

Budget Questions and Requests for Information
2019-20 Council Retreat
Question #3

QUESTION: How much would it cost to bring firefighters' retirement compensation up to parity with police officers?

RESPONDENT: Amy Oland, Business Management Director
Matt Brinkley, Budget Manager

RESPONSE: Beginning January 1, 1987, every sworn law enforcement officer employed by a local government who retires with 30 or more years of credible service or have attained 55 years of age and completed 5 or more years of credible service is entitled to a "special separation allowance" to be paid from the organization until the age of 62. This is mandated by the State of North Carolina to local governments pursuant to N.C. General Statute 143.166.42.

Currently, the Town of Chapel Hill has 28 police officer retirees receiving this benefit totaling \$353,837 for FY2019. If we were to assume the same proportion of firefighters would receive the benefit, based on the count of FTE's, a rough estimate of the cost would be around \$225K for the Fire Department. That amount would be at full build out of the system which would take 7-10 years. The initial amount would be based on the number of firefighters that would retire in the upcoming fiscal year. According to our research, only Gastonia and Kannapolis offer a separation allowance similar to that of Police.

In addition to the special separation allowance, the Town also pays a slightly higher rate of retirement on current sworn police officers. This is also designated by N.C. general statute and is part of our membership in the local government retirement system. N.C. jurisdictions with sworn officers pay 0.75% more than general employees for retirement. This is due to the eligibility of retirement differences that sworn officers receive versus general employees. Unreduced service retirement benefits are as follows:

Law Enforcement:

-30 years credible service
-55 years old & 5 years

General Employee (includes firefighters):

-30 years of credible service
-65 years old & 5 years
-60 years old & 25 years