

**The Bill Blackwood
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**Financial and Pre-Retirement Planning for
Law Enforcement Officers**

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ABSTRACT

Contemporary law enforcement agencies across the country are constantly evaluating the need to better prepare their employees for the tremendous challenges of the future. Employees are often cited as a police executive's most valuable assets. Unfortunately, police agencies have failed to recognize the importance of having financially stable officers working within their ranks. Police officers and their families consider the topic of money as a major stressor in their lives (Ellison, 2004). In addition, police officers have been historically unprepared for retirement years. This financial illiteracy lends itself to family conflict, officer fatigue, and disenfranchisement into retirement. Police departments across the country should implement financial and pre-retirement training into the core training programs.

Financially fit officers will see a reduction in the frequency of their previously necessary extra-duty jobs and overtime. In addition, police officers typically retire sooner than their civilian counterparts (Caudill & Peak, 2009a). Early intervention and financial planning for officers throughout their career can reduce the likelihood of insufficient income during retirement.

The continued evolution of police training demands that police executives consider the overall wellness and financial fitness of their officers. The benefits of a financially literate officer extend well beyond the officer's own performance and well-being. These officers will enter their retirement on their own terms, committed to the agencies they served, and well prepared to enjoy the same communities they worked so tirelessly to protect.

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INTRODUCTION

Across the United States, executives and leaders of contemporary police agencies are faced with tremendous challenges and daunting headlines. The emphasis on police training and risk management within these departments has never been higher. Most leaders of law enforcement agencies will agree their most important assets are the employees who work for their organizations. A significant amount of time and resources are allocated towards training these employees. Historically, law enforcement agencies have devoted most of their attention to what has been perceived as the “core” functions of police work. These “core” functions have traditionally included high-speed driving, firearms, defensive tactics, and knowledge of laws. More recently, some police training has evolved into more emphasis on de-escalation tactics, communication, and the importance of critical incident debriefing. Although these areas of police instruction are critical to the success of individual employees and the organizations they serve, departments’ responsibilities to provide more comprehensive training which focuses on developing well-rounded and less stressed employees is equally critical.

If people within police organizations are considered to be the most important asset, then modern training programs should be structured to provide employees with the knowledge and skills that provide optimum success in all aspects of their lives. Issues surrounding money and the lack of financial planning are reported as being a major source of stress among police officers (Ellison, 2004). Very few state and local law-enforcement agencies offer training and instruction in employee financial and pre-retirement planning. Employees with defined pension plans often retire earlier than their

civilian workforce counterparts (Caudill & Peak, 2009a). All of these employees are in need of continuing skills that last well into their retirement years. In addition, law enforcement agencies nationwide are not immune to effects of the economy and layoffs. Arming employees with the tools to be successful after retirement or in the event of layoffs is a fundamental principle for all agencies interested in the overall welfare of their people.

Financial problems are source of significant conflict within the American workforce (Washburn & Christensen, 2008). As stated earlier, law enforcement officers and their families are not immune from this conflict. Low morale, lost productivity, and fatigue can all be consequences of poor financial health among police officers (Blau, 1994). Comprehensive financial planning training plans will offer these employees the opportunity to make better and more informed decisions. Consequently, these officers and their families will see a decreased reliance on the need for overtime and extra-duty jobs. Dr. Kevin Gilmartin (2002) described this as ending a vicious cycle in the police culture.

There are many reasons people give for why they become police officers. A sense of service is a theme often cited for entry into the police field. It is often stated that no one will ever be able to get rich working for the government. The problems of personal financial health within the United States are well documented and seemingly insurmountable. The dream of home ownership and retiring on a tropical island seem reserved only for private-sector employees or chief executive officers (CEO's) of large companies. However, these cornerstones of the American dream are not reserved for the 1%. Early intervention and education can go a long way to providing financial peace

for police officers (Storch, 1997). Credit card debt, student loan debt, mortgage debt, and living beyond one's means are all areas in which police officers could benefit from additional instruction and knowledge. Beginning with the police academy and throughout the evolution of an entire career, law-enforcement agencies should provide financial and retirement planning training for their employees. Police executives and leaders spend a tremendous amount of time and efforts on training their employees on leadership, ethics, and the mechanics of the job. It is time for police executives to understand the importance of financial stability of their employees and how that equates to better job satisfaction, higher productivity, reduced fatigue, and preparation for the future.

POSITION

Most companies and organizations in America want their employees to be productive, well-adjusted, and good ambassadors for the organization's image and reputation. Employees are people and people are subject to job dissatisfaction, low morale, and family conflict. One significant cause of conflict in the American household is financial problems (Washburn & Christensen, 2008). In fact, 60% of married couples report they fight over money issues. Another 93% of married couples report that financial issues are one of their top concerns (Washburn & Christensen, 2008). Many working adults have little to no formal education on financial planning or retirement planning. In fact, a study of the financial knowledge of college students suggested that students have a low understanding of personal finance and their own credit card usage (Robb, 2011). If police officers experience the same financial stress and possess the same level of knowledge of financial issues as their counterparts in the civilian

workforce, then conflict over money in the officers' personal life combined with a deficiency in financial literacy gives rise to additional stress. This stress undoubtedly enters into the workplace.

Police officers deal with the stresses of financial problems in many ways. Perhaps the most common way is for the police officer to take on overtime and extra-duty assignments as a way to increase their financial health (Gilmartin, 2002). Police officers are already burdened with the prospect of irregular shift assignments, unpredictable schedules, and mandatory overtime. The long work hours and seemingly endless overtime availability has shown to cause a significant amount of stress on officers and their spouses (Vila & Kenney, 2002). According to Gilmartin (2002), "many police officers get into a vicious cycle of making large purchases to satisfy a psychological desire and the ensuing need to take on extra-duty jobs and overtime to address the new financial obligation. Dr. Gilmartin has termed this concept as "stress-related consumerism" (p. 129). This cycle can begin as soon as an officer enters the field training program. Many police officers can experience this phenomenon throughout their careers. Police officers are oftentimes not prepared to retire with what their defined pension plan can provide and may find themselves in need of continued employment after retirement (Dimond-Smith, 1983).

Police officers in this country attend mandated training every year. Thousands of dollars and thousands of personnel hours are committed by agencies to the physical welfare of police officers. Reducing stress of employees in the workforce should also be top priority for law enforcement executives. Instituting financial planning and pre-retirement planning into the department's core training programs should begin at the

police academy or field training level. An officer's ability to better manage his or her finances reduces the dependence on the need for extra employment and thus longer work hours. This allows additional time to be given towards the family and other non-work activities. In addition to reducing conflict at home, providing employees with pre-retirement and financial planning can give employees a feeling of well-being and generate enthusiasm towards their organization (Caudill & Peak, 2009a).

In a similar category of employee wellness and job satisfaction, the topic of police officer fatigue is also a well-known stress related component of law enforcement. The work and family conflict is caused directly by the requirement relating to working time (Basinka & Wiciak, 2013). With the addition of extra-duty jobs and subsequent overtime component to police officers' schedules, the impact of officer fatigue on job productivity becomes problematic. Fatigue related issues cost the United States economy \$136 billion dollars per year in lost productivity (Ricci, Chee, Lorandean, & Berger, 2007). Like many other kinds of police behaviors, police executives and leaders have attempted to regulate the issue of officer fatigue by implementing policies controlling how many hours an officer can work in a given 24-hour period or how many extra jobs an officer can work in a given week. A recent research study has demonstrated that up to 40% of police officers surveyed report sleep disorders which are caused or aggravated by secondary employment and overtime (Vila, 2000). The time has come for police departments across the country to focus on the underlying problem as opposed to attempting to treat the symptoms. Poor financial health of police officers and their families lead to a continued reliance on extra income to sometimes just pay the basic monthly bills. Providing financial management programs for employees has

been shown to lower overall stress, leads to more time away from the job, and creates a loyal workforce (Garman, 1999).

Police officers in the United States often retire sooner and under different circumstances than their civilian counterparts (Caudill & Peak, 2009a). Guaranteed pensions are available for the majority of police officers in this country. However, most police officers think little about their prospects for retirement until they are close to the actual date they have formulated in their mind. In general, police officers were found to possess laissez-faire attitudes towards retirement and post-career challenges (Storch, 1997). Many officers find themselves in a situation where a second career becomes a necessary option to supplement their retirement income (Dimond-Smith, 1983). Not many comprehensive studies existed prior to 1983 demonstrating the effect of education and planning on police officers second career or retirement plans. The study completed by Dimond-Smith in 1983 focused on the relationship between pre-retirement planning and satisfaction with retirement among law enforcement officers. This research demonstrated that police officers who participated in formal pre-retirement planning programs experienced greater satisfaction with their actual retirement than those that did not participate (Storch, 1997). This study also showed a correlation between higher levels of satisfaction and the earlier introduction of retirement planning in the officer's career (Storch, 1997). Pre-retirement planning is synonymous with financial planning. The Dimond-Smith study (1983) demonstrated a pressing need for early intervention in the careers of police officers.

Fear associated with the lack of knowledge of financial planning and competing in the "outside world", is a real problem among law enforcement officers. The specific

needs of police agencies fall into three general areas: the need for pre-retirement counseling, the need for pre-retirement planning and the need for developing skills for a second career (Violanti, 1992). As stated earlier in this paper, police executives and governmental leaders often cite their most valuable asset as their employees. The relationships between an organization and retired employees are an important legacy issue that does not cease upon a formal separation from employment. Retired law-enforcement officers can serve as great ambassadors for an organization in need of volunteers, consultants, or just someone to help promote a department's positive image.

COUNTER POSITION

The inclusion of financial and pre-retirement planning is a relatively new concept for the law enforcement training mission. In order to provide the necessary instruction for all police officers within a specific department, additional money and resources would be required. This reallocation of training dollars could take away from the existing expenditure of funds geared towards the traditional duties of law-enforcement officers. The recent economic instability in many parts of the country are a source of considerable stress among law enforcement executives (Freskos, 2011). When police department budgets experience pressure due to economic hardships, the police department training budget is usually on the chopping block (Lorusso, 2012). Police executives are required to provide yearly updates to their governing bodies related to all aspects of their department's operations. It can be difficult for these leaders to provide sufficient arguments in the support of new and non-traditional training programs, especially if they believe the performance measures of these programs are hard to quantify.

Although financial planning training may not be considered a traditional component of law enforcement training, the relationship between financial wellness and supervisor performance ratings has been established (Garman, 1999). In addition to this relationship, Dr. Bryan Vila argues in his article titled *Sleep Deprivation: What does it mean for public safety*, sleep and fatigue issues in law enforcement agencies should be regarded as basic survival skills. He argues that these issues should be given the same level of importance as patrol tactics, firearms safety, and police pursuit driving skills (Vila, 2009). As discussed earlier in this paper, officers who experience fatigue related stress are oftentimes working extra jobs and overtime to satisfy the cycle of “stress related consumerism” (Gilmartin, 2002 p.129). Financial planning training for police officers is long overdue and necessary for the evolution of police training programs of the future.

Another potential obstacle to the implementation of financial and pre-retirement training programs is the notion that many departmental officers may not see the value in the training and may not utilize the tools and knowledge that is provided to them. Some research in the private sector has indicated that financial planning would not be advantageous for lower wage employees (Garman, 1999). There are several reasons why employees would see little value in this type of training. Some employees will believe they have no need of financial or pre-retirement planning due to the fact they already know about it, they are unable to understand the information, or they are simply unmotivated (Bernheim & Garrett, 1996). Police officers are given a significant amount of training in the early years of their careers. The focus to concentrate on the skills necessary to complete reports, make arrests, and utilize proper force techniques will be

in competition with any other training that is not seen as having value to the officer. Oftentimes, police officers desire to see the value in how they spend their time in the training environment.

One of the most notable analysis of the benefits of pre-retirement planning among law enforcement officers occurred in a program initiated by the Kansas City, Missouri police department in 1982 (Caudill & Peak, 2009b). The KCPD conducted a preretirement lecture series after they determined that their retiring officers were receiving insufficient financial and benefits information. The results of a survey indicated that a majority of officers wanted the department to offer broader assistance in the area of retirement and financial planning. The program included officer's spouses and was comprised of topics relating to pensions, benefits, second careers planning, economics management, legal affairs, and investment planning. The program was instructed by specialists from local universities, financial institutions, and members of KCPD. The results from a survey of participants indicated that there was a 20% increase in the knowledge of retirement planning, and 95% of the participants thought the program was long overdue. In addition, the participants strongly encouraged the program to continue and the department encouraged other agencies to implement similar programs as a way of demonstrating a commitment to their employees during and after separation from employment (Caudill & Peak, 2009b). Even with police department's demonstrating a sincere commitment to the financial well-being of their officers, there will be some that simply do not want to learn a new skill set such as these. However, the ability to impact even a smaller number of employees will yield positive results for generations to come.

RECOMMENDATION

The continuous evolution of police training in law enforcement agencies is a result of the changing dynamics of public expectations, technology, and crime trends. It is sad but often true that many new police training mandates are the result of tragic events. For example, the vast majority of police officers in this country are training on the concepts of high-risk traffic stops and active shooter scenarios. However, many officers do not realize that today's training concepts considered as "core" functions of police officers were the result mistakes made by police agency policies of the past. The death of four California Highway Patrol Officers in the April 1970 commonly regarded as the "Newhall Incident", fundamentally changed how officers approach high risk vehicle stops (Pollack, 2009). The events surrounding the deaths of students at Columbine High School in April 1999, fundamentally changed how police officers respond to active shooting incidents (Clinton, 2011).

Police departments cannot wait until their most valuable assets succumb to the negative effects of poor financial decision-making and the "stress related consumerism cycle "(Gilmartin, 2002 p. 129). It is time that law enforcement agencies fundamentally change the way they train officers to deal with conflict, stress, and fatigue brought about by personal financial problems and the onslaught of consumer debt. Police officers can expect to live a significant portion of their lives after their police career has ended. Providing meaningful instruction in the basics of financial planning would help to reinforce the commitment to the individual employee even after their police career is over (Caudill & Peak, 2009b). Personal debt and financial problems continues to be significant source of conflict and stress among the workforce (Washburn & Christensen,

2008). Police executives and leaders should implement financial and preretirement training into their basic and continuing educational training programs.

The implementation of financial and pre-retirement training programs does not have to be cumbersome or expensive for police agencies. However, it should be comprehensive and provide officers with a wide range of tools tailored towards different age groups and career longevity. Training should include topics related to household budgets, managing debt, delaying gratification, savings, investment options, retirement planning, children's education funding options, and tax strategy. There are many types of investment and retirement options available for police officers to include IRA's, ROTH IRA's, 457 plans, 403b plans, or 529 plans for college savings and more. There is also a tremendous amount of resources available for tips on budgeting, saving, and paying off debt. Law-enforcement agencies can leverage existing resources within their communities by tapping into the expertise and knowledge of local financial planners and advisors. This would be a great opportunity to seek out local business interested in providing their services on a volunteer or pro-bono basis. Organizations such as Our Daily Bread, provide volunteer financial counseling and planning services. In order to provide a continuing training program, departments should consider sending a small group of willing officers to a train- the- trainer type programs. These employees then can be trusted to provide on-going instruction into matters of personal finance and preretirement planning at their local agencies.

The research provided demonstrates a glaring need for comprehensive and continuous financial and preretirement planning for the nation's law enforcement officers. Police officers are entrusted with a great deal of authority and power. This is a

tremendous responsibility which is subject to intense scrutiny and constant criticism. Police officers are not immune from the same conflicts and stresses that other people within the workforce experience. Given the nature of police officers powers and influences, it is increasingly imperative the nation's officers be provided with the most comprehensive tools available to make them productive, satisfied with their chosen professions, and prepared for the inevitable conflicts and challenges life brings their way.

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