

COUNTY COUNCIL OF BALTIMORE COUNTY, MARYLAND
Legislative Session 2018, Legislative Day No. 8

Bill No. 36-18

Mr. Julian E. Jones, Jr., Chairman
By Request of County Executive

By the County Council, April 16, 2018

A BILL
ENTITLED

AN ACT concerning

Employees' Retirement System

FOR the purpose of defining the percentage for "actuarial equivalent" and adopting a mortality table; altering the date contribution rates will be changed; establishing the valuation rate; providing for the method for changing the valuation rate; making conforming changes; clarifying the disposition of the balance of funds in the case of termination of the retirement system; correcting an incorrect cross reference; providing for a certain cost of living allowance; providing for the return of certain funds to the county; providing for the effective date of this Act; and generally relating to the Employees' Retirement System.

By repealing and reenacting, without amendments

Sections 5-1-201(a), 5-1-202(b), and 5-1-235(c)
Article 5. Pensions and Retirement
Baltimore County Code, 2015

By repealing and reenacting, with amendments

Sections 5-1-201(c), 5-1-202(d), 5-1-203(11) and (12), 5-1-220.1(f)(2), 5-1-232(d), and
5-1-245
Article 5. Pensions and Retirement
Baltimore County Code, 2015

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter stricken from existing law.
~~Strike out~~ indicates matter stricken from bill.
Underlining indicates amendments to bill.

By adding

Section 5-1-247(c)
Article 5. Pensions and Retirement
Baltimore County Code, 2015

1 SECTION 1. BE IT ENACTED BY THE COUNTY COUNCIL OF BALTIMORE
2 COUNTY, MARYLAND, that the Laws of Baltimore County shall read as follows:

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Article 5. Pensions and Retirement

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6 § 5-1-201.

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(a) The following words and phrases, as used in this subtitle, unless a different
8 meaning is plainly required by the context, shall have the meanings indicated.

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(c) "Actuarial equivalent" means a benefit of equal value, when computed upon the
10 basis of 5 PERCENT PER ANNUM AND THE [such] FOLLOWING mortality tables [as shall
11 be] adopted by the COUNTY COUNCIL [Board of Trustees, and regular interest]:

12

13 RP-2000 MORTALITY PROJECTED TO 2027 USING SCALE AA WITH THE
14 MALES INCREASED 8 PERCENT. THE MORTALITY RATES SHALL BE
15 WEIGHTED 85 PERCENT MALE AND 15 PERCENT FEMALE FOR POLICE AND
16 FIRE MEMBERS AND BENEFICIARIES AND 55 PERCENT MALE AND 45
17 PERCENT FEMALE FOR OTHER GROUPS. THE DISABILITY VERSIONS OF
18 THESE TABLES WILL BE USED FOR DISABLED MEMBERS (USING 100
19 PERCENT OF THE DISABILITY MORTALITY RATES).

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1 § 5-1-202.

2 (b) Except as otherwise provided in this title, no part of the corpus or income of the
3 funds of the Retirement System shall be used for, or diverted to, purposes other than for the
4 exclusive benefit of members and other persons entitled to benefits under the Retirement System
5 and paying expenses of the Retirement System not otherwise paid by the employer, before the
6 satisfaction of all liabilities with respect to them. No person shall have any interest in or right in,
7 or to, any part of the assets held under the Retirement System, except as and to the extent
8 expressly provided in this title.

9 (d)(1) In accordance with § 411 of the Internal Revenue Code, if the Employees
10 Retirement System is terminated or partially terminated, the rights of all affected beneficiaries
11 and members accrued up to the date of termination or partial termination, to the extent funded as
12 of the date of termination or partial termination, or the amounts credited to the beneficiaries' or
13 members' accounts, are nonforfeitable.

14 (2)(I) EXCEPT AS PROVIDED IN THIS PARAGRAPH AND § 5-1-247(C) OF
15 THIS TITLE, NO ASSETS OF THE TRUST SHALL REVERT TO THE COUNTY.

16 (II) IF ANY BALANCE OF TRUST ASSETS REMAINS AFTER ALL
17 OF THE ALLOCATIONS DESCRIBED IN THIS SECTION, AND AFTER ALL
18 LIABILITIES WITH RESPECT TO MEMBERS AND RETIRED MEMBERS AND THEIR
19 BENEFICIARIES, IF ANY, ARE SATISFIED, THEN THE BALANCE SHALL BE
20 RETURNED TO THE COUNTY, AND THE TRUST SHALL TERMINATE.

21 (III) ON MAKING SUCH DISTRIBUTION, THE TRUSTEES SHALL
22 BE DISCHARGED FROM ALL OBLIGATIONS UNDER THE TRUST AND NO MEMBER
23 SHALL HAVE ANY FURTHER RIGHT OR CLAIM IN THE TRUST.

1 § 5-1-203

2 (11) (i) This paragraph applies to a member who began service before July 1, 2007.

3 (ii) Except as otherwise provided in this paragraph:

4 1. Beginning on July 1, 2016:

5 A. The rate of contribution for a member paying more than 7.25
6 percent shall be reduced to 7.25 percent;

7 B. The rate of contribution for a member paying less than 6.25
8 percent shall be increased to 6.25 percent; and

9 C. The rate of contribution for a member paying 6.25 percent or
10 more but not more than 7.25 percent shall remain unchanged.

11 2. Beginning on July 1, 2017:

12 A. The rate of contribution for a member paying less than 6.75
13 percent shall be increased to 6.75 percent; and

14 B. The rate of contribution for a member paying 6.75
15 percent or more but not more than 7.25 percent shall remain unchanged.

16 3. Beginning on [July 1, 2018] JANUARY 1, 2019, the rate of
17 contribution shall be 7.25 percent.

18 (iii) 1. This subparagraph applies to sworn members of the Fire Department on Pay
19 Schedules V and VIII.

20 Beginning on July 1, 2016, the rate of contribution shall be 8.65
21 percent.

22 3. Beginning on July 1, 2017, the rate of contribution shall be 9.0
23 percent.

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4. Beginning on [July 1, 2018] JANUARY 1, 2019:

A. The rate of contribution for a member on Pay Schedule V

shall be 9.5 percent; and

B. The rate of contribution for a member on Pay Schedule VIII

shall be 10 percent.

(iv) 1. This subparagraph applies to sworn members of the Police Department on Pay Schedules IV and VII.

2. Beginning on July 1, 2016:

A. The rate of contribution for a member on Pay Schedule VII

who was appointed on or before June 30, 2012 and a member on pay Schedule IV shall be 8.65 percent; and

B. The rate of contribution for a member on Pay Schedule VII

who was appointed on or after July 1, 2012 shall be 10.0 percent.

3. Beginning on July 1, 2017, the rate of contribution for a member on Pay Schedule VII who was appointed on or before June 30, 2012 shall be 9.0 percent.

4. Beginning on [July 1, 2018] JANUARY 1, 2019, the rate of contribution for a member on Pay Schedule VII who was appointed on or before June 30, 2012 shall be 9.5 percent.

(v) 1. This subparagraph applies to:

A. Correctional officers on Pay Schedule 1C; and

B. Deputy sheriffs on Pay Schedule XIII.

2. Beginning on July 1, 2016:

1 A. The rate of contribution for a member paying more than 7.5
2 percent shall be reduced to 7.5 percent;

3 B. The rate of contribution for a member paying less than 6.5
4 percent shall increase to 6.5 percent; and

5 C. The rate of contribution for a member paying 6.5 percent or
6 more but not more than 7.5 percent shall remain unchanged.

7 3. Beginning on July 1, 2017:

8 A. The rate of contribution for a member paying less than 7.0
9 percent shall increase to 7.0 percent; and

10 B. The rate of contribution for a member paying 7.0 percent or
11 more but not more than 7.5 percent shall remain unchanged.

12 C. Beginning ON [July 1, 2018] JANUARY 1, 2019, the rate of
13 contribution shall be 7.5 percent.

14 (vi) 1. This subparagraph applies to appointed department heads.

15 2. Beginning on July 1, 2016:

16 A. The rate of contribution for a member paying less than 8.75
17 percent shall increase to 8.75 percent;

18 B. The rate of contribution for a member paying more than 10.0
19 percent shall be reduced to 10.0 percent; and

20 C. The rate of contribution for a member paying more than 8.75
21 percent but not more than 10.0 percent shall remain unchanged.

22 3. Beginning on July 1, 2017:

1 A. The rate of contribution for a member paying less than 9.25
2 percent shall increase to 9.25 percent; and

3 B. The rate of contribution for a member paying more than 9.25
4 percent but not more than 10 percent shall remain unchanged.

5 4. Beginning on [July 1, 2018] JANUARY 1, 2019, the rate of contribution
6 shall be 10.0 percent.

7 (12) (i) This paragraph applies to a member who begins service on or after July 1, 2007.

8 (ii) Except as otherwise provided in this paragraph, beginning on July 1, 2016, the rate
9 of contribution shall be 7.0 percent.

10 (iii) 1. This subparagraph applies to sworn members of the Fire Department on Pay
11 Schedules V and VIII.

12 2. Beginning on July 1, 2016:

13 A. The rate of contribution for a member who began service on
14 or before June 30, 2011 shall be 8.65 percent; and

15 B. The rate of contribution for a member who began service on
16 or after July 1, 2011 shall be 10 percent.

17 3. Beginning on July 1, 2017, the rate of contribution for a member who
18 began service on or before June 30, 2011 shall be 9.0 percent.

19 4. Beginning on [July 1, 2018] JANUARY 1, 2019:

20 A. The rate of contribution for a member on Pay Schedule V
21 who began service on or before June 30, 2011 shall be 9.5 percent; and

22 B. The rate of contribution for a member on Pay Schedule VIII
23 who began service on or before June 30, 2011 shall be 10 percent.

1 (iv) 1. This subparagraph applies to sworn members of the Police Department on
2 Pay Schedules IV and VII.

3 2. Beginning on July 1, 2016:

4 A. The rate of contribution for a member on Pay Schedule IV
5 who began service on or before June 30, 2014 shall be 8.5 percent;

6 B. The rate of contribution for a member on Pay Schedule VII
7 who was appointed on or before June 30, 2012 shall be 8.65 percent; and

8 C. The rate of contribution for a member on Pay Schedule VII
9 who was appointed on or after July 1, 2012 and for a member on Pay Schedule IV who began
10 service on or after July 1, 2014 shall be 10 percent.

11 3. Beginning on July 1, 2017, the rate of contribution for a member on
12 Pay Schedule VII who was appointed on or before June 30, 2012 shall be 9.0 percent.

13 4. Beginning on [July 1, 2018] JANUARY 1, 2019, the rate of
14 contribution for a member on Pay Schedule VII who was appointed on or before June 30, 2012
15 shall be 9.5 percent.

16 (v) 1. This subparagraph applies to:

17 A. Correctional officers on Pay Schedule 1C; and

18 B. Deputy Sheriffs on Pay Schedule XIII.

19 2. Beginning on July 1, 2016:

20 A. The rate of contribution for a member who began service on
21 or before June 30, 2011 shall be 8.0 percent; and

22 B. The rate of contribution for a member who began service on
23 or after July 1, 2011 shall be 10 percent.

1 (vi) 1. This subparagraph applies to appointed department heads.

2 2. Beginning on July 1, 2016, the rate of contribution shall be 10.5
3 percent.

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5 § 5-1-220.1

6 (f) (2) (i) The value of the unpaid contributions, that would have been paid before
7 July 1, 2007, if the member had joined the system before that date, and interest in the form of a
8 single life annuity shall be determined using the valuation rate of interest in effect at the time of
9 the membership in the retirement system and mortality tables [provided by the actuary].

10 (ii) The value of the unpaid contributions, that would have been paid
11 after July 1, 2007, if the member joined the system after that date, and interest in the form of a
12 single life annuity shall be determined using the rate of "regular interest" as defined in § 37-
13 203(f)(2) of the State Personnel and Pensions Article of the Annotated Code of Maryland and
14 mortality tables [provided by the actuary].

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16 § 5-1-235.

17 (c) As of the end of each calendar year commencing with the year ending December
18 31, 1989, the increase in the Consumer Price Index to such index as of December 31, 1988, or as
19 of the latest year-end shall be determined, subject to the provisions of subsection (d) of this
20 section. The retirement allowance shall be increased by an amount equal to the increase in the
21 Consumer Price Index, not to exceed three (3) percent. All increases calculated under this section
22 shall take effect July 1, 1990, and on July 1st each year thereafter.

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1 § 5-1-232.

2 (d) Notwithstanding any other provision of this title, all distributions from the
3 retirement system shall be made in accordance with Board of Trustees' good faith interpretation
4 of the provisions of [§ 409(a)] § 401(a)(9) of the Internal Revenue Code and such good faith
5 interpretation shall override any provision of this title that is inconsistent with such
6 interpretation.

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8 § 5-1-245.

9 (A) At least once in each five-year period, the actuary shall make an actuarial
10 investigation into the mortality, service, and compensation experience of the members and
11 beneficiaries of the Retirement System and shall make a valuation of the assets and liabilities of
12 the funds of the system, and, taking into account the result of such investigation and valuation,
13 EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, the Board of Trustees shall adopt for
14 the Retirement System such mortality, service, and other tables as shall be deemed necessary and
15 shall adopt an actuarial cost method that is in conformity with generally accepted actuarial
16 principles and practices for measuring pension obligations.

17 (B)(1) THE VALUATION RATE IS 6 3/8 PERCENT.

18 (2) THE VALUATION RATE ESTABLISHED UNDER THIS SUBSECTION
19 MAY NOT BE RAISED EXCEPT BY A VOTE OF A MAJORITY PLUS ONE OF THE
20 MEMBERS OF THE COUNTY COUNCIL.

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1 § 5-1-247.

2 (C) NOTWITHSTANDING ANY PROVISIONS OF THIS TITLE TO THE
3 CONTRARY, ON THE EMPLOYER'S REQUEST, A CONTRIBUTION WHICH WAS
4 MADE BY A MISTAKE OF FACT SHALL BE RETURNED TO THE EMPLOYER BY THE
5 TRUSTEES.

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7 SECTION 2. AND BE IT FURTHER ENACTED, that notwithstanding § 5-1-235(c) of
8 the Baltimore County Code, 2015, for the fiscal year beginning July 1, 2018, the retirement
9 allowance of beneficiaries who, based on administrative procedures, on June 30, 2018 had an
10 annualized gross benefit payment of less than \$22,000 shall increase by an amount equal to three
11 (3) percent.

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13 SECTION 3. AND BE IT FURTHER ENACTED, that this Act, having passed by the
14 affirmative vote of five members of the County Council shall take effect on July 1, 2018.