

# TAX FACTS

## An Analysis of Conditions in the Borough of Allendale Effecting the Local Tax Rate

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### VI.

#### Police Pension Fund Steamrollered Into Being While Taxpayers Sleep

In the memorable year of 1935 there came into being one of those vicious municipal tax loads called the Allendale Police Pension Fund. The head of the police department was farsighted enough to understand the laxity with which the average taxpayer watches his dollars and brought before the public a proposal so vicious and detrimental to the best interest of the municipality that it is incredible to believe with what ease the gullible public swallowed the story.

First, a pension designed to cover a definite department at the expense of everyone else concerned is discriminatory, it gives to a few what everyone else is entitled to.

Second, the wording of the Police and Firemen's Pension Act is such that the average citizen of this municipality believed it covered both police and firemen, whereas under the law, only full-time employees of either department could participate. In other words volunteer firemen and marshals of the borough are in no way covered by this particular pension.

Third, all employees working for the borough are already covered under a blanket insurance which gives to them \$10.00 to \$20.00 monthly for partial disability. An aggregate of between \$5,000 and \$10,000 for permanent disability, and at death a range between \$3,000 and \$6,000 depending on the salary the deceased was being paid. Children and other dependents receive extra according to number and age. Further hospital, medical, dismemberment, partial total disability and funeral expenses are extra. This coverage is far in excess of that carried by the average citizen of this municipality and is very liberal.

When the Police Pension Fund plan was first presented to the Mayor and Council for approval in order to permit it being placed on the ballot for popular vote, opinion was divided. In all fairness to the people at large, the Mayor and Council decided to take no public stand, other than go to the polls and individually express

their own personal opinions. This decision was carried out to the letter.

The police department however was not so thoughtful nor fair to the public, because the department head took off his coat and waded in, using every means at his command to "put it over." Absolutely no thought was given for those who would have to pay the freight for a great many years to come, nor were there any kind thoughts for those few outspoken individuals who dared publicly speak against the proposition. Beautiful pictures were painted of the contented policeman, with the pension tucked away in his pocket, extending himself to serve the faithful public. Then again we had the old sob story of the faithful patrolman knocked over the head by a tough bank robber, and the destitute family left behind, and the reckless driver knocking down the cop and leaving him permanently injured.

True, it was a pitiful picture; and how easily most of us swallowed the whole story, hook, line and sinker.

The Chamber of Commerce at that time attempted to bring before the public the story of just what this pension fund involved, so invited a worthy gentleman from the City of Paterson which was already (pension broke), to speak on this subject. As I recall that meeting the gentleman did himself proud by telling the public about the advantages of the Chamber of Commerce and the great possibilities of Paterson. On the other hand the department head procured the services of a much heralded soothsayer from Hudson County who proceeded to wind those citizens around his finger, who dared to ask questions, and told them of the glories that were to be.

That was just a start, as the people who were paying for a patrolman to patrol the borough actually paid for him to canvass the borough in their time; they were paying for the gas, oil and maintenance of the car while he impressed upon the people

the necessity of protecting his family. This canvass was carried on entirely on borough time and each and every taxpayer footed a share of the bill. The department head sent his men into the highways and byways to preach the doctrine of the police pension. Of course they did not tell those people it applied to only two men of the police department and not to the fire department, as many people were of the impression they were included and voted in favor of the pension accordingly.

Let's get down to facts: the main reason the police pension fund is unsound is that it is impossible to average insurance of any kind among two persons, the usual method of striking an average is by grouping 100,000 persons. From actual experience the life insurance companies know to a mathematical certainty how many people in a given group will die in a year, and consequently can evaluate liability accordingly.

In 1932 the Governor of the State of New Jersey appointed a commission to investigate the pension plans throughout the State. Their report shows but two sound systems, namely the teachers fund and the state employees.

In our own county the Bergen County Taxpayers Association is strongly opposed to the police pension fund. Such cities as Paterson and Passaic are already struggling under its burdensome load which ultimately means bankruptcy after the taxes have been increased to a point where the property owners can no longer pay.

At the present time the two men who come under this pension plan in Allendale are 43 and 46 years of age. Accordingly when each becomes 55 years of age they are eligible for retirement, thereby receiving half their pay until death, and their widow receives that same amount after his death until she passes away or remarries. This condition therefore means that in 12 years the patrolman will be eligible for retirement at half his present salary and in 9 years the department head will be eligible for retirement.

Based on the gift of \$1,000 which the department head promised to present to the borough as a start for a pension fund, (and by the way, this amount was never forthcoming), adding the annual income from the individual men plus a like amount from the municipality, including interest, three years after retirement of the first man all of the money will have been used up and the entire burden of keeping up the pension payments