

Bill No. 19-04

Concerning: Revisions to the Frederick County
Employees Retirement Plan: Ad Hoc Cost of Living
Adjustment

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 for "ad hoc" cost of living adjustment to retirees' benefits phased in over three years ranging from a total adjustment of three percent (3%) to five percent (5%) of the retirees' monthly benefit payment, depending on the date of retirement. The phased in ad hoc cost of living adjustment is in addition to the annual one percent (1%) cost of living adjustment; (2) provide that additional cost of living adjustments will be evaluated at least once every three years following the adoption of this amendment and in conjunction with the annual actuarial valuation of the Plan, (3) make other nonsubstantive changes.

Executive: Jan H. Gardner Date Received: 2-19-19
Approved: ✓ Date: 2-21-19
Vetoed: _____ Date: _____

By amending:

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

Other: Frederick County Employees Retirement Plan

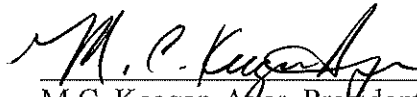
Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law.</i>
[Single boldface brackets]	<i>Deleted from existing law.</i>
***	<i>Existing law unaffected by bill.</i>

Bill No. 19-04

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 for "ad hoc" cost of living adjustment to retirees' benefits phased in over three years ranging from a total adjustment of three percent (3%) to five percent (5%) of the retirees' monthly benefit payment, depending on the date of retirement. The phased in ad hoc cost of living adjustment is in addition to the annual one percent (1%) cost of living adjustment; (2) provide that additional cost of living adjustments will be evaluated at least once every three years following the adoption of this amendment and in conjunction with the annual actuarial valuation of the Plan; and (3) 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

13

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

First Change – Section 6.8 shall be amended to read as follows:

6.8 Annual Cost of Living Adjustments

(a) Retirement Benefits Subject to Cost of Living Adjustment. Notwithstanding the foregoing, but subject to the limitations set forth in Section 6.6, the monthly retirement income of a Participant who has reached the 12 month anniversary of his or her Benefit Commencement Date, as otherwise computed pursuant to Section 6.1, 6.2, 6.3, 6.4, or 6.5 (whichever is applicable), shall be subject to the cost of living adjustment described in this Section 6.8.

(b) Computation of Cost of Living Adjustment. As of each July 1 (hereafter referred to as the “Valuation Date”) which occurs during the period beginning on the first Valuation Date occurring at least 12 months subsequent to the Participant’s Benefit Commencement Date, the Participant’s monthly retirement benefit as of the Valuation Date shall be increased by one percent.

(c) Monthly Survivor Benefits Subject to Cost Of Living Adjustments. All survivor benefits payable pursuant to Section 7.1 (but only if payable in the form of a monthly income) shall be granted the cost of living adjustments provided in this Section 6.8.

(d) Periodic Evaluation of Cost of Living Adjustments. No less frequently than every three years and in conjunction with the annual valuation of the Plan, the Retirement Plan Committee shall evaluate whether additional one-time and permanent cost of living adjustments should be recommended, taking into consideration the then current actuarially determined contribution rate, the rates of inflation, and the then current funding level of the Plan.

Second Change – Article VI of the Plan shall be amended by the addition of the following Section 6.10 to read as follows:

6.10 Ad Hoc Cost of Living Adjustment. Effective July 1, 2019, the monthly retirement income of a Participant who has reached his or her Benefit Commencement Date, as otherwise computed pursuant to Section 6.1, 6.2, 6.3, 6.4, or 6.5 (whichever is applicable), shall

Underlining indicates entirely new matter added to existing law.

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

*** - indicates existing law unaffected by bill

Bill No. 19-04

be subject to an increase determined in accordance with the following table, where “Year 1” is the Plan Year beginning July 1, 2019:

<u>Participant’s Initial Retirement Date</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Total</u>
<u>After 12/31/18</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
<u>Between 1/1/14 and 12/31/18</u>	<u>1%</u>	<u>1%</u>	<u>1%</u>	<u>3%</u>
<u>Between 1/1/09 and 12/31/13</u>	<u>2%</u>	<u>1%</u>	<u>1%</u>	<u>4%</u>
<u>On or before 12/31/08</u>	<u>3%</u>	<u>2%</u>	<u>0%</u>	<u>5%</u>

The cost of living adjustment provided for in this Section 6.10 shall be in addition to, and applied after, the adjustment provided for in Section 6.8(b). The adjustment made pursuant to this Section 6.10 shall be a one-time adjustment, subject to Section 6.8(d).

Underlining indicates entirely new matter added to existing law.
 [Single boldface brackets] indicates matter deleted from existing law.
 *** - indicates existing law unaffected by bill

Bill No. 19-04