Retiree benefits No. 1 budget problem

Last December, Pottstown Council voted to increase real estate taxes 9.5 percent for 2019, on top of a 12 percent tax increase for 2018.

All the extra money — and then some — has been gobbled up by borough employee pensions and health benefits.

Pension costs alone increased $766,000 this year, and that doesn’t include retirees’ health benefits.

Borough taxpayers currently support 40 retired police officers (or their survivors) and 50 retired non-uniformed employees (or their survivors).

Retirees receive a guaranteed pension for life. They have the option of covering their spouse as well, and Pottstown is paying pensions to numerous spouses of retirees who have died.

Pottstown police officers can receive full retirement benefits at age 50 with 25 years’ service, based on the average of their last three years’ pay, or early retirement after 20 years. They receive 50 percent of their average salary and cost-of-living increases. Some retirees or their survivors collect benefits for decades.

For example, former Pottstown Police Chief Lloyd Myers retired in 1974 after 20 years’ service and collected benefits for 40 years until his death in 2014.

And as police salaries increase above the rate of inflation, so too will retirement costs.

The police pension plan is currently underfunded by $8.5 million; the non-uniformed retirees’ plan is underfunded by $7 million, and health benefits for retired police officers are underfunded by a whopping $26.8 million.

Not only do retired police officers receive full health benefits for the rest of their lives, their spouses are covered as well. Once a retiree is eligible for Medicare, the borough pays for supplemental insurance.

And if a retiree moves to another state, the borough is still liable for out-of-plan health care costs no matter what they might be.

The No. 1 recommendation of the borough’s state-approved economic consultants is to get police personnel spending under control.

Last December, Pottstown Council voted to increase real estate taxes 9.5 percent for 2019, on top of a 12 percent tax increase for 2018.

All the extra money — and then some — has been gobbled up by borough employee pensions and health benefits.

Pension costs alone increased $766,000 this year, and that doesn’t include retirees’ health benefits.

Borough taxpayers currently support 40 retired police officers (or their survivors) and 50 retired non-uniformed employees (or their survivors).

Retirees receive a guaranteed pension for life. They have the option of covering their spouse as well, and Pottstown is paying pensions to numerous spouses of retirees who have died.

Pottstown police officers can receive full retirement benefits at age 50 with 25 years’ service, based on the average of their last three years’ pay, or early retirement after 20 years. They receive 50 percent of their average salary and cost-of-living increases. Some retirees or their survivors collect benefits for decades.

For example, former Pottstown Police Chief Lloyd Myers retired in 1974 after 20 years’ service and collected benefits for 40 years until his death in 2014.

And as police salaries increase above the rate of inflation, so too will retirement costs.

The police pension plan is currently underfunded by $8.5 million; the non-uniformed retirees’ plan is underfunded by $7 million, and health benefits for retired police officers are underfunded by a whopping $26.8 million.

Not only do retired police officers receive full health benefits for the rest of their lives, their spouses are covered as well. Once a retiree is eligible for Medicare, the borough pays for supplemental insurance.

And if a retiree moves to another state, the borough is still liable for out-of-plan health care costs no matter what they might be.

The No. 1 recommendation of the borough’s state-approved economic consultants is to get police personnel spending under control.