

Bill No. 19-02

Concerning: Revisions to the Frederick County

Employees Retirement Plan: Interest on Employee

Contributions – Terminated Non-Vested Employees

Introduced: January 15, 2019

Revised: _____ Draft No. _____

Enacted: February 19, 2019

Effective: May 20, 2019

Expires: April 15, 2019

Frederick County Code, Chapter _____

Section(s) _____

COUNTY COUNCIL FOR FREDERICK COUNTY, MARYLAND

By: Council President M.C. Keegan-Ayer on behalf of County Executive Jan Gardner

AN ACT to: amend the Frederick County Employees Retirement Plan to make certain revisions to the Plan to: (1) provide that a former employee who terminates County employment without a vested interest in a future retirement benefit will not have interest credited to his or her Employee Contributions Benefit as of the later of (A) July 1, 2019, or (B) the first day of the Plan Year that occurs at least twelve months following the former employee's Termination Date, and (2) make other nonsubstantive changes.

Executive: Jan H Gardner Date Received: 2-19-2019

Approved: ✓ Date: 2-21-2019

Vetoed: _____ Date: _____

By amending:

Frederick County Code, Chapter, _____ Section(s) _____

Other: Frederick County Employees Retirement Plan

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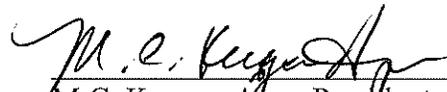
Heading or defined term.
Added to existing law.
Deleted from existing law.
Existing law unaffected by bill.

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By Ordinance No. 93-11-075, the County established a retirement plan for the employees of the Frederick County Government, effective July 1, 1993. The Frederick County Employees Retirement Plan (“Plan”) has been amended several times since then, most recently in Bill No. 17-12.

The County Council of Frederick County, Maryland, deems it appropriate to make certain additional revisions to the Plan to: (1) provide that a former provide that a former employee who terminates County employment without a vested interest in a future retirement benefit will not have interest credited to his or her Employee Contributions Benefit as of the later of (A) July 1, 2019, or (B) the first day of the Plan Year that occurs at least twelve months following the former employee’s Termination Date, and (2) make other nonsubstantive changes.

NOW, THEREFORE, BE IT ENACTED, that the Frederick County Employees Retirement Plan be, and it is hereby, amended as shown on the attached Exhibit 1.


M.C. Keegan-Ayer, President
County Council of Frederick County,
Maryland 

**AMENDMENT TO THE RESTATED
FREDERICK COUNTY
EMPLOYEES RETIREMENT PLAN**

First Change – The definition of “Employee Contributions Benefit” in Article II shall be amended to read as follows:

Employee Contributions Benefit - The sum of the following amounts (net of any previous distributions):

(i) The contributions made by the Participant through salary reduction and “picked up” by the County, as described in Section 5.4(a)(i) but not 5.4(a)(iii); plus

(ii) The contributions made by the Participant pursuant to Section 5.5 which are not picked up by the County; plus

(iii) The contributions, plus earnings previously credited on such contributions, made by the Participant, pursuant to Section 5.5, through transfer from another Government Employer retirement plan, which were not picked up by such Government Employer; plus

(iv) Contributions, other than contributions comprising a Participant’s Pick-Up Contributions Benefit, plus earnings previously credited on such contributions, made by the Participant, pursuant to Section 5.4(a)(ii), but not 5.4(a)(iii), and picked up by another Government Employer, all of which are thereafter transferred to the Plan; plus

(v) [Interest] Subject to Section 6.5, interest of 4.0% on the amounts described in (i) through (iv) above computed on July 1 of each year and compounded annually.

Second Change – Section 6.5 shall be amended to read as follows:

6.5 Other Terminations of Employment – If a Participant reaches a Termination Date for any reason other than death, retirement or total and permanent disability, he shall be entitled to a monthly termination benefit equal to a vested percentage (determined as set forth below) of the benefit computed pursuant to Section 6.1 (based upon his actual Years of Creditable Service and Highest Average Compensation at his Termination Date.

Benefits payable pursuant to this Section 6.5 shall commence on the first day of the month coincident with or otherwise next following the Participant’s Normal Retirement Date, unless the Participant receives a Cash-Out, in which case, such Cash-Out shall be made within an administratively reasonable period of time following the Participant’s termination of employment for the County. In addition, a lump sum distribution of the Participant’s Pick-Up Contributions Benefit shall be made within an administratively reasonable period of time following the Participant’s termination of employment for the County if he is entitled to the benefit.

The benefits payable pursuant to this Section 6.5 shall be payable in the normal form provided by Section 6.1, unless an optional form of payment has been elected pursuant to Section 8.2.

Underlining indicates entirely new matter added to existing law.

[Single boldface brackets] indicates matter deleted from existing law.

*** - indicates existing law unaffected by bill

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Subject to Section 3.2, the vested percentage of the Accrued Benefit to which the Participant is entitled shall be equal to the greater of: (i) 100% of his Employee Contributions Benefit, or (ii) a percentage of his Accrued Benefit, determined on the basis of his Years of Eligibility Service and in accordance with one of the following schedules:

Non-Uniformed Employees whose Employment Commencement Date is Prior to July 1, 2012 and all Uniformed Employees:

Years of Eligibility <u>Service</u>	Percentage <u>Vested</u>
Less than 5	0%
5 or more	100%

Non-Uniformed Employees whose Employment Commencement Date is On or After July 1, 2012:

Years of Eligibility <u>Service</u>	Percentage <u>Vested</u>
Less than 10	0%
10 or more	100%

To the extent a Participant is entitled to receive a Pick-Up Contributions Benefit, he shall at all times be 100% vested in the Pick-Up Contributions Benefit.

Effective on the later of: (1) July 1, 2019, or (2) the July 1 first following the twelve month anniversary of a Participant's Termination Date, and, as to both (1) and (2) above, with respect to a Participant who reaches a Termination Date without receiving credit for Years of Eligibility Service sufficient to provide the Participant with 100% vesting credit, the interest credit on such Participant's Employee Contributions Benefit described in subsection (v) of the definition of "Employee Contributions Benefit" in Article II will cease being added to the Participant's Employee Contributions Benefit. In the event the Participant is subsequently reemployed as a Covered Employee, the interest credit on such Participant's Employee Contributions Benefit will resume as of the first June 30 following the Participant's Reemployment Commencement Date.

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 *** - indicates existing law unaffected by bill