



BOARD OF COMMISSIONERS

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AD HOC COMMITTEE TO REVIEW DROP

THURSDAY, JUNE 11, 2009

AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Adoption of Agenda
4. Public Participation
5. Presentation and Overview by David Diegel on the History and Details of the Deferred Retirement Option Plan (DROP)
6. Presentation by Wendy Fisher on the Current and Projected Employee Participation
7. Overview by David Diegel on the Financial Impact of the DROP
8. New Business
9. Public Participation
10. Adjournment

MEMBERS: Tocco-Chair, Doherty-Vice-Chair, Brdak, D. Flynn, Vosburg and Mijac (ex-officio)

MACOMB COUNTY BOARD OF COMMISSIONERS

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DROP Statistical Data

- 109 Non – Union DROPs of 429 Non-Union Total
- 267 Union DROPs of 2003 Union Total
- 12 Department Heads DROPs of 28 Department Heads Total
- 173 Employees are eligible to apply for DROP in 2009 and 2010

* Martha T. Berry included

Assuming DROPs retire at five year DROP maximum, the following are headcounts:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total DROP'd	9	68	181
Already retired	<u>-3</u>	<u>-16</u>	<u>-76</u>
Pending Retirees	6	52	105

At "Five year mark", the DROP policy provides:

"DROP payment: Upon termination of employment, the retiree shall receive the monthly retirement benefit previously credited to his/her DROP account. Failure to terminate employment at the expiration of the DROP Participation Period shall result in suspension of the employee's monthly pension benefit otherwise payable to the DROP account until termination of employment. Interest on the DROP account will continue to accrue during such a forfeiture, except as provided in Subsection J."

distributed
6-11-09

Benefits of DROP

Financial Advantages

- * Predictability of retirements
- * Maintain Health care of employee/ family only; not both the new retiree and new hire
- * Retirement benefit stops accruing service/FAC so lifetime monthly pension benefit is less

Operational Advantages

- * Retain valued employees
- * Retain knowledge/history
- * Succession planning tool
- * Reduce training and recruitment costs

Negatives of DROP

- * Employer has no discretion on who DROPs
- * Morale issues due to lack of promotions