



City of Cambridge

04.
Calendar Item #9
IN CITY COUNCIL

~~March 25, 2002~~
April 8, 2002

COUNCILLOR TOOMEY
MAYOR SULLIVAN
COUNCILLOR DECKER
COUNCILLOR GALLUCCIO
COUNCILLOR MAHER
COUNCILLOR REEVES
VICE MAYOR DAVIS
COUNCILLOR MURPHY
COUNCILLOR SIMMONS

ORDERED: That the City Council hereby petitions the Massachusetts Great and General Court to enact the attached home rule petition entitled "AN ACT RELATIVE TO THE RETIREMENT OF CAMBRIDGE POLICE OFFICERS HIRED FROM THE 1972 POLICE EXAMINATION." This petition allows:

1. The Cambridge Retirement Board to reduce the percentage retirement deductions from 7% to 5% of all police officers appointed to the Cambridge Police Department from the 1972 police examination and
2. To further reimburse said officers the difference for the period of their current starting date with the City to the present. Said officers shall be deemed to have entered the service of the City of Cambridge on December 17, 1974 for the purposes of retirement only.

In City Council April 8, 2002.
Adopted by the affirmative vote of eight members.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in black ink, reading "D. Margaret Drury". The signature is written in a cursive style with a large, stylized "D" and "M".

D. Margaret Drury
City Clerk



City of Cambridge

0-1.
Calendar Item #9
IN CITY COUNCIL

~~March 25, 2002~~
April 8, 2002

COUNCILLOR TOOMEY
MAYOR SULLIVAN
COUNCILLOR DECKER
COUNCILLOR GALLUCCIO
COUNCILLOR MAHER
COUNCILLOR REEVES
VICE MAYOR DAVIS
COUNCILLOR MURPHY
COUNCILLOR SIMMONS

ORDERED: That the City Council hereby petitions the Massachusetts Great and General Court to enact the attached home rule petition entitled "AN ACT RELATIVE TO THE RETIREMENT OF CAMBRIDGE POLICE OFFICERS HIRED FROM THE 1972 POLICE EXAMINATION." This petition allows:

1. The Cambridge Retirement Board to reduce the percentage retirement deductions from 7% to 5% of all police officers appointed to the Cambridge Police Department from the 1972 police examination and
2. To further reimburse said officers the difference for the period of their current starting date with the City to the present. Said officers shall be deemed to have entered the service of the City of Cambridge on December 17, 1974 for the purposes of retirement only.

In City Council April 8, 2002.
Adopted by the affirmative vote of eight members.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- A handwritten signature in cursive script, appearing to read "Margaret Drury".

D. Margaret Drury
City Clerk

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts
in General Court assembled.

CAMBRIDGE

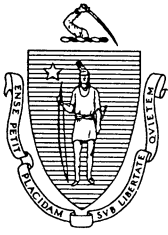
The undersigned, citizens of, respectfully
petition for the passage of the accompanying bill or resolve, and/or for legislation.

AN ACT RELATIVE TO THE RETIREMENT OF CAMBRIDGE POLICE OFFICERS HIRED
FROM THE 1972 POLICE EXAMINATION

Petitioners are requested to sign names and addresses legibly.

Richard A. Green
Paul P. Baker
Ben P. Murphy
Kenneth E. Reeves
Debbie Simmons
Chas. H. Hall
John J. Loomis
Harold

42 Huron Ave Cambridge
120 APPLETON STREET CAMB MA 021
22 Mount Auburn Street Cambridge
340 Harvard St Cambridge
188 Harvard St 4B Cambr. 02139
30 Normandy Ave 02138
88 Sixth St. 02141
170 Chestnut St 02139



The Commonwealth of Massachusetts

IN THE YEAR TWO THOUSAND AND TWO

AN ACT

RELATIVE TO THE RETIREMENT OF CAMBRIDGE POLICE OFFICERS HIRED
FROM THE 1972 POLICE EXAMINATION

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1.

Notwithstanding the provisions of any general or special law or rule to the contrary, solely for the purpose of determining the rate of withholdings required by paragraph (b) of subdivision (1) of section twenty-two of chapter thirty-two of the General Laws, that all current police officers in the City of Cambridge that were hired from the 1972 police examination, shall be deemed to have entered the service of said City on December seventeen, nineteen hundred and seventy-four.

The retirement system of the City of Cambridge is hereby authorized and directed to pay to these officers in one sum the amount equal to the difference between (i) the amounts actually withheld from the compensation of said officers and deposited in the annuity savings fund system; and (ii) the amounts which would have been withheld had said officers become members in service of said system on said date, together with regular interest on said difference, as determined by the division of public employee retirement commission.

NOTE. — Use ONE side of paper ONLY. DOUBLE SPACE. Insert additional leaves, if necessary.

AN ACT RELATIVE TO THE RETIREMENT OF CAMBRIDGE POLICE OFFICERS HIRED
FROM THE 1972 POLICE EXAMINATION

Notwithstanding the provisions of any general or special law or rule to the contrary, solely for the purpose of determining the rate of withholdings required by paragraph (b) of subdivision (1) of section twenty-two of chapter thirty-two of the General Laws, that all current police officers in the City of Cambridge that were hired from the 1972 police examination, shall be deemed to have entered the service of said City on December seventeen, nineteen hundred and seventy-four.

The retirement system of the City of Cambridge is hereby authorized and directed to pay to these officers in one sum the amount equal to the difference between (i) the amounts actually withheld from the compensation of said officers and deposited in the annuity savings fund system; and (ii) the amounts which would have been withheld had said officers become members in service of said system on said date, together with regular interest on said difference, as determined by the division of public employee retirement commission.



cal 9

CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager

Richard C. Rossi, Deputy City Manager

April 5, 2002

To The Honorable, The City Council:

In response to the request of Councillor Brian Murphy for additional information regarding Policy Order No.1, dated March 25, 2002, relative to home rule petition entitled "AN ACT RELATIVE TO THE RETIREMENT OF CAMBRIDGE POLICE OFFICERS HIRED FROM THE 1972 POLICE EXAMINATION", the following has been researched and provided to me by the Finance Director and Personnel Director of the City:

We have been asked to report on the number of officers affected and the cost of implementation of a home rule petition that would increase service credits and change contribution rates for persons appointed to police officer positions in Cambridge as a result of their performance on the 1972 statewide civil service examination for police officer.

The City of Cambridge first used the eligible list created from the 1972 examination when it filed a requisition to fill 21 police officer positions on June 20, 1974. Those persons were appointed to the police department as officers effective December 16, 1974. They pay a 5% retirement contribution rate.

Chapter 249 of the Acts of 1974, approved May 23, 1974, changed the contribution rate new members to the City-State Retirement system paid as their share of the cost of retirement, effective January 1, 1975, from 5 % to 7%.

On July 7, 1975 the City filed a new requisition to fill an additional 26 police officer positions. This group (which when hired had expanded to 39) was appointed effective September 29, 1975. These employees (unless they were already members of the retirement system as a result of prior qualifying employment within Cambridge, the Commonwealth or another city or town) pay a 7% contribution rate toward the cost of retirement.

On December 18, 1975 the City filed additional requisitions to fill 12 permanent intermittent police officer positions. Persons in this group were to be hired from the list but not necessarily put to full-time work right away. Ultimately 18 persons were hired in this manner. The effective date of this employment was January 3, 1976 although many did not actually begin work until as late as 1978. This group also pays a 7% retirement contribution rate (unless previous qualifying employment prior to January 1, 1975 made them eligible to continue a 5% contribution rate).

From our records, this is the last group of individuals hired from the 1972 police examination. Subsequent employees were hired from the 1975 or later examinations.

In total, 22 current police officers would appear to be affected by the legislation. (The legislation refers to *current* employees. A number of those hired from the 1972 examination who were contributing 7 % have already retired. Others have left the job without retiring.) Assuming that there would be no retroactive adjustment of their contributions or retirement dates, cost estimates will be based on the 22 current employees alone.

As of March 23, 2002, these employees have contributed a total of \$1,620,755 to the retirement system. These funds have been credited with a total of \$691,102 in interest earnings.

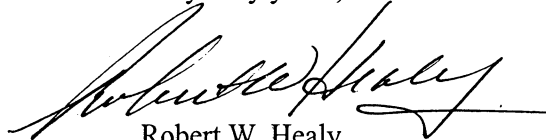
Assuming two sevenths (28.6%) of these funds are returned to the employees, the system would pay out in excess of \$660,000 in returned deductions. Whatever delay there is in enactment of the legislation would increase this amount.

We have good confidence in this cost of the change for retroactive payments. The cost to the system of future reduced contributions and interest earnings is somewhat harder to calculate. The average age of members of the group is approximately 54 and 8 months. Assuming, on average that they work an additional 5 years¹ and assuming normal wage growth, the lost contributions and interest for this period would, conservatively approximate \$230,000². If the average additional years of service was higher or lower, the additional cost would fluctuate as well.

There are also potential increased costs resulting from the added service credits generated from a change in the first date of employment being changed to Dec. 16, 1974. This value is also difficult to calculate because, depending on how long an individual employee decides to stay in service with the City, the changed service date may have significant or limited value. (The maximum percentage pension an employee may earn is 80%. Some police officers work several years beyond the date when they achieve the 80%. Others retire shortly after reaching "maximum". Adding to the service time speeds up when an officer reaches maximum, but he or she may not retire until later.) Assuming one-third of the officers would use the increased service time to retire earlier than they otherwise might, we would estimate that the extra (on average) ten months service time would cost approximately \$300,000 (10 months benefits at an average of \$4,333 per month pension for seven persons). If two thirds of the persons took such advantage this cost would double.³

Using these assumptions the estimated cost of this legislation is between \$1,190,000 and \$1,385,000.

Very truly yours,



Robert W. Healy
City Manager

¹ This seems like a reasonable assumption, based upon when the officers would reach a maximum percentage pension benefit.

² This figure assumes a nominal interest averaging 1.5%, an amount typically credited to an individual retiree's annuity. In fact the system has a goal of generating more than 8% earnings. If, on average the system generated earnings at a rate of 6% over this five year period, the cost of lost contributions/earnings would exceed \$425,000.

³ We are calculating the total value of the pension over the ten months rather than the potential difference in the value of the pension if the person retired ten months prior to reaching 80%, spread over the retiree's remaining life span. We believe the much more likely scenario is that the individual would delay retirement until reaching maximum rather than retiring prior to reaching maximum. Thus the true differential cost is the cost of the pension during the time period before the officer otherwise would have reached maximum. These costs might be offset somewhat depending on how soon the vacancy was filled. Obviously, with respect to the value of the extra service time and lost future contributions these are estimates only.



City of Cambridge

O-1.

IN CITY COUNCIL

March 25, 2002

COUNCILLOR TOOMEY
MAYOR SULLIVAN
COUNCILLOR DECKER
COUNCILLOR GALLUCCIO
COUNCILLOR MAHER
COUNCILLOR REEVES
VICE MAYOR DAVIS
COUNCILLOR MURPHY
COUNCILLOR SIMMONS

ORDERED: That the City Council hereby petitions the Massachusetts Great and General Court to enact the attached home rule petition entitled "AN ACT RELATIVE TO THE RETIREMENT OF CAMBRIDGE POLICE OFFICERS HIRED FROM THE 1972 POLICE EXAMINATION." This petition allows:

1. The Cambridge Retirement Board to reduce the percentage retirement deductions from 7% to 5% of all police officers appointed to the Cambridge Police Department from the 1972 police examination and
2. To further reimburse said officers the difference for the period of their current starting date with the City to the present. Said officers shall be deemed to have entered the service of the City of Cambridge on December 17, 1974 for the purposes of retirement only.

TABLED ON MOTION OF COUNCILLOR MURPHY.

S-93 Cal 9

ORDER #1

The City Council hereby petitions
the Massachusetts Great and
General Court to enact the attached
home rule petition entitled "An Act
Relative To The Retirement Of
Cambridge Police Officers Hired
From The 1972 Police
Examination."

**Councillor Toomey, Mayor
Sullivan, Councillors Decker,
Galluccio, Maher and Reeves**

**TABLED ON MOTION OF
COUNCILLOR MURPHY.**

In City Council March 25, 2002

*In City Council
April 8, 2002
Order Adopted*