safety and any agent of the Tennessee Bureau of Investigation. "Firefighter" means any person employed by a political subdivision participating in TCRS who derives his or her primary livelihood from firefighting work.

### For purposes of this law, what are the applicable definitions of state correctional officers and emergency medical services personnel?

A “state correctional officer” is defined as a person who is employed by the Department of Correction and satisfies the requirements of Tennessee Code Annotated § 41-1-116. For local government correctional officers, the definition includes persons who oversee those who have been arrested and are awaiting trial or who have been sentenced to serve time in jail or prison.

This law also applies to emergency medical services personnel as defined in Tennessee Code Annotated § 68-140-302. “Emergency medical services personnel” means individuals certified or licensed by the emergency medical services board in accordance with various categories and classifications of licenses or certificates that the board establishes.

“Emergency communications personnel” is defined in Tennessee Code Annotated § 8-36-308 as a person employed as an emergency communications worker, public safety dispatcher, emergency communications telecommunicator, or emergency call taker.

### What does actuarial equivalent of a service retirement allowance mean?

Actuarial equivalent means the benefit is permanently reduced because the member retired before reaching eligibility for a full (unreduced) retirement benefit.

### Does this legislation change when a member is eligible for the bridge benefit?

No. For police officers and/or firefighters previously eligible for a bridge benefit, the legislation does not impact the start date for the bridge benefit. The earliest the bridge benefit will begin is at age 55, regardless of whether the police officer and/or firefighter chooses to retire on the reduced allowance after 25 years of service. Additionally, this new law does not provide a bridge benefit if the employer has not adopted the bridge benefit provision.

### Has mandatory retirement changed?

For most employees this legislation does not change the mandatory retirement age of 60 that some employers have adopted for police officers and/or firefighters, and it does not change the mandatory retirement benefit improvement which includes a bridge benefit.

### Do local governments have to take any action to offer the 25-year reduced retirement option?

No.

### If I retire after 25 years of service on the reduced allowance, will my allowance increase to a service retirement allowance later?

No. If a member chooses to retire on the reduced allowance after 25 years of service, the allowance will be reduced permanently.

### Does this legislation mean I am eligible for the Age 55/25-Year Service Retirement?

No. To be eligible for an unreduced service retirement allowance under the Age 55/25-Year Service provision, your employer must have adopted the 55/25 provision, and you must meet both the age 55 and 25 years of service requirements.

## I am an employer in the Legacy plan. What is the difference for me in adopting the 25-year early provision vs. the provisions of this legislation?

The 25-year early provision, if adopted by the employer, applies to all of an employer's employees and provides employees with the ability to receive a reduced retirement allowance upon 25 years of service.

This new legislation only applies to police officers, firefighters, correctional officers, and emergency communications and medical service personnel employed by an employer participating in TCRS and does not require the employer to adopt any resolutions.

### Key Terms

The following are definitions of terms used in this document. These provisions are not impacted by the legislation that implements a 25-year actuarially reduced benefit option.

**Mandatory Retirement:** Requires retirement on the first day of the month following the month in which the member attains a certain age. This age may be between 60 or 62, depending on the election of the employer.

**Bridge Benefit:** If the employer elects a mandatory retirement age earlier than age 62, the current age requirement for Social Security benefits, a supplemental bridge is payable to the member. This bridge benefit is payable from age 60 or the mandatory retirement age to age 62. For example, if an employer has elected a mandatory retirement age of 60, the supplemental bridge will be payable to the member from age 60 until age 62. The benefit is temporary and in addition to the member's monthly retirement benefit.

**Age 55/25-Year Service Retirement:** This is an enhanced provision that provides the mandatory retirement at age 60 for all public safety officers including a bridge benefit. Additionally, it adds the option of an unreduced service retirement benefit to these members upon attainment of age 55 with 25 years of public safety officer service. The bridge benefit begins at the date of retirement or age 55, whichever is later, and continues until the age the member meets the requirements for Social Security benefits, currently age 62.

### Contact Us

Call (800) 922-7772 Monday through Friday 8:00 a.m. to 7:00 p.m. CT

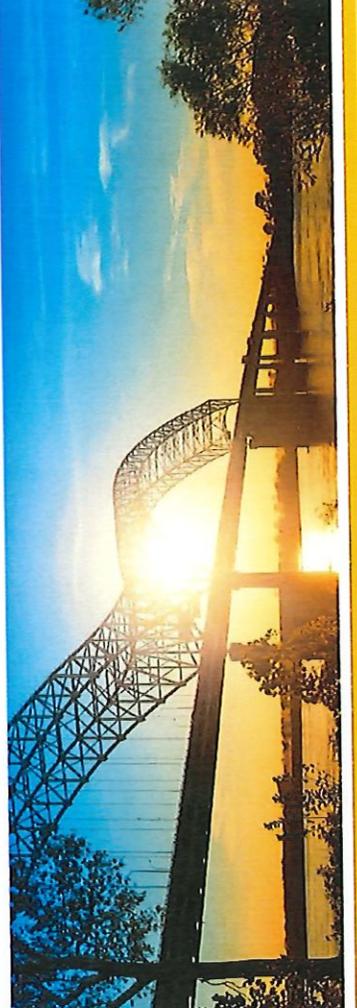
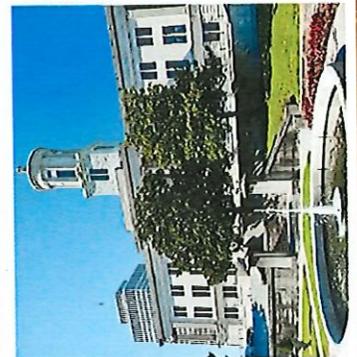
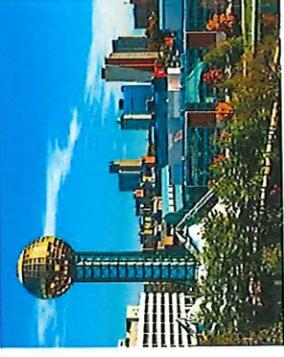
Visit [www.RetireReadyTN.gov](http://www.RetireReadyTN.gov)

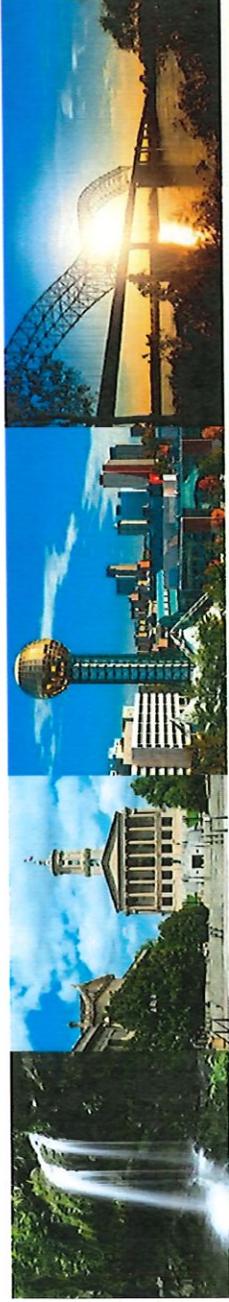


@RetireReadyTN

*RetireReadyTN offers retirement readiness education and retirement counseling to all members regardless of career stage. Members are encouraged to meet with a local RetireReadyTN Plan Advisor for assistance with retirement planning and to discuss other financial planning needs. To schedule a meeting, contact us at (800) 922-7772 or visit [RetireReadyTN.gov](http://RetireReadyTN.gov).*

# PROPOSED ENHANCED PUBLIC SAFETY TCERS BENEFIT "BRIDGE PLAN"





## Proposed Bridge Plan

- Key Benefit to Employee
  - ‘Bridge’ benefit removes penalty for retiring prior to reaching 30 YOS
    - Full retirement at age 55 with 25 YOS
  - Provides enhanced retirement benefit for ‘bridge’ years (ages 55 – 62)
    - ‘bridge’ years – from date of retirement to age 62 (or death, if earlier)
  - Examples of Retirement Provisions Follow



## Current Retirement Plan (without bridge)

- Basic Benefit Example - Legacy Plan
  - Basic Formula:  $(YOS \times 1.575\% \times AFC)$
  - Example
    - Age - 55
    - YOS (years of service) - 25
    - AFC (average final compensation) - \$40,000



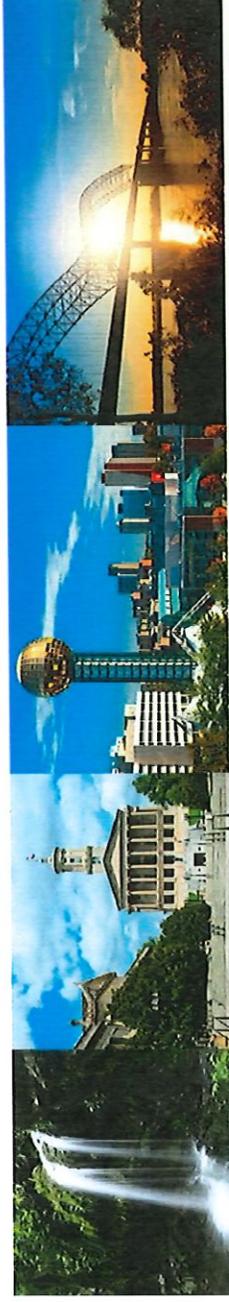
## Current Retirement Plan (without bridge)

- Basic Benefit Example – Legacy Plan (cont.)
  - Current Benefit (early retirement without bridge)
    - $25 \text{ YOS} \times 1.575\% = 39.4\%$
    - $39.4\% \times 76\% \text{ (early retirement factor)} = 30\%$
    - $30\% \times \$40,000 = \$12,000/\text{year}$
    - Monthly retirement benefit -  $\$1,000/\text{month}$
  - Basic Benefit Example – Legacy Plan
    - Current Benefit (Unreduced benefit without bridge @ age 60)
      - $25 \text{ YOS} \times 1.575\% = 39.4\%$
      - $39.4\% \times \$40,000 = \$15,760/\text{year}$
      - Monthly retirement benefit –  $\$1,313/\text{month}$



## Proposed Bridge Plan

- Basic Benefit Example – Legacy Plan (cont.)
  - Bridge Benefit
    - 25 YOS x 1.575% = 39.4%
    - No reduction factor applied
    - 39.4% x \$40,000 = \$15,760/year (\$1,313/month)
    - Plus additional Bridge benefit
      - 25 YOS x .75% = 18.75% x \$40,000 (AFC) = \$7,500/year
    - Annual retirement benefit - \$23,260
    - Monthly retirement benefit - \$1,938/month



## Comparison of Current Plan to Bridge Plan

- Basic Benefit Example – Legacy Plan (cont.)
  - Summary of Monthly Benefit (Legacy Plan)
    - Current Method - \$1,000 per month
    - **Current Method @ age 60 - \$1,313 per month**
    - Bridge Plan
      - Through Age 62 - \$1,938 per month
      - After Age 62 - \$1,313 per month

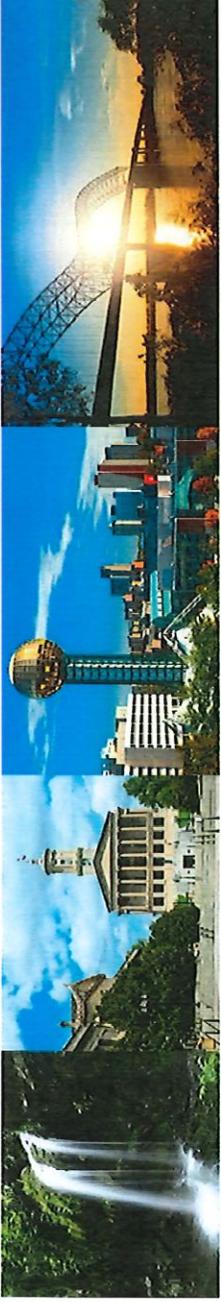


## Comparison of Current Hybrid Plan to Bridge Plan

- Basic Benefit Example – Hybrid Plan (cont.)
  - Summary of Monthly Benefit<sup>1</sup>
    - Current Method - \$ 633 per month
    - Bridge Plan
      - Through Age 62 - \$ 1,458 per month
      - After Age 62 - \$ 833 per month

*(NOTE: Upon retirement, employee no longer receives benefit of employer's contribution of 5%/year to the employee's 401K Plan)*

<sup>1</sup> *Defined Benefit portion only. Does not include defined contribution (401K) portion.*



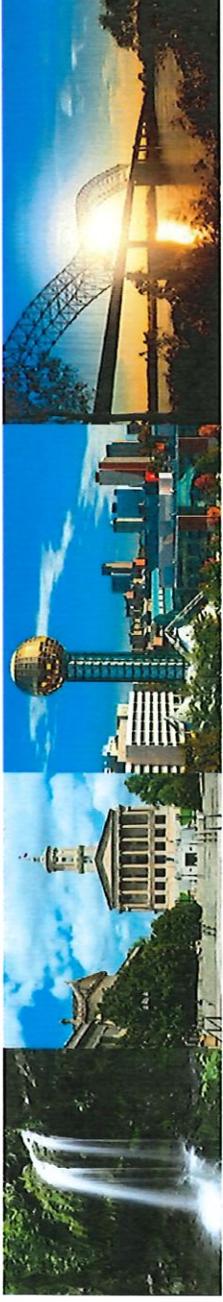
## Proposed Bridge Plan

- Potential Areas of Concern to Employee
  - Mandatory Retirement
    - Mandatory retirement at age 60
      - Any public safety employee that was ever in an Bridge eligible position and actively engaged in police work/fire work as a police officer/firefighter for any period of time will be subject to the mandatory retirement provisions
    - Exceptions are:
      - Sheriff/Chief/CEO (no mandatory retirement age)
      - Certain management employees – mandatory retirement at age 62
      - Employer has option to delay implementation for up to 12 months



## Proposed Bridge Plan

- Potential areas of Concern for Employers
  - Long-term cost of Bridge Plan
  - Health Care coverage for those impacted by mandatory retirement
  - Rise in Pension Costs above actuarial projection of 3.5% which can impact the TCRS employer rate
  - Risk of rise in early Social Security retirement age (62)
  - Risk of rise in Medicare eligibility age (65)
  - Rise in Health Care costs above assumption
  - Increase in number of Bridge-eligible positions
  - Administration challenges/concerns



## Proposed Bridge Plan

Employers should consider funding the increased costs of the Bridge Plan over the long-term with limited revenue sources and numerous other expenditure challenges such as:

- Health insurance
- Debt service
- Employee raises
- Increased demands on law enforcement & detention
- Increased demands on other government services
- Discretionary spending

Account	Name	Status	Type	Fund	Original Budget	Budget Adjustments	Current Budget
POLICE BUDGET FY25							
110-42123-51423	Bridge Retirement Program	Active	Expense	110	92200	0	92200
FIRE BUDGET FY25							
110-42220-51423	Bridge Retirement Program	Active	Expense	110	92500	0	92500