



Bill No. 20-11
 Concerning: Revisions to the Frederick County
Employees Retirement Plan: Addition of Pop Up
Benefit Payment Option; Update to Actuarial
Factors; Change in Consumer Price Index
 Introduced: June 16, 2020
 Revised: _____ Draft No. _____
 Enacted: _____
 Effective: _____
 Expires: September 14, 2020
 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 a pop up option of benefit payment, (2) update the Plan’s mortality table and interest assumptions for purposes of determining actuarial equivalence, (3) change the referenced consumer price index used to adjust a participant’s average compensation to determine earned income offsets for disability retirement benefits, and (4) make other nonsubstantive changes.

Executive: _____ Date Received: _____

Approved: _____ Date: _____

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>

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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 enacted Bill No. 19-04.

The County Council of Frederick County, Maryland, deems it appropriate to make certain additional revisions to the Plan to: (1) provide for a pop up option of benefit payment, (2) update the Plan’s mortality table and interest assumptions for purposes of determining actuarial equivalence, (3) change the referenced consumer price index used to adjust a participant’s average compensation to determine earned income offsets for disability retirement benefits, and (4) 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**

ARTICLE I

General

1.1 Name - This Plan may be referred to as the “Frederick County Employees Retirement Plan.”

1.2 Applicability - The provisions of the Plan shall apply only to an individual who meets the definition of Covered Employee set forth herein and whose employment with the County terminates on or after the Effective Date, except as otherwise provided herein.

ARTICLE II

Definitions

The following terms, as used herein, unless a different meaning is clearly implied by the context, shall have the following meanings:

Accrued Benefit - The benefit to which a Participant is entitled, pursuant to the provisions of ARTICLE VI, expressed as the normal form of monthly benefit commencing at Normal Retirement Date or the Actuarial Equivalent thereof. The Accrued Benefit as of any date preceding the Participant’s Normal Retirement Date, but expressed as aforesaid, shall be the monthly benefit computed pursuant to Section 6.2, 6.4 or 6.5. In no event, however, shall the Accrued Benefit exceed the maximum limitation determined, as of the date of computation, pursuant to Section 6.6.

The portion of the Participant’s Accrued Benefit attributable to his contributions made pursuant to Sections 5.4 and 5.5 shall be equal to the Actuarial Equivalent of the Participant’s Employee Contributions Benefit, expressed as the normal form of monthly benefit commencing at Normal Retirement Date. The portion of the Participant’s Accrued Benefit attributable to County contributions shall be the remainder, if any, of the Accrued Benefit.

Actuarial Equivalent - A form of benefit differing in time, period or manner of payment from a specific benefit provided under the Plan but having the same value when computed based upon the following:

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Bill No. 20-11

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2 Pre-Retirement and Post-Retirement:
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4 [UP-1984 Mortality Table
5 8% per annum interest rate.]

6 Pub-2010 General Retirees Amount-Weighted Mortality
7 with MP-2018 improvement scale projected to
8 2035, blended 50%male/50% female
9 (for participant and joint annuitant)
10 7% per annum interest rate
11 1% cost of living adjustment
12

13 The foregoing factors, to the extent applicable, shall be utilized (whether or not there is a specific
14 reference to this definition) whenever in the administration of the Plan a calculation of actuarial
15 equivalence is to be made.

16 Actuarial Reduction - A reduction which will cause a benefit with a starting
17 date which precedes a Participant's Normal Retirement Date to be the Actuarial Equivalent of the
18 benefit which would otherwise have been payable at Normal Retirement Date. However,
19 notwithstanding any factors set forth in the definition of Actuarial Equivalent for benefits paid to Non-
20 Uniformed Participants, the reduction with respect to a Non-Uniformed Participant whose
21 Employment Commencement Date is prior to July 1, 2011 shall be equal to .5% of the benefit for
22 each month during the first five years preceding the first day of the month coincident with or next
23 following the Participant's attainment of age 60. The reduction with respect to a Non-Uniformed
24 Participant whose Employment Commencement Date is on or after July 1, 2011 shall be equal to .5%
25 of the benefit for each month during the first ten years preceding the first day of the month coincident
26 with or next following the Participant's attainment of age 65.
27

28 Administrator - The Retirement Plan Committee designated in accordance
29 with the provisions of ARTICLE XI.
30

31 Appointee - An Employee serving at the pleasure of the County Executive in
32 accordance with the Charter.
33

34 Beneficiary - Any person entitled to receive the benefits which are payable
35 under the Plan upon or after the death of a Participant.
36

37 Benefit Commencement Date - The first day of the first period for which the
38 sole payment or the first in a series of payments constituting the distribution of an Accrued Benefit is
39 made.
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Bill No. 20-11

1 Break in Service - A Plan Year during which an individual terminates
2 employment or is not an Employee and completes 50% or fewer of the Hours of Service required to
3 complete a Year of Eligibility Service.

4
5 Cash-Out - A distribution in settlement of a benefit otherwise payable under
6 the Plan, and which is equal to the Employee Contributions Benefit.

7
8 Charter – means the Charter of Frederick County, Maryland, as adopted
9 effective December 1, 2014 and as may be amended from time to time.

10
11 C/L Increase - An automatic increase (without necessity of Plan amendment)
12 in a dollar value set forth or described in the Plan, for the purpose of reflecting increases in the cost
13 of living to the extent prescribed in or pursuant to regulations under Section 415(d) of the Internal
14 Revenue Code, but only to the extent permitted by the operative Internal Revenue Code or regulatory
15 provision specifically governing the dollar value in question.

16
17 Compensation - The monthly equivalent of the Participant’s legislated base
18 annual salary determined without regard to: (i) overtime, bonuses and other extra remuneration; (ii)
19 amounts in excess of \$19,071.66 (as adjusted for C/L Increases); (iii) contributions, credits or benefits
20 under this Plan or under any other retirement, deferred compensation, fringe benefit or employee
21 welfare benefit plan, (iv) direct reimbursement for expenses; or (v) differential wage payments as
22 defined in Title 26, Section 3401(h) of the United States Code (referring to an employer payment to
23 an Employee called to active duty in the uniformed services for more than 30 days that represents all
24 or a portion of the pay he would have received from the County if he were performing services for
25 the County); provided however, that Compensation shall include any amount that would have
26 qualified as Compensation but for the fact that it constitutes salary reduction under any plan described
27 in Section 414(h)(2), 132(f) or 125 of the Internal Revenue Code.

28
29 In addition to other applicable limitations set forth in the Plan, and
30 notwithstanding any other provision of the Plan to the contrary, for Plan Years beginning on or after
31 January 1, 1994, the annual Compensation for each employee taken into account under the Plan shall
32 not exceed the OBRA ‘93 annual Compensation limit. The OBRA ‘93 annual Compensation limit is
33 \$150,000, as adjusted by the Commissioner for increases in the cost of living in accordance with
34 Section 401(a)(17)(b) of the Code. The cost-of-living adjustment in effect for a calendar year applies
35 to any period, not exceeding 12 months, over which Compensation is determined (determination
36 period) beginning in such calendar year. If a determination period consists of fewer than 12 months,
37 the OBRA ‘93 annual Compensation limit will be multiplied by a fraction, the numerator of which is
38 the number of months in the determination period, and the denominator of which is 12.

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Bill No. 20-11

1 For Plan Years beginning on or after January 1, 1994, any reference in this
2 Plan to the limitation under Section 401(a)(17) of the Code shall mean the OBRA '93 annual
3 Compensation limit set forth in this provision.
4

5 If Compensation for any prior determination period is taken into account in
6 determining an Employee's benefits accruing in the current Plan Year, the Compensation for that
7 prior determination period is subject to the OBRA '93 annual Compensation limit in effect for that
8 prior determination period. For this purpose, for determination periods beginning before the first day
9 of the first Plan Year beginning on or after January 1, 1994, the OBRA '93 annual Compensation
10 limit is \$150,000.
11

12 The annual Compensation of each Participant taken into account in
13 determining benefit accruals for any Plan Year beginning after December 31, 2001 shall not exceed
14 \$200,000, as adjusted for cost-of-living increases in accordance with Section 401(a)(17)(b) of the
15 Code. Annual Compensation means Compensation during the Plan Year or such other consecutive
16 12-month period over which Compensation is otherwise determined under the Plan (the determination
17 period). The cost-of-living adjustment in effect for a calendar year applies to annual Compensation
18 for the determination period that begins with or within such calendar year.
19

20 County - The County of Frederick, a body corporate and politic, with all of
21 the rights and powers of local self-government and home rule as are provided under the Charter, the
22 Maryland Constitution, and laws of the State of Maryland.
23

24 County Council – The County Council of Frederick County, Maryland.
25

26 County Executive – The County Executive of Frederick County,
27 Maryland.
28

29 Covered Employee - Any regular or probationary, full time or part time
30 Employee of the County who is regularly scheduled to work at least 50% of a full-time schedule who
31 has enrolled in the Plan in accordance with Article III hereof. For purposes of this Plan, any
32 professional or clerical employee of a library that is established or operates under the Education
33 Article of the Annotated Code of Maryland is not an Employee of the County effective July 1, 1993.
34 For purposes of this Plan, a member of the County Council is not an Employee of the County. By
35 Ordinance No. 12-06-601, the Plan was amended to provide that an Employee who is classified as
36 “grant funded” pursuant to the Frederick County Personnel Rules, as amended effective January 1,
37 2012 and whose Employment Commencement Date or Reemployment Commencement Date is on
38 or after September 16, 2011 was not a Covered Employee. Effective July 1, 2019, an Employee who
39 is classified as “grant funded” pursuant to the Frederick County Personnel Rules, as amended

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Bill No. 20-11

1 effective January 1, 2012 and whose Employment Commencement Date or Reemployment
2 Commencement Date is on or after September 16, 2011 will be a Covered Employee.

3
4 Delayed Retirement - Retirement, as described in Section 6.3 hereof, which
5 occurs after the Participant's Normal Retirement Date.

6
7 Dual Service Participant - A Participant who has earned Years of Eligibility
8 Service and/or Years of Creditable Service (or fractional years) as a Uniformed Participant and as a
9 Non-Uniformed Participant.

10
11 Early Retirement Date - Any date occurring on or after the first date on which
12 a Non-Uniformed Participant has attained age 55 and completed Years of Eligibility Service totaling
13 at least 15 years.

14
15 Effective Date - The effective date of the Plan, which shall be July 1, 1993.

16
17 Elected Official - The County Executive, the County States Attorney and the
18 County Sheriff.

19
20 Employee - Any person employed by the County, including any person
21 receiving differential wage payments as defined in Title 26, Section 3401(h) of the United States Code
22 (referring to an employer payment to an Employee called to active duty in the uniformed services for
23 more than 30 days that represents all or a portion of the pay he would have received from the County
24 if he were performing services for the County).

25
26 Employee Contributions Benefit - The sum of the following amounts (net of
27 any previous distributions):

28
29 (i) The contributions made by the Participant through salary
30 reduction and "picked up" by the County, as described in Section 5.4(a)(i) but not 5.4(a)(iii); plus

31
32 (ii) The contributions made by the Participant pursuant to Section
33 5.5 which are not picked up by the County; plus

34
35 (iii) The contributions, plus earnings previously credited on such
36 contributions, made by the Participant, pursuant to Section 5.5, through transfer from another
37 Government Employer retirement plan, which were not picked up by such Government Employer;
38 plus

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Bill No. 20-11

1 (iv) Contributions, other than contributions comprising a
2 Participant's Pick-Up Contributions Benefit, plus earnings previously credited on such contributions,
3 made by the Participant, pursuant to Section 5.4(a)(ii), but not 5.4(a)(iii), and picked up by another
4 Government Employer, all of which are thereafter transferred to the Plan; plus
5

6 (v) The Participant's account balance in the Frederick County,
7 Maryland Defined Contribution Plan, transferred to the Plan pursuant to the reinstatement of
8 participation in the Plan of Employees classified as "grant funded" pursuant to the Frederick County
9 Personnel Rules, as amended effective January 1, 2012.
10

11 (vi) Subject to Section 6.5, interest of 4.0% on the amounts
12 described in (i) through (iv) above computed on July 1 of each year and compounded annually.
13

14 Employment Commencement Date - The date on which the Employee first
15 performs an Hour of Service for the County as a benefitted Employee of the County. An Employee
16 whose Employment Commencement Date occurred prior to July 1, 2011, who subsequently ceases
17 to be a Covered Employee and who has a Reemployment Commencement Date on or after July 1,
18 2011 will be deemed to have an Employment Commencement Date prior to July 1, 2011 only if the
19 Employee's Years of Eligibility Service and Years of Credited Service before and after the
20 Termination Date are aggregated pursuant to Section 3.2(b).
21

22 Government Employer - The State of Maryland, as well as any political
23 subdivision within the State of Maryland, including the County.
24

25 Government Employer Retirement Plan - A retirement plan which is
26 sponsored by the State of Maryland, or any municipality or political subdivision within the State of
27 Maryland to which the provisions of Title 37 of the State Personnel and Pensions Article of the
28 Annotated Code of Maryland, or any successor statute, apply and provided such plan is a defined
29 benefit plan operated on an actuarial basis.
30

31 Highest Average Compensation - The average monthly rate of a Participant's
32 Compensation, equal to 1/36th of the total amount of a Participant's Compensation for the 36
33 consecutive full calendar months of the Participant's employment as a Covered Employee which
34 produce the highest average. Except as provided in Section 6.4(a) and (b), the Highest Average
35 Compensation of a Participant who was not employed as a Covered Employee on a full-time basis
36 shall be calculated using the full-time equivalent of the Participant's Compensation. Furthermore,
37 any calendar month during which the Participant was not employed as a Covered Employee for the
38 full month because the position of employment with the County regularly requires fewer than 12
39 months of service shall be counted in determining the 36 consecutive full calendar months of the
40 Participant's employment which produce the highest average. Any other calendar month during

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1 which the Participant was not employed as a Covered Employee on a full time basis (or on Leave of
2 Absence) shall be disregarded for purposes of the foregoing, and the existence of such calendar
3 months shall be ignored and shall not be counted in determining the 36 consecutive full calendar
4 months of the Participant’s employment which produce the highest average. If the Participant’s
5 employment as a Covered Employee does not provide 36 consecutive full calendar months as
6 aforesaid, Compensation for his actual number of consecutive full calendar months will be totaled
7 and divided by the number thereof.
8

9 Hour of Service – Except as otherwise provided herein, each hour for which
10 an individual, in his capacity as an Employee, is directly or indirectly paid, or entitled to payment, for
11 the performance of duties for the County. Hours of Service include normal working hours, paid
12 holidays and sick leave, and exclude overtime hours. In addition, Hours of Service include hours for
13 which an individual is not paid, but would be entitled to payment except for a temporary furlough
14 from employment with the County. Hours of Service also include annual leave, but exclude accrued
15 annual leave for which an Employee is paid following the Employee’s Termination Date.
16

17 Internal Revenue Code - The Internal Revenue Code of 1986, or any provision
18 or section thereof herein specifically referred to, as such Code provision or section may from time to
19 time be amended or replaced.
20

21 Leave of Absence - An authorized absence from active service, under
22 conditions described in Section 4.2, which does not constitute a termination of employment, and
23 during which the Employee performs no Hours of Service.
24

25 Military Service - Active military duty in the Armed Forces of the United
26 States on account of which a Participant is not eligible to receive a military pension, unless such
27 pension is awarded of account of the Participant’s disability.
28

29 Non-Uniformed Employee - An Employee of the County classified by the
30 County as “regular” or “probationary” who: (i) is not classified by the Retirement Plan Committee as
31 a “Uniformed Employee” and (ii) is regularly scheduled to work at least fifty percent of the hours
32 normally worked by other Employees in the same position in accordance with County Human
33 Resources Procedures.
34

35 The term “Non-Uniformed Employee” shall also include Elected Officials and
36 Appointees.
37

38 Non-Uniformed Participant - A Non-Uniformed Employee who has satisfied
39 the eligibility requirements of Article III and is currently a Participant under the Plan, including, where

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Bill No. 20-11

1 appropriate according to the context of the Plan, any former Non-Uniformed Employee who is or may
2 become (or whose Beneficiaries may become) eligible to receive a benefit under the Plan.

3
4 Normal Retirement Date - The first day of the month coinciding with or next
5 following either:

6
7 Uniformed Participant - The earlier of the date on which a Uniformed
8 Participant has (i) completed 20 Years of Eligibility Service, or (ii) attained at least age 50 and
9 completed at least five Years of Eligibility Service. With respect to a Uniformed Participant whose
10 Employment Commencement Date is on or after July 1, 2011, the first day of the month coinciding
11 with or next following the earlier of the date on which a Uniformed Participant has (iii) completed 25
12 Years of Eligibility Service, or (iv) attained at least age 55 and completed at least five Years of
13 Eligibility Service.

14
15 Non-Uniformed Participant - The earlier of: (i) the date on which a
16 Non-Uniformed Participant has completed 25 Years of Eligibility Service, or (ii) the date on which a
17 Non-Uniformed Participant has met one of the following age and service requirements:

<u>Age</u>	<u>Years of Eligibility Service</u>
60	5 Years
61	5 Years
62	5 Years
63	4 Years
64	3 Years
65 or older	2 Years

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30 With respect to a Non-Uniformed Participant whose Employment Commencement Date is on or after
31 July 1, 2011, the first day of the month coinciding with or next following the earlier of the date on
32 which a Non-Uniformed Participant has (iii) completed 30 Years of Eligibility Service, or (iv) attained
33 at least age 65 and completed at least five Years of Eligibility Service.

34
35 Dual Service Participant - The Normal Retirement Date for a Dual
36 Service Participant with fewer than 10 Years of Eligibility Service earned as a Uniformed Participant
37 shall be the same as the Normal Retirement Date for Non-Uniformed Participants. The Normal
38 Retirement Date for a Dual Service Participant with 10 or more Years of Eligibility Service earned as
39 a Uniformed Participant shall be the same as the Normal Retirement Date for a Uniformed Participant.

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Bill No. 20-11

1 Participant - Any Employee who is currently accruing a benefit under the Plan,
2 and, where appropriate according to the context of the Plan, any former Employee who is or may
3 become (or whose Beneficiaries may become) eligible to receive a benefit under the Plan.

4
5 Pick-Up Contributions Benefit -

6
7 (a) For those Participants who irrevocably elected to transfer to
8 the Plan from the Maryland State Retirement Systems effective as of July 1, 1993, the Pick-Up
9 Contributions Benefit shall be the sum of the following amounts (net of any previous distributions):

10
11 (i) The contributions made prior to July 1, 1993 by the
12 Participant through salary reduction contributions, picked up by the State of Maryland and contributed
13 to the Employees' Retirement System of the State of Maryland pursuant to Section 414(h) of the
14 Code, which were classified as "returnable contributions" and which would have provided an
15 additional benefit to the Participant pursuant to Article 73B, Section 2-204 of the Annotated Code of
16 Maryland (1992) or a statutory provision of comparable effect if the Participant had not transferred
17 from the Employees' Retirement System of the State of Maryland, plus earnings previously credited
18 on such contributions, all of which are transferred to the Plan; plus

19
20 (ii) Simple interest of 4% per annum on the amount of
21 contributions described in (i) hereof transferred to the Plan, computed on the Participant's
22 Termination Date.

23
24 A Pick-Up Contributions Benefit is payable only in a lump sum.

25
26 (b) No other Participant shall have a Pick-Up Contributions
27 Benefit.

28
29 Plan - The retirement plan set forth herein, as amended from time to time.

30
31 Plan Year - The twelve-month period ending on the last day of June.

32
33 Reemployment Commencement Date - The date on which an Employee first
34 performs an Hour of Service for the County as a benefitted Employee of the County after a period
35 during which no Hours of Service were performed by reason of the Participant's Termination Date or
36 otherwise.

37
38 Termination Date - The date of the first to occur of: (i) a termination of
39 employment by reason of resignation, discharge, mutual agreement, total and permanent disability,
40 retirement or death; (ii) the date on which a Leave of Absence expires without a return to active

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1 employment; or (iii) the date on which the individual ceases to be a Covered Employee, unless the
2 individual is an Employee who is a Participant in the Frederick County, Maryland Defined
3 Contribution Plan.

4
5 Trust - Except as provided in Section 10.4, the trust fund established pursuant
6 to the Plan, maintained in accordance with the terms of the trust agreement, as from time to time
7 amended, between the County and the Trustees, which trust agreement constitutes a part of the Plan;
8 where appropriate according to the context, the term Trust shall also refer to said trust agreement.

9
10 Trustees - Except as provided in Section 10.4, collectively, the trustee or
11 trustees named in the Trust and such successor and/or additional trustees as may be named pursuant
12 to the terms of the Trust.

13
14 Uniformed Employee - An Employee employed on a “regular” or
15 “probationary” basis and who is not classified by the Retirement Plan Committee as a “Non-
16 Uniformed Employee”, and whose position requirements meet each of the following three criteria:

17
18 (a) The position is a non-administrative, active duty position,

19
20 (b) The position requires certification by the Maryland Police Training
21 Commission, the Maryland Fire and Rescue Institute or the Maryland Correctional Training
22 Commission, and

23
24 (c) The daily duties of the position could result in loss of life.

25
26 Uniformed Participant - A Uniformed Employee who has satisfied the
27 eligibility requirements of Article III and who is currently a Participant under the Plan, including,
28 where appropriate according to the context of the Plan, any former Uniformed Employee who is or
29 may become (or whose Beneficiaries may become) eligible to receive a benefit under the Plan.

30
31 Year of Creditable Service – Subject to Section 4.3(c), and except as provided
32 in Section 4.4, a Plan Year during which a Covered Employee earns Hours of Service at least equal
33 to the Hours of Service which would be earned by an Employee who is employed in the same position
34 of employment for the County on a full-time basis over the full Plan Year. Employees classified as
35 “grant funded” pursuant to the Frederick County Personnel Rules, as amended effective January 1,
36 2012 who become eligible to participate in the Plan on and after July 1, 2019 will receive credit for
37 Years of Creditable Service beginning on their Employment Commencement Date as Employees for
38 the County as if they had continuously participated in the Plan and made contributions pursuant to
39 Section 5.4.

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Year of Eligibility Service - Subject to Section 4.3(a) and (b), and except as provided in Section 4.4, any Plan Year during which an Employee completes 700 Hours of Service. Employees classified as “grant funded” pursuant to the Frederick County Personnel Rules, as amended effective January 1, 2012 who become eligible to participate in the Plan on and after July 1, 2019 will receive credit for Years of Eligibility Service beginning on their Employment Commencement Date as Employees for the County as if they had continuously participated in the Plan and made contributions pursuant to Section 5.4.

END OF ARTICLE II

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ARTICLE III

Eligibility and Participation

3.1 Requirements - Except as otherwise provided below, a Covered Employee's participation in this Plan, and the agreement to make contributions hereunder, as described in Section 5.4, is mandatory as a condition of employment with the County:

(a) Voluntary Participation - Every individual who is a Covered Employee as of June 30, 1993 may elect to participate in the Plan effective July 1, 1993 and continuing until his Termination Date. Such election shall be irrevocable, shall be made on a written application supplied by the County and shall contain agreement to make, as a condition of his employment with the County, Participant contributions as provided in Section 5.4. If an otherwise eligible Employee fails to return the completed application to the Coordinator (as defined in Section 11.2(d)) within 30 days after it has been provided to him by the County, he shall cease to be a Covered Employee as of July 1, 1993.

(b) Mandatory Participation - Every other individual who becomes a Covered Employee on or after July 1, 1993 shall become a Participant as a condition of his employment on the date he first performs an Hour of Service as a Covered Employee. No individual shall become a Participant, however, if he is not a Covered Employee on the date his participation is to begin.

(c) Voluntary Participation: Elected Officials

(i) An individual who is initially classified as an Elected Official under the terms of this Plan on or after January 1, 2002 may elect to participate in the Plan effective as of the first day of employment as an Elected Official. An election to participate in the Plan shall be irrevocable throughout the Elected Official's consecutive terms, shall be made on a written application supplied by the County and shall contain an agreement to make Participant contributions as provided in Section 5.4. If an otherwise eligible Elected Official fails to return the completed application to the Coordinator (as defined in Section 11.2(d)) prior to the first day of employment by the County as an Elected Official, the Elected Official shall cease to be a Covered Employee as of that date and until a subsequent election to participate is made in accordance with Section 3.1(c)(ii).

(ii) An Elected Official who does not elect to participate in the Plan prior to his or her initial term shall have subsequent opportunities to elect to participate in the Plan prior to each subsequent term as an Elected Official. Such an election shall be made in accordance with the provisions of Section 3.1(c).

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1 3.2 Re-employment - If an Employee or Participant who reaches a Termination
2 Date is subsequently re-employed as a Covered Employee, his status with respect to the Plan shall be
3 governed by the following:
4

5 (a) Eligibility - If the reemployed Employee was not a Participant prior to
6 his Termination Date, or his Reemployment Commencement Date occurs prior to July 1, 1993, he
7 shall become a Participant in accordance with the provisions of Section 3.1. If he was a Participant
8 prior to such termination, and if his Reemployment Commencement Date occurs after June 30, 1993,
9 his participation shall commence or resume immediately upon the resumption of his status as a
10 Covered Employee.
11

12 (b) Vesting and Benefit Accrual - Subject to Sections 3.2(d) and 4.2, if the
13 re-employed Employee was a Participant prior to his Termination Date, his prior Years of Eligibility
14 Service and Years of Creditable Service shall be aggregated with Years of Eligibility Service and
15 Years of Creditable Service performed after his Reemployment Commencement Date, but only as a
16 Covered Employee, for purposes of determining his eligibility to receive, the vested percentage of,
17 and amount of, his Accrued Benefit with respect to the periods before and after the Participants'
18 Breaks in Service.
19

20 (c) Benefit Payments - If, at the time of reemployment, the Employee is
21 receiving benefits under the Plan, such benefits (other than those previously funded through individual
22 or non-pooled group insurance annuity arrangements) shall cease until such time as they may be paid
23 in conjunction with the benefits accrued with respect to the Employee's subsequent employment,
24 provided he is reemployed as a Covered Employee. In any event, any benefits payable with respect
25 to his subsequent employment shall be reduced or offset if and as necessary to avoid duplication of
26 any benefits payable or paid with respect to his prior employment. Notwithstanding the foregoing,
27 the benefit payable following the Participant's subsequent retirement shall not be less than the benefit
28 payable with respect to the Participant's initial employment.
29

30 (d) Cash Out –
31

32 (i) If, after his Termination Date: (i) the Employee receives a
33 Cash-Out of his Employee Contributions Benefit, and (ii) he is reemployed as a Covered Employee,
34 then, notwithstanding the commencement of new Years of Eligibility Service and Years of Creditable
35 Service, the Years of Eligibility Service and Years of Creditable Service with respect to which the
36 distribution was received shall be disregarded in subsequent determinations of the amount of, and
37 vested percentage of, his Accrued Benefit. However, if the Covered Employee: (i) is reemployed as
38 a Covered Employee, and (ii) within 90 days of the resumption of such status, repays to the Trust the
39 amount described herein, his Accrued Benefit will be determined taking into account the Participant's

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Bill No. 20-11

1 Years of Eligibility Service and Years of Creditable Service before as well as after the Termination
2 Date (subject to the remaining provisions of this Article III).

3
4 (A) If the number of the Covered Employee's consecutive
5 Breaks in Service are greater than the number of Years of Eligibility Service earned prior to the first
6 Break in Service, the required repayment will equal the Actuarial Equivalent of that portion of the
7 Covered Employee's projected benefit attributable to the Covered Employee's employment prior to
8 his first Break in Service.

9
10 (B) If the number of the Covered Employee's consecutive
11 Breaks in Service are less than or equal to the number of Years of Eligibility Service earned prior to
12 the first Break in Service, the required repayment will equal the full amount of the Cash Out, plus
13 interest from the date of distribution to the date of repayment at the rate of 4% per annum compounded
14 annually.

15
16 (ii) Notwithstanding the foregoing, if the employment
17 classification of a Covered Employee changes to the classification of an Employee who is not a
18 Covered Employee, the Employee who is not a Covered Employee will not be eligible to receive
19 a Cash-Out of his Employee Contributions Benefit until he ceases to be an Employee of the
20 County, or is otherwise eligible for payment of a deferred vested benefit in accordance with Section
21 6.5.

22
23 If the number of the Participant's consecutive Breaks in Service are greater
24 than the number of Years of Eligibility Service earned prior to the first Break in Service, the required
25 repayment will equal the Actuarial Equivalent of that portion of the Participant's projected benefit
26 attributable to the Participant's employment prior to his first Break in Service.

27
28 If the number of the Participant's consecutive Breaks in Service are less than
29 or equal to the number of Years of Eligibility Service earned prior to the first Break in Service, the
30 required repayment will equal the full amount of the Cash Out, plus interest from the date of
31 distribution to the date of repayment at the rate of 4% per annum compounded annually.

32
33 3.3 Enrollment - Participation hereunder shall be automatic when the
34 requirements of Section 3.1 have been met; provided, however, that the County may, in its discretion,
35 require each eligible Employee to execute a written application containing such items as may be
36 desired by the County including, but not limited to, the Employee's consent to be bound by all the
37 terms and conditions of the Plan and all amendments thereto.

38

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Bill No. 20-11

1 3.4 Change of Employment Category - If a Participant ceases to be a Covered
2 Employee, but continues in the employ of the County as an Employee, he shall be deemed to have
3 reached a Termination Date.

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6

END OF ARTICLE III

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ARTICLE IV

Hours and Periods of Service

4.1 Credit for Service - Except as otherwise provided in this ARTICLE IV and in ARTICLE III, a Participant will receive credit only for Years of Eligibility Service and Years of Creditable Service. However, for purposes of determining a Participant's vested percentage of his Accrued Benefit and his eligibility for retirement, Years of Eligibility Service completed prior to one or more Breaks in Service will be disregarded if: (a) the Participant's vested percentage in his Accrued Benefit was 0% at the time he incurred the Breaks in Service, and (b) the number of consecutive Breaks in Service exceeds the number of Years of Eligibility Service completed prior to the periods of Breaks in Service.

4.2 Leaves of Absence - Except as otherwise provided in this Section, Hours of Service will not be counted for the customary hours of work during a Leave of Absence. However, a Participant who fails to earn a Year of Eligibility Service or a Year of Creditable Service during a Plan Year because of a Leave of Absence, which is approved by the County prior to the Leave of Absence, may elect to receive credit for Years of Eligibility Service and Years of Creditable Service as follows:

(a) Leave of Absence: Workers' Compensation - A Participant on a Leave of Absence by reason of an accident or injury that has been sustained as an active Covered Employee and that has been ruled compensable under the Maryland Workers' Compensation Act may elect to receive credit for Years of Eligibility Service and Years of Creditable Service to the extent of his authorized Leave of Absence. If a Participant does so elect he shall be required to pay over to the Plan, within the buyback period, or within 90 days before his benefit commencement date, the contributions that would have been made by the Participant pursuant to Section 5.4 during the period of the Leave of Absence, plus interest of 4.0% computed on July 1 of each year and compounded annually.

(b) Leave of Absence: Other than Workers' Compensation - A Participant on a Leave of Absence other than by reason of an accident or injury that has been sustained as an active Covered Employee and that has been ruled compensable under the Maryland Workers' Compensation Act may elect to receive credit for Years of Eligibility Service and Years of Creditable Service (to a maximum of one year) to the extent of his total authorized leaves of absence. If a Participant does so elect he shall be required to pay over to the plan, within the buyback period, the contributions that would have been made by the Participant pursuant to Section 5.4 during the period of the Leave of Absence, plus the contributions made by the County at the time of the payment by the Participant for the service credit, for either Uniformed Participants or Non-Uniformed Participants, determined with respect to the electing Participant's classification at the time of the Leave of Absence,

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Bill No. 20-11

1 plus interest of 4.0% computed on July 1 of each year and compounded annually. For purposes of
2 this Section 4.2(b), the contributions that would have been made by the Participant and the
3 contributions that would have been made by the County will be based on Participant Compensation
4 that includes any scheduled pay adjustments that occurred during the leave of absence. For purposes
5 of this Section 4.2(b), the contributions that would have been made by the County will be based on
6 the County's net normal cost rate during the buyback period. For purposes of this Section 4.2(b), the
7 "net normal cost rate" equals the total normal cost as a percentage of Participant payroll minus total
8 Employee contributions as a percentage of Participant payroll. If the Participant does not elect to pay
9 the missed contributions, plus interest, during the buyback period, and if the Participant's Benefit
10 Commencement Date does not occur during the buyback period, the Participant may elect to receive
11 credit for Years of Eligibility Service and Years of Creditable Service (to a maximum of one year) to
12 the extent of his total authorized leaves of absence, if the Participant pays over to the Plan, within 12
13 months before his Termination Date, the Actuarial Equivalent of that portion of his projected benefit
14 attributable to the Leave of Absence, and determined in accordance with Section 4.4(iii).

15
16 (c) Buyback Period; Form of Payment - For purposes of this Section 4.2,
17 the Participant's "buyback period" is the one-year period beginning with the date the Participant
18 returns from the Leave of Absence. A Participant's payments hereunder may be in the form of a lump
19 sum payment, installment payments, or a combination of the two forms of payment. A Participant's
20 payments shall be accounted for pursuant to Section 5.5.

21
22 (d) Death and Disability Benefits - A Participant who is on a Leave of
23 Absence (or his Beneficiary) remains eligible for disability benefits as provided by Section 6.4 or for
24 death benefits as provided by Section 7.1.

25
26 4.3 Fractional Credit for Service - To the extent not precluded by the operation of
27 Section 4.1, and except as otherwise provided in Section 4.4, an individual shall receive partial or full
28 credit for service, as follows:

29
30 (a) Vesting - For purposes of determining the extent to which a Participant
31 is vested in his Accrued Benefit, he shall receive credit on the basis of the number of his Years of
32 Eligibility Service. However, for Plan Years which contain the Participant's Employment
33 Commencement Date, Reemployment Commencement Date, and the date of his termination of
34 employment with the County, he shall receive fractional credit equal to 1/12th of a Year of Eligibility
35 Service for each calendar month during which he was an Employee for the entire month.
36 Notwithstanding the foregoing, the Participant shall receive fractional credit equal to 1/12th of a Year
37 of Eligibility Service if he was an Employee for at least one day during the month which contains the
38 Participant's Employment Commencement Date or Reemployment Commencement Date, but he
39 shall receive no fractional credit with respect to the month which contains the date of his termination
40 of employment with the County unless he was an Employee for the entire month.

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1
2 (b) Eligibility for Retirement - For purposes of determining whether a
3 Participant is eligible for retirement, he shall receive credit on the basis of the number of his Years of
4 Eligibility Service. However, for Plan Years which contain the Participant's Employment
5 Commencement Date, Reemployment Commencement Date, and the date of his termination of
6 employment with the County, he shall receive fractional credit equal to 1/12th of a Year of Eligibility
7 Service for each calendar month during which he was an Employee for the entire month.
8 Notwithstanding the foregoing, the Participant shall receive fractional credit equal to 1/12th of a Year
9 of Eligibility Service if he was a Covered Employee for at least one day during the month which
10 contains the Participant's Employment Commencement Date or Reemployment Commencement
11 Date, but he shall receive no fractional credit with respect to the month which contains the date of his
12 termination of employment with the County unless he was an Employee for the entire month.

13
14 (c) Benefit Accrual - For purposes of determining the extent to which a
15 Participant shall accrue benefits, he shall receive credit on the basis of the number of his Years of
16 Creditable Service. For Plan Years during which a Participant earns at least 700 Hours of Service,
17 but fails to earn a Year of Creditable Service, he shall receive credit for a fractional Year of Creditable
18 Service. For the Plan Years which contain the Participant's Employment Commencement Date and
19 his Termination Date, he shall receive fractional credit even if he earns fewer than 700 Hours of
20 Service. For purposes of calculating the fractional service described in this Section 4.3(c), the
21 numerator of the fraction shall be the number of Hours of Service earned by the Participant as a
22 Covered Employee during the Plan Year and the denominator shall be the number of Hours of Service
23 in a Year of Creditable Service.

24
25
26 4.4 Transfer of Credited Service - A Participant may elect to receive credit for
27 service (whether or not it would be considered a Year of Eligibility Service or Year of Creditable
28 Service had it been performed for the County) transferred from another employer provided there is
29 no break in employment between the Participant's employment with such other Government
30 Employer and commencement of service for the County. If such service is transferred and recognized
31 under the Plan, the number of years of service credited and the amount of the benefit payable to the
32 Participant pursuant to Section 6.1 shall be adjusted in accordance with the following provisions:

33
34 (a) Conditions for Transfer -

35
36 (i) Credit for Years of Eligibility Service and Years of Creditable
37 Service shall be granted to any Participant: (A) who irrevocably elects, within the later of (1) one
38 year of first performing an Hour of Service as a Covered Employee, or (2) within 90 days following
39 July 1, 1998, to transfer the amount of any Participant contributions made to another Government
40 Employer Retirement Plan under which he was covered, together with interest previously credited by

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1 such plan to this Plan; and (B) who is participating in a plan which provides for the transfer of credit
2 for service and contributions to this Plan. Notwithstanding the foregoing, service credit shall be given
3 for service transferred only to the extent required by, and in accordance with, the provisions of Title
4 37 of the State Personnel and Pensions Article of the Annotated Code of Maryland, or any successor
5 statute. With respect to service transferred pursuant to Section 37.203.1(d) of the State Personnel and
6 Pensions Article of the Annotated Code of Maryland, pertaining to transfers of service from certain
7 contributory systems of the State of Maryland, or any successor statute, the deposit of sums in addition
8 to the transfer of the Participant's contributions may be accomplished by one or more of the following
9 methods: (1) a lump sum cash payment to the Plan, (2) a rollover from another employer's qualified
10 retirement plan, (3) a rollover from an eligible deferred compensation plan established pursuant to
11 Section 457(b) of the Code, (4) a rollover from a tax deferred annuity established pursuant to Section
12 403(b) of the Code, or (5) a rollover from an individual retirement account established pursuant to
13 Section 408(a) of the Code.

14
15 (ii) If the Covered Employee was not required to make
16 contributions to such other Government Employer Retirement Plan for all years of participation in
17 such other Government Employer Retirement Plan and on all Compensation paid to the Covered
18 Employee, he may, nonetheless, elect to receive credit for Years of Eligibility Service and Years of
19 Creditable Service under this Plan. Such election: (A) shall be irrevocable; (B) shall be made within
20 the later of (1) one year of first performing an Hour of Service as a Covered Employee, or (2) within
21 90 days following July 1, 1998; and (C) shall be contingent upon the complete forfeiture of benefits
22 and service credits under the Government Employer Retirement Plan from which service credit is
23 being transferred. Notwithstanding the foregoing, service credit shall be given for service transferred
24 only to the extent required by, and in accordance with, the provisions of Title 37 of the State Personnel
25 and Pensions Article of the Annotated Code of Maryland, or any successor statute.

26
27 (iii) Any other Covered Employee may elect to receive credit for
28 Years of Eligibility Service and Years of Creditable Service (to a maximum of 10 years) to the extent
29 of the Covered Employee's service performed (1) with a state, municipality or political subdivision
30 with the United States of America, including the County, (2) with a Government Employer which is
31 not recognized in subparagraphs (i) or (ii) hereof, (3) with the government of the United States of
32 America, or (4) with private, parochial or out-of-state schools, provided such service is earned as a
33 teacher. Such election is available only if the Participant is not entitled to receive any retirement or
34 pension benefits derived from employer contributions with respect to the service performed for the
35 Government Employer. If the Participant does so elect, he/she shall be required to pay over to the
36 Plan the amounts determined in accordance with the following:

37
38 (A) Cost of Purchase - It is the intent of the County that a
39 Participant who elects to purchase credit for service hereunder pay the full actuarial cost of the credit
40 for service. The Participant's election to purchase service shall include an election by the Participant

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1 of an assumed retirement date (the “Assumed Retirement Date”) upon which the cost to purchase
2 service will be based. The cost of the purchase equals the present value of the Participant’s projected
3 Accrued Benefit including the credit for the service purchased hereunder and calculated on the basis
4 of the Participant’s Assumed Retirement Date, less the present value of the Participant’s projected
5 Accrued Benefit without the service credit purchased hereunder. Present value will be determined
6 using the interest, post-retirement mortality, post-retirement benefit increase and pay increase
7 assumptions used by the enrolled actuary to perform the most recent actuarial valuation of the Plan.
8

9 (B) Timing of Election to Purchase Service - If the
10 Participant makes an election to purchase service under this Section 4.4(a)(iii), the election shall be
11 made, and the Participant shall make the required payments to the Plan, within the twelve month
12 period ending on the Participant’s Termination Date. Notwithstanding the foregoing, the Participant’s
13 election of the timing of payment for credit for service may be modified by the County to the extent
14 necessary to conform to Section 415 of the Internal Revenue Code.

15 (C) Methods of Payment for Purchased Service – The
16 Participant’s election to purchase credit for service shall also include an election of the method by
17 which the Participant will purchase the credit for service. The Participant may pay over to the Plan
18 the amounts calculated pursuant to subsection (A) hereof by either (1) a lump sum cash payment to
19 the Plan, (2) a rollover from another employer’s qualified retirement plan, (3) a rollover from an
20 eligible deferred compensation plan established pursuant to Section 457(b) of the Code, (4) a rollover
21 from a tax deferred annuity established pursuant to Section 403(b) of the Code, (5) a rollover from an
22 individual retirement account established pursuant to Section 408(a) of the Code, (6) installment
23 payments by the Participant to the Plan, or (7) a combination of any of the methods designated in (1)
24 through (6). Installment payments pursuant to (6) above may be made on either, but not both, an
25 after-tax basis, or, following the effective date of Section 5.4(a)(iii), a pre-tax basis. If the Participant
26 elects to purchase the credit in whole or in part by pre-tax installment payments pursuant to
27 Section 5.4(a)(iii), such a purchase shall be pursuant to a binding, irrevocable payroll deduction
28 authorization between the County and the Participant which provides for the number of payroll
29 deductions and the dollar amount of each deduction. After-tax installment payments may be made
30 by either, but not both, payroll deduction or direct payment by the Participant to the Plan.
31 Notwithstanding the foregoing, the Participant’s election of the method of payment for purchased
32 service may be modified by the County to the extent necessary to conform to Section 415 of the
33 Internal Revenue Code.
34

35 (D) Retirement Before or After Assumed Retirement Date
36 - If a Participant reaches a Termination Date on a date other than the Participant’s Assumed
37 Retirement Date, but after the Participant’s Early Retirement Date, the credit for service purchased
38 by the Participant will be adjusted so that the amount of credit purchased equals the amount that would
39 have been purchased (based on the Participant’s actual contributions) if the actual Termination Date
40 had been used (rather than the Assumed Retirement Date) for purposes of calculating the cost of the

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1 service. If the adjustment reduces the amount of credit purchased, the Participant may pay over to
2 the plan, in one lump sum, an amount necessary to purchase the credit for the service which would
3 have been awarded if the Participant terminated employment on the Assumed Retirement Date,
4 provided such payment does not constitute a violation of Section 415 of the Internal Revenue Code.
5 If the adjustment increases the amount of credit purchased over the credit which would have been
6 awarded if the Participant terminated employment on the Assumed Retirement Date, the excess will
7 be used to provide an additional monthly benefit to the Participant.
8

9 (E) Return of Payments After Five Years of Service for
10 County - If a Participant reaches a Termination Date prior to his/her Early Retirement Date or Normal
11 Retirement Date, but after completing five years of service as a County Employee, without regard to
12 service purchased or transferred or received on account of Military Service, the Participant, or the
13 Participant's Beneficiary, may elect, at any time following the Participant's Termination Date, to
14 receive a return of the payments made pursuant to this Section 4.4(a)(iii), plus interest at the rate
15 determined under (a) hereof, in the form of either (1) a lump sum payment, or (2) a monthly benefit
16 equivalent to the lump sum payment, with the equivalence to be determined pursuant to the factors
17 utilized pursuant to (a) hereof. Notwithstanding the foregoing, the Participant's election with respect
18 to receipt of a return of payments may be modified to the extent necessary to conform to Section 415
19 of the Internal Revenue Code.

20 (F) Return of Payments Prior to Five Years of Service for
21 County – If a Participant reaches a Termination Date prior to the date the Participant completes five
22 years of Eligibility Service as a County Employee, without regard to service purchased or transferred
23 or received on account of Military Service, the Participant, or the Participant's Beneficiary, will
24 receive, as soon as practical following the Participant's Termination Date, a return of the payments
25 made pursuant to this Section 4.4(a)(iii), plus interest at the rate determined under (a) hereof, in the
26 form of a lump sum payment. Notwithstanding the foregoing, the Participant's receipt of a return of
27 payments may be modified to the extent necessary to conform to Section 415 of the Internal Revenue
28 Code. Notwithstanding the foregoing, to the extent the distribution exceeds \$1,000 and is an "eligible
29 rollover distribution," as defined in Section 8.4, the distribution will be made only at the election of
30 the Participant.
31

32 (iv) Any Covered Employee as of June 30, 1993 may elect to
33 receive credit for Years of Eligibility Service and Years of Creditable Service for service recognized
34 or performed under the Maryland State Retirement Systems. Such election must be irrevocable and
35 must be made prior to June 30, 1993. Any such service is not subject to the restrictions of other
36 subsections of Section 4.4(a).
37

38 (v) Any Covered Employee may elect to receive service credit for
39 his Military Service as follows (subject to any applicable law which mandates additional benefits):
40

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1 (A) If a Participant’s service with the County is interrupted
2 by Military Service, he will receive credit for Years of Eligibility Service and Years of Creditable
3 Service to the extent of his Military Service (to a maximum of five years unless a greater amount is
4 required by law) provided that he resumes employment with the County within one year of his
5 discharge from Military Service.

6
7 (B) If a Participant’s Military Service precedes his
8 Employment Commencement Date, the Participant will receive credit for Years of Eligibility Service
9 and Years of Creditable Service to the extent of his Military Service (to a maximum of five years)
10 provided that he (1) earns 10 Years of Eligibility Service other than his Military Service, and (2)
11 makes the election to receive service credit pursuant to this Section 4.4(a)(v)(B) prior to the date he
12 ceases to be an Employee.

13
14 (C) A Participant will not receive credit for service
15 pursuant to Section 4.4(a)(v)(A) if the service was rendered for the Peace Corps or the Volunteers in
16 Service to America or is service which is not “service in the uniformed services” within the meaning
17 of the Uniformed Services Employment and Reemployment Rights Act of 1994. A Participant will
18 not receive credit for service pursuant to Section 4.4(a)(v)(B): (1) if the Military Service has been
19 previously recognized by the Maryland State Retirement System, (2) if the Participant is entitled to
20 receive a pension benefit (except for disability benefits, Social Security benefits or benefits under the
21 National Railroad Retirement, National Guard or military reserve, or a pension described in Chapter
22 1223 of the United States Code) from another retirement system, on account of the Military Service,
23 or (3) if the service was rendered for the National Guard, Merchant Marine Service, Military Reserve
24 Service, the Peace Corps or Volunteers in Service to America.

25
26 (vi) Notwithstanding a Participant’s status as a Uniformed
27 Participant, service transferred pursuant to this Article VI shall be credited as Years of Creditable
28 Service and Years of Eligibility Service as a Uniformed Participant only if the service transferred was
29 earned in a position for the prior Government Employer which would be classified as “Uniformed”
30 pursuant to the definition of Uniformed Employee in Article I. Otherwise, service will be credited as
31 Years of Creditable Service and Years of Eligibility Service as a Non-Uniformed Participant.

32
33 (b) Amount of Credited Service – For service transferred pursuant to
34 Section 4.4(a)(i) and (ii), a Participant shall receive credit for Years of Eligibility Service and Years
35 of Creditable Service only to the extent required under the provisions of Title 37 of the State Personnel
36 and Pensions Article of the Annotated Code of Maryland. Furthermore, a Participant shall receive no
37 more than 12 months of service credit toward a Year of Eligibility Service and a Year of Creditable
38 Service for service transferred or earned as a County Employee in one 12 month period. Furthermore,
39 only service transferred pursuant to Section 4.4(a)(i) and 4.4(a)(ii) that would have been deemed to

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1 be service as a Uniformed Employee if earned for the County will be credited as service as a
2 Uniformed Participant for all purposes under the Plan.

3
4 (c) Adjustments to Monthly Retirement Income - A Participant's monthly
5 retirement income calculated pursuant to Article VI shall be adjusted with respect to service
6 transferred pursuant to Section 4.4(a)(ii) to the fullest extent allowed by, and in accordance with, the
7 provisions of Title 37 of the State Personnel and Pensions Article of the Annotated Code of Maryland,
8 or any successor statute. For purposes of determining the amount of the adjustment described in this
9 Section 4.4(c), the accumulated employee contributions shall be calculated using the rate set forth in
10 the definition of "Employee Contributions Benefit." To the extent a determination of actuarial
11 equivalence must be made to make any adjustments to Participants' benefits in accordance with
12 Section 4.4(c), the actuarial equivalent will be determined using the interest, unisex post-retirement
13 mortality and post-retirement benefit increase assumptions used by the enrolled actuary to perform
14 the most recent actuarial valuation of the Plan.

15
16 (d) Retirement Within Five Years of Transferring Service -
17 Notwithstanding any other provision of this Section 4.4, if a Participant reaches a Termination Date,
18 other than by reason of death, and begins receiving payment of benefits pursuant to Article VIII within
19 five years after the Participant's Employment Commencement Date or Reemployment
20 Commencement Date preceding the transfer of service, the portion of the Participant's monthly
21 retirement income payable with respect to the service credit transferred pursuant to Sections 4.4(a)(i)
22 or 4.4(a)(ii) may not be greater than the benefit that would have been payable by the other Government
23 Employer Retirement Plan with respect to that service if the Participant had remained a Participant in
24 the other Government Employer Retirement Plan.

25
26
27 END OF ARTICLE IV
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1 succeeding month. The contributions made pursuant to this Section 5.4 shall be made a part of the
2 Participant's Employee Contributions Benefit, and as such, a part of his Accrued Benefit.

3
4 (ii) Transfer of Pick-Up Contributions from Other Government
5 Employers - Pursuant to the provisions of Section 4.4(a), the Trust may accept a transfer of monies
6 directly from another Government Employer Retirement Plan. Such transfer shall consist of
7 contributions made by the Participant, but characterized by such other Government Employer as
8 employer pick-up contributions, plus earnings previously credited upon such contributions. To the
9 extent such contributions are not included in or do not qualify as part of the Participant's Pick-Up
10 Contributions Benefit, if he is entitled to the benefit, such amounts shall be made a part of the
11 Participant's Employee Contributions Benefit, that is, a part of his Accrued Benefit.

12
13 (iii) Purchase of Service Pick-Up Contributions - Pursuant to the
14 provisions of Section 4.4(a)(iii), a Participant may enter into a payroll deduction authorization with
15 the County pursuant to which the Participant may purchase credit for service. The Participant
16 contributions referred to in this Section 5.4(a)(iii) shall be picked up by the County, as described in
17 Section 414(h)(2) of the Internal Revenue Code, deducted from the pay of the contributing Participant
18 as salary reduction contributions, and paid by the County to the Trustees with reasonable promptness
19 after the total of such contributions during any month has been determined, and in any event by the
20 end of the succeeding month. This provision shall be effective 30 days following the date the County
21 receives a ruling from the Internal Revenue Service that contributions made pursuant to this Section
22 5.4(a)(iii) qualify as pick-up contributions under Section 414(h)(2) of the Internal Revenue Code.

23
24 (b) Suspension of Contributions - A Participant's salary reduction
25 contributions shall be automatically suspended for any payroll period during which he is not a
26 Covered Employee or during which he is on an unpaid Leave of Absence. A Participant's salary
27 reduction contributions shall automatically be suspended as of the first payroll period following the
28 date the Participant's Years of Creditable Service are no longer counted for purposes of determining
29 the amount of the Participant's monthly retirement income due to limitations on the Years of
30 Creditable Service awarded pursuant to Article VI.

31
32 (c) Withdrawals of Pick-Up Contributions - A Participant who has
33 reached his Termination Date may elect, at any time, to receive a Cash-Out and a distribution of his
34 Pick-Up Contributions Benefit, if he is entitled to the benefit, by filing a written notice of such election
35 with the Administrator. The Cash-Out shall constitute full payment of all benefits due to such
36 Participant under the Plan.

37
38 (d) Forfeiture of Remaining Accrued Benefit - In the event of a Cash-Out
39 to a Participant pursuant to this Section 5.4, then, subject to restoration provided in Section 3.2(d), the
40 entire remaining portion of his Accrued Benefit shall be forfeited by him.

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Bill No. 20-11

1
2 (e) Vesting of Pick-Up Contributions -Notwithstanding any provisions of
3 this Plan to the contrary, Participant contributions, picked up either by the County or by other
4 Government Employers and made or transferred to the Plan, shall be fully vested at all times.
5

6 (f) Payment of Benefits - Subject to the right of withdrawal described
7 above, the benefits purchased from the Participant's contributions shall be payable at the same time,
8 in the same manner, and, in the event of his death, to the same Beneficiary or Beneficiaries, as is the
9 remainder of his Accrued Benefit.
10

11 (g) Plan Termination - In the event of a termination of the Plan,
12 distribution to each Participant of his Pick-Up Contributions Benefit, if he is entitled to the benefit,
13 and the portion of his Accrued Benefit attributable to his contributions picked up by the County shall,
14 notwithstanding any other provision of Section 13.3, be treated as a priority distribution ahead of any
15 other distribution to Participants based upon the remainder of the Trust, other than those attributable
16 to contributions made pursuant to Section 5.5.
17

18 5.5 Participant Contributions - Under limited circumstances, as described below,
19 other Participant contributions may be accepted by the Plan.
20

21 (a) Characterization - The contributions made pursuant to this Section 5.5
22 shall be distinct from those made pursuant to Section 5.4 as to the character of such contributions.
23 Whereas Section 5.4 contributions shall be classified as County, or other Government Employer,
24 contributions picked up from the pay of Participants, contributions made pursuant to this Section 5.5
25 shall be after-tax contributions either made directly by the Participant or, in some cases, transferred
26 from a retirement plan sponsored by another Government Employer.
27

28 (b) Limitations - A Participant may elect to make contributions pursuant
29 to this Section 5.5, or to have his contributions previously made to another Government Employer
30 Retirement Plan transferred to this Plan, within the following limitations:
31

32 (i) A Participant who elects to restore credit for service and
33 benefits, as described in Section 3.2(d), shall pay over to the Plan the amount of any Cash-Out
34 previously made to him, with interest thereon.
35

36 (ii) A Participant who is on an approved Leave of Absence, as
37 described in Section 4.2, and who elects to receive service credit in accordance with Section 4.2, shall
38 pay over to the Plan the contributions plus interest as described in Section 4.2(a) or the Actuarial
39 Equivalent of his projected benefit as described in Section 4.2(b), as the case may be.
40

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Bill No. 20-11

1 (iii) Trustees shall accept a direct transfer of after-tax Participant
2 contributions, together with interest thereon, from another Government Employer, provided such
3 contributions were made by a Covered Employee who elects to transfer service from another
4 Government Employer Retirement Plan, as described in Section 4.4(a).

5
6 (iv) A Covered Employee who elects to purchase credit for service
7 performed with another employer as described in Section 4.4(a) shall pay over to the Plan the
8 Actuarial Equivalent of his projected benefit, as described in Section 4.4(a).

9
10 (c) Procedures - All Participant contributions or transfers made pursuant
11 to this Section 5.5 shall be paid to the Trust or, in the case of payroll deductions required under Section
12 5.5(b)(i), withheld by the County and remitted to the Trustees.

13 (d) Separate Accounting - Participant contributions, whether made
14 directly or transferred from another retirement plan, as aforesaid, shall be made a part of the
15 Participant's Employee Contributions Benefit, which shall be a part of the Accrued Benefits of the
16 respective Participants.

17
18 (e) Withdrawals of Participant Contributions - A Participant who has
19 reached his Termination Date may elect, at any time, to receive a Cash-Out of his Employee
20 Contributions Benefit, by filing a written notice of such election with the Administrator. Such Cash-
21 Out shall constitute full payment of all benefits due to such Participant under the Plan.

22
23 (f) Forfeiture of Remaining Accrued Benefit - In the event of a Cash-Out
24 to a Participant pursuant to this Section 5.5, then, subject to restoration provided in Section 3.2(d), the
25 entire remaining portion of his Accrued Benefit shall be forfeited by him.

26
27 (g) Vesting of Participant Contributions -Notwithstanding any provisions
28 of this Plan to the contrary, Participant contributions made to the Plan pursuant to this Section 5.5
29 shall be fully vested at all times.

30
31 (h) Payment of Benefits - Subject to the right of withdrawal described
32 above, the benefits purchased from the Participant's contributions shall be payable at the same time,
33 in the same manner, and, in the event of his death, to the same Beneficiary or Beneficiaries, as is the
34 remainder of his Accrued Benefit.

35
36 (i) Plan Termination - In the event of a termination of the Plan,
37 distribution to each Participant of the portion of his Accrued Benefit attributable to his Participant
38 contributions shall, notwithstanding any other provision of Section 13.3, be treated as a priority
39 distribution ahead of any other distribution to Participants based upon the remainder of the Trust.

40
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Bill No. 20-11

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3

END OF ARTICLE V

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Bill No. 20-11

1 (i) 2.0%, multiplied by the Participant's Highest Average
2 Compensation, then multiplied by the lesser of: (A) 30, or (B) the number of Years of Creditable
3 Service (and fractional years) earned by the Participant, plus

4
5 (ii) 2.0%, multiplied by the Participant's Highest Average
6 Compensation, then multiplied by the Years of Creditable Service (and fractional years) earned by
7 the Participant for unused sick time pursuant to Section 6.1(d) hereof.

8
9 (c) Dual Service Participants - Subject to Section 6.1(g), the monthly
10 retirement income for Dual Service Participants who reach a Termination Date on or after July 1,
11 2000 shall be equal to:

12
13 (i) 2.5%, multiplied by the Participant's Highest Average
14 Compensation, then multiplied by the lesser of: (A) 20, or (B) the number of Years of Creditable
15 Service (and fractional years) earned by the Participant as a Uniformed Participant, plus

16
17 (ii) 2.0%, multiplied by the Participant's Highest Average
18 Compensation, then multiplied by the lesser of: (A) eight, or (B) the number of Years of Creditable
19 Service (and fractional years) earned by the Participant as a Uniformed Participant in excess of 20,
20 plus

21
22 (iii) 2.0%, multiplied by the Participant's Highest Average
23 Compensation, then multiplied by the lesser of: (A) 30 minus the lesser of: (1) 28, or (2) the number
24 of Years of Creditable Service (and fractional years) earned by the Participant as a Uniformed
25 Participant, or (B) the number of Years of Creditable Service (and fractional years) earned by the
26 Participant as a Non-Uniformed Participant, plus

27
28 (iv) the Participant's Highest Average Compensation multiplied
29 by the Years of Creditable Service (and fractional years) earned by the Participant for unused sick
30 time pursuant to Section 6.1(d) hereof, then multiplied by 2.0%.

31
32 (d) Credit for Accrued Sick Leave - Solely for purposes of determining
33 the amount of the Participant's benefits payable pursuant to Sections 6.1, 6.2, or 6.3, the Participant
34 shall receive up to two additional Years of Creditable Service for unused sick leave. Unused sick
35 leave shall be credited by dividing the number of accrued sick leave hours as of the Participant's
36 Termination Date by the number of hours in the Participant's regularly scheduled work day as of the
37 Participant's Termination Date, then dividing the product by 22, then further dividing the product by
38 12 and rounding to the closest 10,000th.

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Bill No. 20-11

1
2 (e) Uniformed Participants Hired On or After July 1, 2011 - The monthly retirement
3 income for Uniformed Participants whose Employment Commencement Date is on or after July 1,
4 2011 shall be equal to:

5
6 (i) 2.5%, multiplied by the Participant's Highest Average Compensation, then
7 multiplied by the lesser of (A) 20, or (B) the number of Years of Creditable Service (and fractional
8 years) earned by the Participant, plus

9
10 (ii) 2.0%, multiplied by the Participant's Highest Average Compensation, then
11 multiplied by the lesser of: (A) eight, or (B) the number of Years of Creditable Service (and fractional
12 years) earned by the Participant in excess of 20, plus

13
14 (iii) 2.0%, multiplied by the Participant's Highest Average Compensation, then
15 multiplied by the Years of Creditable Service (and fractional years) earned by the Participant for
16 unused sick time pursuant to Section 6.1(d) hereof.

17
18 (f) Non-Uniformed Participants Hired On or After July 1, 2011 - The monthly retirement
19 income for Non-Uniformed Participants whose Employment Commencement Date is on or after July
20 1, 2011 shall be equal to:

21
22 (i) 1.67%, multiplied by the Participant's Highest Average Compensation, then
23 multiplied by the lesser of: (A) 36, or (B) the number of Years of Creditable Service (and fractional
24 years) earned by the Participant, plus

25
26 (ii) 1.67%, multiplied by the Participant's Highest Average Compensation, then
27 multiplied by the Years of Creditable Service (and fractional years) earned by the Participant for
28 unused sick time pursuant to Section 6.1(d) hereof.

29
30 (g) Dual Service Participants Hired On or After July 1, 2011 - The monthly retirement
31 income for Dual Service Participants whose Employment Commencement Date is on or after July 1,
32 2011 shall be equal to:

33
34 (i) 2.5%, multiplied by the Participant's Highest Average Compensation, then
35 multiplied by the lesser of (A) 20, or (B) the number of Years of Creditable Service (and fractional
36 years) earned by the Participant as a Uniformed Participant, plus

37
38 (ii) 2.0%, multiplied by the Participant's Highest Average Compensation, then
39 multiplied by the lesser of: (A) eight, or (B) the number of Years of Creditable Service (and fractional
40 years) earned by the Participant in excess of 20 as a Uniformed Participant, plus

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Bill No. 20-11

1
2 (iii) 1.67%, multiplied by the Participant's Highest Average Compensation, then
3 multiplied by the lesser of: (A) 36 minus the lesser of: (1) 28 or (2) the number of Years of Creditable
4 Service (and fractional years) earned by the Participant as a Uniformed Participant, or (B) the number
5 of Years of Creditable Service (and fractional years) earned by the Participant as a Non-Uniformed
6 Participant, plus

7
8 (iv) The Participant's Highest Average Compensation, then multiplied by the
9 Years of Creditable Service (and fractional years) earned by the Participant for unused sick time
10 pursuant to Section 6.1(d) hereof, multiplied by either: (A) 2.0%, if the Participant is a Uniformed
11 Participant on the Participant's Termination Date, or (B) 1.67% if the Participant is a Non-Uniformed
12 Participant on the Participant's Termination Date.

13
14 (h) Notwithstanding the preceding provisions of this Section 6.1, a Participant whose
15 Reemployment Commencement Date as an Employee other than a Covered Employee occurs on or
16 after July 1, 2012, or a Participant whose employment classification changes to that of an Employee
17 other than a Covered Employee on or after July 1, 2012, but who was a Participant prior to his
18 termination of employment with the County shall be entitled only to those benefits accrued under the
19 relevant provisions of this Section 6.1 prior to the later of: July 1, 2012, or the date the Participant
20 ceased to be a Covered Employee.

21
22 6.2 Early Retirement - A Non-Uniformed Participant may elect to retire on any
23 date on or after the first date which qualifies as an Early Retirement Date, in which case the date of
24 retirement shall be deemed to be his/her Early Retirement Date and he/she shall be entitled to receive
25 a lump sum distribution of his/her Pick-Up Contributions Benefit, if he/she is entitled to the benefit,
26 and a monthly early retirement benefit equal to the benefit computed pursuant to Section 6.1 (based
27 upon his/her actual Years of Creditable Service and Highest Average Compensation at his/her Early
28 Retirement Date), but subject to the appropriate Actuarial Reduction.

29
30 Early retirement benefits shall commence on the first day of the month
31 coincident with or otherwise next following the Non-Uniformed Participant's Normal Retirement
32 Date, unless the Non-Uniformed Participant elects to have his benefits commence on the first day of
33 any prior month coincident with or following his Early Retirement Date.

34
35 Except as otherwise provided in Section 8.4, the benefits payable pursuant to
36 this Section 6.2 shall be payable in the normal form provided by Section 6.1, unless an optional form
37 of payment has been elected pursuant to Section 8.2.

38
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Bill No. 20-11

1 6.3 Delayed Retirement - In the event a Participant remains a Covered Employee
2 after his Normal Retirement Date, then, subject to the limitations set forth in Section 6.6, and except
3 as otherwise provided in Section 8.3(a), he shall be entitled to receive, commencing on the first day
4 of the month coincident with or otherwise next following his Termination Date, the benefit to which
5 he would have been entitled pursuant to Section 6.1 if he had retired at his Normal Retirement Date,
6 but adjusted by including any additional Years of Creditable Service which have accrued since his/her
7 Normal Retirement Date (up to the maximum number of years described in Section 6.1), and
8 (notwithstanding any provision in the definition of Highest Average Compensation to the contrary)
9 by taking into account any increases in Highest Average Compensation which may be generated by
10 increases in Compensation earned since his Normal Retirement Date. A Participant shall also be
11 entitled to receive a lump sum distribution of his Pick-Up Contributions Benefit, if he is entitled to
12 the benefit, on the first day of the month coincident with or next following his Termination Date.
13

14 As of the date a Non-Uniformed Participant with an Employment Commencement
15 Date prior to July 1, 2011 completes Years of Creditable Service totaling 30 years, a Non-Uniformed
16 Participant with an Employment Commencement Date on or after July 1, 2011 completes Years of
17 Creditable Service totaling 36 years, and a Uniformed Participant completes Years of Creditable
18 Service totaling 28 years, contributions picked up by the County and made on his behalf to the Plan,
19 pursuant to Section 5.4(a)(i), but not Section 5.4(a)(iii), shall be discontinued.
20

21 6.4 Disability Benefits - The Plan shall pay disability benefits determined in
22 accordance with the following provisions:
23

24 (a) Ordinary Disability - If a Participant reaches a Termination Date by
25 reason of total and permanent disability, he shall be entitled to receive a lump sum distribution of his
26 Pick-Up Contributions Benefit, if he is entitled to the benefit, and, if he is 100% vested pursuant to
27 Section 6.5, he shall be entitled to a monthly disability benefit equal to the lesser of: (i) his Accrued
28 Benefit, calculated on the basis of his Years of Creditable Service accumulated as of his date of
29 disability, plus his projected Years of Creditable Service, projecting Creditable Service until the
30 Participant's Normal Retirement Date, based on age and/or projected Years of Eligibility Service, or
31 (ii) 50% of his Highest Average Compensation as of the date the Participant's total and permanent
32 disability causes the Participant's loss of earning capacity. A Participant who reaches a Termination
33 Date by reason of total and permanent disability before he is 100% vested pursuant to Section 6.5
34 shall be entitled to receive a lump sum distribution of his Employee Contributions Benefit pursuant
35 to Sections 6.5 and 8.2(c).
36

37 (b) Line of Duty Disability - A Participant (regardless of his length of
38 service or vested status) who terminates employment by reason of total and permanent disability,
39 incurred as a result of an accident or injury which has been sustained as an active Covered Employee
40 and which has been ruled compensable under the Maryland Workers' Compensation Act, shall be

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Bill No. 20-11

1 entitled to receive a lump sum distribution of his Pick-Up Contributions Benefit, if he is entitled to
2 the benefit, and a monthly benefit equal to the greater of: (i) the benefit determined pursuant to Section
3 6.4(a), or (ii) 66-2/3% of the Participant's Highest Average Compensation.
4

5 (c) Disability Benefits - Part-Time Employees. For purposes of
6 calculating the limitations under Sections 6.4(a)(ii) and 6.4(b)(ii), the Highest Average Compensation
7 of a Participant who was not employed on a full time basis shall be calculated on the basis of his
8 Compensation and not the full time equivalent of his Compensation.
9

10 (d) General Provisions Relating to Disability -

11
12 (i) Commencement of Benefits: Disability benefits shall
13 commence on the first day of the month coincident with or otherwise next following the determination
14 of disability by the County.
15

16 (ii) Form of Benefit: The benefits payable pursuant to this Section
17 6.4 shall be payable in the normal form provided by Section 6.1, unless an optional form of payment
18 has been elected pursuant to Section 8.2.
19

20 (iii) Total and Permanent Disability: For purposes of the initial
21 determination of a Participant's disability, total and permanent disability shall mean a medically
22 determinable physical or mental impairment which can be expected to be permanent or result in death,
23 and by reason of which the Participant will be prevented from performing the usual duties of his
24 position with the County. Such total and permanent disability must be evidenced by a certificate of a
25 physician selected or approved by the County. However, total and permanent disability shall not
26 include any injury or disease which: (i) resulted from or consists of chronic alcoholism or addiction
27 to narcotics, (ii) was contracted, suffered or incurred while the Participant was engaged in, or resulted
28 from his having engaged in, a criminal enterprise, (iii) was intentionally self-inflicted (iv) arose as a
29 result of willful negligence on the part of the Participant.
30

31 (iv) Classification of Line of Duty Disability:

32
33 (A) The disability of a Participant who is awarded line of
34 duty disability benefits shall be classified as "catastrophic" or "non-catastrophic." "Catastrophic
35 disability" means a line of duty disability by reason of which the Participant applies for and is
36 awarded disability benefits pursuant to Section 223 of the Federal Social Security Act (42 U.S.C.
37 Section 423), or any successor statute. "Non-catastrophic disability" means a line of duty disability
38 which is not a catastrophic disability.
39

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1 (B) A Participant’s line of duty disability shall be
2 classified as a “non-catastrophic disability” until the Participant provides the County with evidence
3 of the award of Social Security disability benefits.
4

5 (C) To be eligible for the classification of line of duty
6 disability benefits as “catastrophic,” the Participant must not have been receiving Social Security
7 disability benefits as of his Termination Date, and must apply for Social Security disability benefits
8 no later than 90 days following his Termination Date.
9

10 (D) As soon as administratively practical after receipt of
11 the notification of the award of Social Security disability benefits, the Participant’s monthly benefit
12 shall be converted to a catastrophic line of duty disability benefit. With respect to a Participant
13 who receives an award of Social Security disability benefits after having attained his Normal
14 Retirement Date, based on age and/or projected Years of Eligibility Service, the conversion to a
15 catastrophic line of duty disability benefit shall be effective as of the later of: (1) the first day of
16 the month as of which the Participant receives benefits pursuant to this Section 6.4, or (2) the date
17 the Participant attained his Normal Retirement Date, based on age and/or projected Years of
18 Eligibility Service.
19

20 (E) As of the July 1 following the date the Participant
21 ceases to be eligible for Social Security disability benefits, the Participant’s line of duty disability
22 shall be classified, retroactively if necessary, as a “non-catastrophic line of duty disability.” If the
23 Participant has attained his Normal Retirement Date, based on age and/or projected Years of
24 Eligibility Service, on the date he ceases to be eligible for Social Security disability benefits, his
25 benefits will convert to a normal retirement benefit, as provided in Section 6.4(d)(x), as of the first
26 day of the following month. Notwithstanding the foregoing, the cessation of the Social Security
27 disability benefits upon the Participant’s reaching Social Security retirement age shall not result in
28 a reclassification of the Participant’s catastrophic line of duty disability benefits.
29

30 (v) Workers Compensation Benefit and Earned Income Offset:
31

32 (A) A Participant’s benefits payable pursuant to this
33 Section 6.4 shall be reduced by \$1.00 for each \$1.00 received by the Participant under the Maryland
34 Workers’ Compensation Act as compensation for an accident or injury underlying the Participant’s
35 total and permanent disability.
36

37 (B) Until a Participant who has reached a termination by
38 reason of total and permanent disability attains his Normal Retirement Date, based on age and/or
39 projected Years of Eligibility Service, the Participant’s benefits payable pursuant to Section 6.4(a)

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Bill No. 20-11

1 and Section 6.4(b), but only with respect to a non-catastrophic line of duty disability, shall be reduced
2 by \$1.00 for each \$2.00 of the Participant's earned income in excess of 25% of the Participant's
3 Highest Average Compensation. A Participant's Highest Average Compensation for these purposes
4 shall be adjusted annually each July 1 in accordance with Section 6.4(d)(xiii). The amount of earned
5 income shall be determined based on income earned by the Participant during the prior calendar year.
6

7 (vi) Until a Participant who has reached a Termination Date by
8 reason of total and permanent disability attains his Normal Retirement Date, based on age and/or
9 projected Years of Eligibility Service, the continuation of his right to receive disability benefits shall
10 depend on his continued survival, and his case shall be subject to periodic review in accordance with
11 rules established by the County to determine his employment status, including, but not limited to,
12 determination of the disabled Participant's ability to secure gainful employment. The review process
13 also includes the requirement that the disabled Participant furnish to the County a copy of his federal
14 income tax return each year and such other documentation as may reasonably be requested by the
15 County. In the event a disabled Participant ceases to submit to such review, at any time prior to his
16 Normal Retirement Date, the Participant will be deemed to have recovered from the disability and the
17 disability benefits payable pursuant to this Section 6.4 shall cease.
18

19 (vii) In the event of the Participant's recovery from the disability
20 and return to service as a Covered Employee, disability benefits payable pursuant to this Section 6.4
21 shall cease. Notwithstanding any provision in this Plan to the contrary, the Participant's Years of
22 Eligibility Service and Years of Creditable Service shall include such years during which the
23 Participant received disability benefits pursuant to this Section 6.4.
24

25 (viii) In the event of the Participant's recovery from the disability
26 but failure to return to service as a Covered Employee, disability benefits payable pursuant to this
27 Section 6.4 shall cease. Notwithstanding any provision in the Plan to the contrary, the Participant's
28 Years of Eligibility Service and Years of Creditable Service shall include such years during which
29 the Participant received disability benefits pursuant to this Section 6.4.
30

31 (ix) In the event of the death of a disabled Participant, no benefits
32 with respect to the Participant shall be payable except as otherwise provided in ARTICLE VII.
33

34 (x) Upon the attainment of the Participant's Normal Retirement
35 Date, based on age and/or projected Years of Eligibility Service, the monthly benefit of a Participant,
36 or the Beneficiary of a Participant, as the case may be, receiving line of duty disability benefits
37 classified as "non-catastrophic" pursuant to Section 6.4(d)(iv)(a) shall be converted to the benefit that
38 would have been payable pursuant to Section 6.1, projecting Years of Creditable Service and Highest
39 Average Compensation from the Participant's Termination Date. The benefit shall continue to be
40 paid to the Participant in the normal monthly form of retirement income described in Section 6.1, or

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Bill No. 20-11

1 in the form elected pursuant to Article VIII, as elected by the Participant upon commencement of
2 payment of disability benefits. For purposes of projecting Highest Average Compensation, a
3 Participant's Highest Average Compensation shall be adjusted as of each July 1 occurring prior to the
4 Participant's Normal Retirement Date for increases in the cost of living pursuant to Section
5 6.4(d)(xiii).

6
7 (xi) Notwithstanding any of the foregoing provisions, if a
8 Participant terminates employment with the County on a date at which he would be entitled to benefits
9 pursuant to Section 6.1 or 6.2, the Participant may elect to receive the benefits provided under Section
10 6.1 or 6.2, as the case may be.

11
12 (xii) A Participant on a Leave of Absence is entitled to receive
13 disability benefits pursuant to this Section 6.4.

14
15 (xiii) A Participant's Highest Average Compensation shall be
16 adjusted to reflect the increase in the cost of living, for purposes of Sections 6.4(d)(v)(B) and
17 6.4(d)(x), by multiplying the Participant's Highest Average Compensation before the adjustment by
18 a fraction:

19
20
21 (A) The numerator of which is the Consumer Price
22 Index as of the March 1 for which the adjustment is being made, and

23
24 (B) The denominator of which is the Consumer
25 Price Index as of the March 1 preceding the July 1 for which the adjustment is being made.

26
27 (C) The "Consumer Price Index" for these
28 purposes is the Consumer Price Index (Urban Wage Earners and Clerical Workers, Washington-
29 Arlington-Alexandria, DC-VA-MD-WV, All Items, 1982-84 = 100), published bi-monthly
30 [Baltimore, All Items, 1996=100), published monthly] by the Bureau of Labor Statistics. In the event
31 the Bureau of Labor Statistics abandons publication of the above-referenced index, the County
32 shall adopt any other index that provides an accurate measure of cost-of-living changes.

33
34 (D) The annual adjustment to a Participant's
35 Highest Average Compensation for these purposes shall not be less than one percent or greater
36 than three and one-half percent.

37
38 (xiv) A Participant who was receiving benefits pursuant to this
39 Section 6.4 as of December 31, 2008 may irrevocably elect to receive benefits pursuant to this Section
40 6.4, as amended, effective January 1, 2009 by filing a written election, on a form approved by the

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Bill No. 20-11

1 Administrator, no later than January 31, 2009. In the absence of the filing of an election to receive
2 benefits pursuant to Section 6.4, as amended, such a Participant's disability benefits will continue to
3 be administered as they were in effect prior to January 1, 2009.

4
5 (e) A Participant who is not a Covered Employee at the time of termination of
6 employment by reason of a total and permanent disability shall not be eligible for benefits pursuant
7 to this Section 6.4. Rather, such a Participant will be entitled to benefits payable pursuant to
8 Section 6.5.

9
10 (f) A Participant who reaches a Termination Date by reason of a total and permanent
11 disability incurred during and as a result of his Military Service shall be eligible to apply for
12 ordinary, but not line of duty, disability benefits under Section 6.4(a) in accordance with Section
13 414(u) of the Code effective July 1, 2009.]

14
15 6.5 Other Terminations of Employment - If a Participant reaches a Termination
16 Date for any reason other than death, retirement or total and permanent disability, he shall be entitled
17 to a monthly termination benefit equal to a vested percentage (determined as set forth below) of the
18 benefit computed pursuant to Section 6.1 (based upon his actual Years of Creditable Service and
19 Highest Average Compensation at his Termination Date.

20
21 Benefits payable pursuant to this Section 6.5 shall commence on the first day
22 of the month coincident with or otherwise next following the Participant's Normal Retirement Date,
23 unless the Participant receives a Cash-Out, in which case, such Cash-Out shall be made within an
24 administratively reasonable period of time following the Participant's termination of employment for
25 the County. In addition, a lump sum distribution of the Participant's Pick-Up Contributions Benefit
26 shall be made within an administratively reasonable period of time following the Participant's
27 termination of employment for the County if he is entitled to the benefit.

28
29 The benefits payable pursuant to this Section 6.5 shall be payable in the normal
30 form provided by Section 6.1, unless an optional form of payment has been elected pursuant to
31 Section 8.2.

32
33 Subject to Section 3.2, the vested percentage of the Accrued Benefit to which
34 the Participant is entitled shall be equal to the greater of: (i) 100% of his Employee Contributions
35 Benefit, or (ii) a percentage of his Accrued Benefit, determined on the basis of his Years of Eligibility
36 Service and in accordance with one of the following schedules:

37
38 Non-Uniformed Employees whose Employment Commencement Date is Prior to July 1, 2012 and
39 all Uniformed Employees:

40
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Bill No. 20-11

1	Years of Eligibility	Percentage
2	<u>Service</u>	<u>Vested</u>
3		
4	Less than 5	0%
5	5 or more	100%
6		
7		
8		

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

11	Years of Eligibility	Percentage
12	<u>Service</u>	<u>Vested</u>
13		
14	Less than 10	0%
15	10 or more	100%
16		

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

19
20 Effective on the later of: (1) July 1, 2019, or (2) the July 1 first following the twelve month
21 anniversary of a Participant’s Termination Date, and, as to both (1) and (2) above, with respect to
22 a Participant who reaches a Termination Date without receiving credit for Years of Eligibility
23 Service sufficient to provide the Participant with 100% vesting credit, the interest credit on such
24 Participant’s Employee Contributions Benefit described in subsection (v) of the definition of
25 “Employee Contributions Benefit” in Article II will cease being added to the Participant’s
26 Employee Contributions Benefit. In the event the Participant is subsequently reemployed as a
27 Covered Employee, the interest credit on such Participant’s Employee Contributions Benefit will
28 resume as of the first June 30 following the Participant’s Reemployment Commencement Date.

29
30 6.6 Maximum Limitation on Benefits – Notwithstanding any Plan provisions to
31 the contrary:

32
33 To the extent necessary to prevent disqualification under Section 415 of the Internal Revenue Code,
34 and subject to the remainder of this Section 6.6, the maximum monthly benefit to which any
35 Participant may be entitled at any time pursuant to this ARTICLE VI (hereafter referred to as the
36 “Maximum Benefit”) shall not exceed the benefit determined in accordance with Section 415 of the
37 Code, and the regulations promulgated thereunder, both as amended from time to time, (such amount,
38 as adjusted by the Internal Revenue Service for C/L Increases, hereafter referred to as the “monthly
39 dollar limit”). The rate of benefit accruals shall be frozen or reduced accordingly to comply with the

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1 limitations. In addition to the foregoing, the Maximum Benefit shall be reduced, and the rate of
2 benefit accrual shall be frozen or reduced accordingly, to the extent necessary to prevent
3 disqualification of the Plan under Section 415 of the Internal Revenue Code, with respect to any
4 Participant who is also a Participant in: (i) any other tax-qualified pension plan maintained by the
5 County, including a defined benefit plan in which an individual medical benefit account (as described
6 in Section 415(l) of the Internal Revenue Code) has been established for him; (ii) any welfare plan
7 maintained by the County in which a separate account (as described in Section 419A(d) of the Internal
8 Revenue Code) has been established to provide post-retirement medical benefits for him; and/or (iii)
9 any retirement or welfare plan, as aforesaid, maintained by a related employer, as described in Section
10 414(b), (c), (m) or (o) of the Internal Revenue Code. For purposes of this Section 6.6, the “Limitation
11 Year” shall be defined as the calendar year, except as otherwise provided by adoption of a written
12 resolution by the County.

13
14 6.7 Post-Termination Changes - Any change in benefits provided for by
15 amendment to the Plan shall not apply to any Participant whose Termination Date with the County
16 occurred prior to the effective date of such amendment, except as otherwise specifically provided for
17 in the Plan or in such amendment.

18
19 6.8 Cost of Living Adjustments

20
21 (a) Retirement Benefits Subject to Cost of Living Adjustment.
22 Notwithstanding the foregoing, but subject to the limitations set forth in Section 6.6, the monthly
23 retirement income of a Participant who has reached the 12 month anniversary of his or her Benefit
24 Commencement Date, as otherwise computed pursuant to Section 6.1, 6.2, 6.3, 6.4, or 6.5
25 (whichever is applicable), shall be subject to the cost of living adjustment described in this Section
26 6.8.

27
28 (b) Computation of Cost of Living Adjustment. As of each July 1 (hereafter
29 referred to as the “Valuation Date”) which occurs during the period beginning on the first
30 Valuation Date occurring at least 12 months subsequent to the Participant’s Benefit
31 Commencement Date, the Participant’s monthly retirement benefit as of the Valuation Date shall
32 be increased by one percent.

33
34 (c) Monthly Survivor Benefits Subject to Cost Of Living Adjustments. All
35 survivor benefits payable pursuant to Section 7.1 (but only if payable in the form of a monthly
36 income) shall be granted the cost of living adjustments provided in this Section 6.8.

37
38 (d) Periodic Evaluation of Cost of Living Adjustments. No less frequently
39 than every three years and in conjunction with the annual valuation of the Plan, the Retirement

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1 Plan Committee shall evaluate whether additional one-time and permanent cost of living
2 adjustments should be recommended, taking into consideration the then current actuarially
3 determined contribution rate, the rates of inflation, and the then current funding level of the Plan.

4 6.9 Delay in Receipt of Benefits - The amount of a Participant's monthly
5 retirement income paid in accordance with this Article VI shall commence being paid as of the later
6 of: (a) the first day of the month as of which the retirement income may commence being paid, as
7 determined pursuant to this Article VI, or (b) the first day of the month following the Participant's
8 election to begin receiving benefits. The amount of the monthly retirement income shall equal the
9 Actuarial Equivalent of the monthly retirement income determined as of the first day of the month as
10 of which the retirement income may commence being paid, as determined pursuant to this Article VI.
11
12

13 6.10 Ad Hoc Cost of Living Adjustment. Effective July 1, 2019, the monthly
14 retirement income of a Participant who has reached his or her Benefit Commencement Date, as
15 otherwise computed pursuant to Section 6.1, 6.2, 6.3, 6.4, or 6.5 (whichever is applicable), shall
16 be subject to an increase determined in accordance with the following table, where "Year 1" is the
17 Plan Year beginning July 1, 2019:
18

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

19 The cost of living adjustment provided for in this Section 6.10 shall be in addition to, and
20 applied after, the adjustment provided for in Section 6.8(b). The adjustment made pursuant to this
21 Section 6.10 shall be a one-time adjustment, subject to Section 6.8(d).
22
23
24
25

26 END OF ARTICLE VI
27

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Bill No. 20-11

1 ARTICLE VII

2 Death Benefits

3
4
5 7.1 Benefits - Upon a Participant's death, those persons designated pursuant to
6 Section 9.1 shall receive a lump sum distribution of the Participant's Pick-Up Contributions Benefit,
7 if the Participant was entitled to the benefit, and the Participant's Employee Contributions Benefit.
8 The only additional benefits payable under the Plan in the event of the death of a Participant shall be
9 paid to those persons designated in accordance with Section 9.1 as follows:

10
11 (a) Ordinary Death Benefit - In the event of the death of a Participant who,
12 subject to Section 7.1(d), has not reached a Termination Date, and not in the line of duty (as defined
13 in Section 7.1(b)(iii)) and after he has become 100% vested pursuant to Section 6.5, but prior to his
14 Benefit Commencement Date, his Beneficiary shall be entitled to receive the greater of:

15
16 (i) The Participant's Employee Contributions Benefit, payable in
17 one or more installments over a period which meets the requirements of Section 7.3, and which is
18 designated by the Participant's Beneficiary, or

19
20 (ii) The benefit equal to the benefit payable in accordance with
21 Section 6.4(a) as if the Participant had: (A) been determined to be totally and permanently disabled
22 as of the date of his death, (B) elected to receive benefits payable in the Joint and Survivor Option
23 under Section 8.2(a) continuing after the Participant's death at 100% of the rate to the Beneficiary for
24 the remainder of such Beneficiary's life, and (C) died on the date of his disability (i.e., the date the
25 Participant loses earning capacity).

26
27 (iii) Notwithstanding the foregoing, in the event of the death of a
28 Non-Uniformed Participant whose Employment Commencement Date occurs on or after July 1,
29 2012, prior to his Termination Date, and before he is 100% vested pursuant to Section 6.5, his
30 Beneficiary shall be entitled to receive the sum of:

31
32 (A) The Non-Uniformed Participant's Employee
33 Contributions Benefit, payable in one or more installments over a period which meets the
34 requirements of Section 7.3, and which is designated by the Participant's Beneficiary, and

35
36 (B) An amount equal to the Non-Uniformed Participant's
37 annual Compensation determined as of the date of the Non-Uniformed Participant's death, payable
38 in one or more installments over a period which meets the requirements of Section 7.3, and which is
39 designated by the Participant's Beneficiary.
40

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1 (b) Line of Duty Death Benefit - In the event of the death of a Participant
2 prior to his Benefit Commencement Date, while in the line of duty (as defined below) and without
3 regard to his vested status, his Beneficiary shall be entitled to receive the greater of:
4

5 (i) The Participant's Employee Contributions Benefit, payable in
6 one or more installments over a period which meets the requirements of Section 7.3, and which is
7 designated by the Participant's Beneficiary, or
8

9 (ii) The benefit equal to the benefit payable in accordance with
10 Section 6.4(b) as if the Participant had: (A) been determined to be totally and permanently disabled
11 as of the date of his death, (B) elected to receive benefit payable in the Joint and Survivor Option
12 under Section 8.2(a) continuing after the Participant's death at 100% of the rate of his Beneficiary for
13 the remainder of such Beneficiary's life, and (C) dies on the date of his disability (i.e., the date the
14 Participant loses earning capacity).
15

16 (iii) "Line of Duty" Definition - For purposes of this Section 7.1,
17 the term "line of duty" means death from an injury or illness which has been sustained as an active
18 Covered Employee and which has been ruled compensable under the Maryland Workers'
19 Compensation Act.
20

21 (c) Benefits Payable after Benefit Commencement Date - If a Participant
22 dies after his Benefit Commencement Date, the benefits, if any, to which his Beneficiary shall be
23 entitled shall depend upon the form in which the Participant's benefits were payable at the time of his
24 death, under the applicable form of benefit described in ARTICLE VIII.
25

26 (d) The Beneficiary of a Participant who dies while on a Leave of Absence
27 is entitled to receive death benefits pursuant to this Section 7.1.
28

29 (e) A Participant who is not a Covered Employee at the time of
30 termination of employment by reason of a death shall not be eligible for benefits pursuant to this
31 Section 7.1, other than a lump sum distribution of the Participant's Pick-Up Contributions Benefit
32 if the Participant was entitled to the benefit and the Participant's Employee Contributions Benefit,
33 payable pursuant to Section 7.1(a)(i).
34

35 (f) A Beneficiary of a Participant who reaches a Termination Date by
36 reason of death during and as a result of his Military Service shall be eligible to apply for ordinary,
37 but not line of duty, death benefits under this Article VII, in accordance with Section 414(u) of the
38 Code effective July 1, 2009. The Beneficiary shall be entitled to such death benefits that would
39 have been payable if the Participant had resumed employment with the County on the day before
40 his/her death and terminated employment on account of death.

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Bill No. 20-11

1
2 7.2 Limitations - All death benefits payable pursuant to this ARTICLE VII shall
3 be distributed only in accordance with regulations prescribed by the Internal Revenue Service under
4 Section 401(a)(9) of the Internal Revenue Code. To the extent required thereby, such benefits shall
5 be distributed in full not later than the last day of the calendar year containing the fifth anniversary of
6 the death of the Participant, except as follows:
7

8 (a) Unless the Participant or his Beneficiary irrevocably elects pursuant to
9 any elective provision which may be then present in the Plan (which election must be made prior to
10 the earliest date on which distribution would be otherwise required pursuant to this Section 7.2) to
11 have the aforesaid five year limit apply, benefits payable to or for the benefit of the Participant's
12 Beneficiary, and which begin not later than the last day of the calendar year containing the first
13 anniversary of the Participant's death, may be distributed over the life of the Beneficiary or a period
14 certain not extending beyond the life expectancy of the Beneficiary, under a method of distribution
15 which meets the requirements of Section 8.3(a) (but with life expectancy based upon the Beneficiary's
16 attained age as of the Beneficiary's birthday in the calendar year in which falls: (i) the date on which
17 non-annuity benefits are required to commence pursuant to this Section 7.2(a), or (ii) if earlier, the
18 date on which annuity benefits actually commence).
19

20 (b) If the Participant's Beneficiary is his surviving spouse, then, unless the
21 Participant or his spouse irrevocably elects pursuant to any elective provision which may be then
22 present in the Plan (which election must be made prior to the earliest date on which distribution would
23 be otherwise required pursuant to this Section 7.2) to have the aforesaid five year limit apply, benefits
24 payable to or for the benefit of the spouse, and which begin not later than the later of the last day of
25 the calendar year containing the first anniversary of the Participant's death, or the last day of the
26 calendar year in which the Participant would have reached age 70-1/2, may be distributed over the
27 life of the surviving spouse or a period certain not extending beyond the life expectancy of the
28 surviving spouse, under a method of distribution which meets the requirements of Section 8.3(a) (but
29 with life expectancy based upon the spouse's attained age as of the spouse's birthday in the calendar
30 year in which falls: (i) the date on which non-annuity benefits are required to commence pursuant to
31 this Section 7.2(b), or (ii) if earlier, the date on which annuity benefits actually commence).
32

33 (c) If benefits are payable in accordance with Section 7.2(b), and the
34 surviving spouse dies after the Participant but prior to: (i) the date on which non-annuity benefits are
35 required to commence pursuant to Section 7.2(b), or (ii) the date on which annuity distributions
36 meeting the requirements of Section 7.2(b) actually commence, then, in either case, the aforesaid five
37 year limit, and the alternate limit set forth in Section 7.2(a), are to be applied as if the spouse were the
38 Participant, so that such limits shall be measured from the death of the spouse.
39

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1 (d) If annuity benefits meeting the requirements of Section 8.3(a) had
2 commenced prior to the Participant's death, then the death benefits payable pursuant to this ARTICLE
3 VII may be distributed without regard to the aforesaid five year limit, but must be distributed to the
4 Participant's Beneficiary at least as rapidly as they would have been under the pre-death method of
5 distribution.

6
7 7.3 Delay in Receipt of Benefits - The amount of a Beneficiary's monthly benefits
8 paid in accordance with this Article VII shall commence being paid as of the later of: (a) the first day
9 of the month as of which the benefit may commence being paid, as determined pursuant to this Article
10 VII, or (b) the first day of the month following the Beneficiary's election to begin receiving benefits.
11 The amount of the monthly benefit shall equal the Actuarial Equivalent of the monthly benefit
12 determined as of the first day of the month as of which the benefit may commence being paid, as
13 determined pursuant to this Article VII.

14
15
16 END OF ARTICLE VII
17

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1 ARTICLE VIII

2
3 Distribution of Benefits

4
5 8.1 Method of Payment - All benefit distributions shall be in cash or in annuity
6 contracts as provided herein. The County shall determine, in its discretion, whether the distribution
7 shall be funded through periodic payments made directly from the Trust, or through the purchase of
8 annuity contracts, or whether a combination of such methods of distribution shall be used, and the
9 County shall give to the Trustees such directions and information as may be necessary for the Trustees
10 to carry out the decision of the County. If the County shall determine that the whole or any part of
11 the distribution is to be funded through purchase of an annuity contract for a Participant, the County
12 shall select such form of contract to be so purchased and shall direct the Trustees to pay the premium
13 of such contract to the issuing company. The County shall direct that all right, title and interest in
14 such contract shall remain in the Trustees under the terms of the Plan and the Participant shall have
15 no right, title or interest therein except to receive the payments therefrom as provided therein, and,
16 subject to Section 9.1, to change the Beneficiary from time to time; alternatively, the County may
17 direct that the contract shall be purchased in the name of the Participant and distributed to him free
18 and clear of the Trust, in which case: (i) the contract shall be issued so as to be nontransferable, (ii) it
19 shall not contain a death benefit in excess of the death benefit provided in Article VII hereof or in this
20 Article VIII, and (iii) it shall not contain provisions that expand upon, change or eliminate any Plan
21 provisions applicable to distributions in annuity form.

22
23 Notwithstanding the foregoing, to the extent a Participant is entitled to receive
24 a Pick-Up Contributions Benefit, distribution of the benefit shall be in the form of cash or in one lump
25 sum distribution.

26
27 8.2 Optional Forms of Benefit - A Participant, subject to the conditions hereinafter
28 set forth, may elect to receive, in lieu of the normal monthly form of retirement income described in
29 Section 6.1, a benefit, which is the Actuarial Equivalent of the normal form of retirement income
30 described in Section 6.1, payable in any of the following forms:

31
32 (a) Joint and Survivor Option - The joint and survivor option is a monthly
33 income payable during the Participant’s lifetime and continuing after his death at either 50% or 100%
34 (as elected by the Participant) of the rate to his Beneficiary for the remainder of such Beneficiary’s
35 life.

36
37 If the Participant’s Beneficiary dies before the date on which the
38 Participant’s benefits have commenced (whether before or after his Termination Date), the election
39 shall thereupon become void; if the Participant’s Beneficiary dies after the date on which the
40 Participant’s benefits have commenced, or the Participant becomes divorced from his Beneficiary,

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Bill No. 20-11

1 but before the death of the Participant, the election shall remain effective and the Participant shall
2 continue to receive the reduced retirement income payable to him in accordance with the option.

3
4 (b) Single Life Annuity with Ten Year Guarantee Option - The Single
5 Life Annuity with Ten Year Guarantee Option is a monthly income payable during the Participant's
6 lifetime, with the provision that, if the Participant dies before receiving retirement benefit payments
7 for a period of 120 months, after the Participant's death, 100% of his monthly retirement benefit will
8 continue for the remainder of the 120 month period to the Beneficiary determined in accordance with
9 Section 9.1.

10
11 (c) Lump Sum Method - The lump sum method is a Cash-Out of the
12 Participant's Employee Contributions Benefit, made at the election of the Participant pursuant to
13 Sections 5.4(c) or 5.5(e), in lieu of all other benefits under the Plan.

14
15 (d) Joint and Survivor Option – With Pop Up to Normal Form - The joint
16 and survivor option – with pop up to normal form is a monthly income, payable during the
17 Participant's lifetime and continuing after the Participant's death at either 50% or 100% (as elected by
18 the Participant) of the rate to his or her Beneficiary for the remainder of such Beneficiary's life and
19 which is the Actuarial Equivalent of the normal form of benefit described in Section 6.1.

20
21 If the Participant's Beneficiary dies before the Participant's Benefit
22 Commencement Date (whether before or after his or her Termination Date), the Participant's election
23 of the Joint and Survivor Option – with Pop Up to Normal Form shall become void.

24
25 If the Participant's Beneficiary dies after the Participant's Benefit
26 Commencement Date, but before the death of the Participant, the Participant's election shall convert
27 to the normal form of benefit payment described in Section 6.1, payable for the remainder of the
28 Participant's life. If the Participant becomes divorced from the Beneficiary, the election shall remain
29 effective; the benefit will not convert to the normal form of benefit payment described in Section 6.1,
30 unless the Participant's Beneficiary dies after the Participant's Benefit Commencement Date, but
31 before the death of the Participant.

32
33 8.3 General Provisions Applicable to Options -

34
35 (a) Minimum Distribution Requirements -Notwithstanding any other
36 provision in the Plan to the contrary, distribution shall be made only in accordance with regulations
37 prescribed by the Internal Revenue Service under Section 401(a)(9) of the Internal Revenue Code.
38 To the extent required thereby, distribution of benefits shall comply with the following limitations:
39

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1 (i) Except as otherwise provided below, distribution shall begin
2 not later than the calendar year (hereinafter referred to as the “Commencement Year”) in which the
3 Participant reaches age 70-1/2 or in which he subsequently retires. Distribution shall be made over
4 the life of the Participant or the lives of the Participant and his Beneficiary, and/or over a period certain
5 not extending beyond the life expectancy of the Participant or the joint life and last survivor
6 expectancy of the Participant and his Beneficiary, all as described in Treasury Regulation
7 § 1.401(a)(9)-1, or, if shorter, the alternate period described in Treasury Regulation § 1.401(a)(9)-2.

8
9 (ii) A required distribution shall be deemed to have been made
10 during the Commencement Year if actually made by the following April 1, but such delayed
11 distribution shall not change the amount of such distribution, and the distribution otherwise required
12 during the subsequent calendar year shall be calculated as if the first distribution had been made on
13 the last day of the Commencement Year.

14
15 (iii) Benefits paid prior to the Commencement Year shall reduce
16 the aggregate amount subject to (but shall not otherwise negate) the minimum distribution
17 requirements described herein.

18
19 (iv) Nothing contained in this Section 8.3(a) shall prevent
20 distribution of annuity benefits providing for non-increasing payments (except as otherwise permitted
21 in Treasury Regulation 1.401(a)(9)-1) payments beginning not later than the Commencement Year
22 (except as provided in (iii) above) and payable at least annually over a period permitted by this Section
23 8.3(a) (for which purpose, if benefit commencement under the annuity precedes the Commencement
24 Year, each relevant life expectancy shall be based on the individual’s attained age as of his birthday
25 occurring in the calendar year in which benefit commencement occurs). Any benefits accruing after
26 the Commencement Year shall be treated as a separate identifiable component distributable in
27 accordance with this Section 8.3(a) beginning in the Payment Year following the year of accrual.

28
29 (v) If the provisions of this Section 8.3(a) require the
30 commencement of benefits to a Participant who has not yet terminated employment, distribution shall
31 be made or commenced in accordance with this ARTICLE VIII as if the Participant had retired on
32 the last day of the Commencement Year. However, notwithstanding the commencement of benefits
33 pursuant to this Section 8.3(a), all other aspects of the Participant’s Plan participation shall continue
34 in accordance with the remaining provisions of the Plan. The Actuarial Equivalent of any additional
35 benefits which may accrue to the Participant pursuant to Section 6.3 after his benefits have been paid
36 or commenced by reason of this Section 8.3(a) shall increase the amount of periodic benefit payments
37 being received by the Participant under the Plan.

38
39 (vi) With respect to distributions under the Plan made for calendar
40 years beginning on or after January 1, 2001, the Plan will apply the minimum distribution

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Bill No. 20-11

1 requirements of Section 401(a)(9) of the Code in accordance with the Treasury Regulations under
2 Section 401(a)(9) of the Code that were proposed on January 17, 2001, notwithstanding any provision
3 of the Plan to the contrary. This amendment shall continue in effect until the end of the last calendar
4 year beginning before the effective date of final regulations promulgated under Section 401(a)(9) of
5 the Code, or such other date as may be specified in guidance published by the Internal Revenue Code.
6

7 (b) Election Procedures - An election of any optional form of benefit
8 described in Section 8.2, or any revocation or change of such election, must be made by a Participant
9 in writing, on a form supplied by or acceptable to the County.
10

11 (c) Effect of Death - In the event of the death of a Participant prior to the
12 date on which his benefits are due to commence under the terms of the Plan, no benefits shall be
13 payable to his spouse or other Beneficiary except as provided in ARTICLE VII, regardless of whether
14 or not the Participant has elected an optional form of benefit pursuant to this ARTICLE VIII.
15

16 8.4 Eligible Rollover Distributions. Notwithstanding any provision of the Plan to
17 the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may
18 elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an
19 Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee
20 in a direct rollover.
21

22 (A) Definitions.
23

24 Eligible Rollover Distribution: An Eligible Rollover Distribution is
25 any distribution of all or any portion of the balance to the credit of the Distributee, except that an
26 Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially
27 equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of
28 the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's
29 designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent
30 such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution
31 that is not includible in gross income (determined without regard to the exclusion for net unrealized
32 appreciation with respect to employer securities).
33

34 Eligible Retirement Plan: An Eligible Retirement Plan is an individual
35 retirement account described in Section 408(a) of the Code, an individual retirement annuity
36 described in Section 408(b) of the Code, or a qualified trust described in Section 401(a) of the Code,
37 that accepts the Distributee's Eligible Rollover Distribution. However, in the case of an Eligible
38 Rollover Distribution to the surviving spouse of a Participant or former Participant, an Eligible
39 Retirement Plan is an individual retirement account or individual retirement annuity and, in the case
40 of an Eligible Rollover Distribution to a non-spouse Beneficiary of the Participant, an Eligible

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Bill No. 20-11

1 Retirement Plan is an inherited individual retirement account or inherited individual retirement
2 annuity. With respect to distributions made after December 31, 2001, an Eligible Retirement Plan
3 shall also mean an annuity contract described in Section 403(b) of the Code, an annuity plan described
4 in Section 403(a) of the Code and an eligible plan under Section 457(b) of the Code which is
5 maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or
6 political subdivision of a state and which agrees to separately account for amounts transferred from
7 this Plan. With respect to distributions made after December 31, 2007, an Eligible Retirement Plan
8 shall also mean a Roth IRA described in Section 408A of the Code. The definition of “Eligible
9 Retirement Plan” shall also apply in the case of a distribution to a surviving spouse, or to a spouse or
10 former spouse who is the alternate payee under a qualified domestic relations order, as defined in
11 Section 414(p) of the Code. With respect to distributions made after December 31, 2006, to the extent
12 the Eligible Rollover Distribution consists of amounts not includible in the Participant’s or former
13 Participant’s taxable income, an “Eligible Retirement Plan” is an individual retirement account
14 described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b)
15 of the Code, a qualified trust described in Section 401(a) of the Code, or an annuity contract described
16 in Section 403(b) of the Code that separately accounts for the non-taxable amounts transferred, and
17 earnings thereon.

18
19 Distributee: A Distributee includes a Participant or former Participant.
20 In addition, the Participant’s or former Participant’s surviving spouse and the Participant’s or former
21 Participant’s spouse or former spouse who is the alternate payee under a qualified domestic relations
22 order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the
23 spouse or former spouse. In addition, the Participant’s designated Beneficiaries are Distributees with
24 regard to their respective interests.

25
26 Direct Rollover: A Direct Rollover is a payment by the Plan to the
27 Eligible Retirement Plan specified by the Distributee.

28
29
30 8.5 Transfers of Credited Service to Other Plans - If a Participant terminates
31 employment with the County as a Covered Employee and becomes an employee of another
32 Government Employer and becomes eligible to participate in a retirement plan sponsored by such
33 Government Employer, the Participant may elect to transfer service earned under this Plan to the
34 retirement plan sponsored by such other Government Employer.

35
36 8.6 Involuntary Transfers of Employment – If a Participant is involuntarily
37 transferred to another state or local retirement or pension system because of an involuntary transfer
38 of the Participant’s employing unit to another employer, all of the County’s contributions on behalf
39 of the Participant and interest on those contributions shall be transferred to the new system. The
40 amount to be transferred to the new system shall be determined by actuarial valuation.

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Bill No. 20-11

1 Notwithstanding the foregoing, this Section 8.6 shall be operative only to the extent required by Title
2 37 of the State Personnel and Pensions Article of the Annotated Code of Maryland, or any successor
3 statute.

4
5
6
7

END OF ARTICLE VIII

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Bill No. 20-11

1 9.2 Location of Participants and Beneficiaries - Any communication, statement or
2 notice addressed to a Participant or Beneficiary at his last post office address filed with the County,
3 or if no such address was filed with the County, then at his last post office address as shown on the
4 County's records, shall be binding on the Participant or Beneficiary for all purposes of the Plan.
5 Except for the County's sending of a registered letter to the last known address, neither the Trustees
6 nor the County shall be obliged to search for any Participant or Beneficiary. If the County notifies
7 any Participant or Beneficiary that he is entitled to an amount under the Plan and the Participant or
8 Beneficiary fails to claim such amount or make his location known to the County within three years
9 thereafter, then, except as otherwise required by law, if the location of one or more of the next of kin
10 of the Participant, including his surviving spouse, is known to the County, it may direct distribution
11 of such amount to any one or more or all of such next of kin, and in such proportions as the County
12 determines. If the location of none of the foregoing persons can be determined, the County shall have
13 the right to direct that the amount payable shall be deemed to be a forfeiture and treated in accordance
14 with Section 5.2, except that the dollar amount of the forfeiture, unadjusted for gains or losses in the
15 interim, shall be reinstated if a claim for the benefit is made by the Participant or Beneficiary to whom
16 it was payable. If any benefit payable to an unlocated Participant or Beneficiary is subject to escheat
17 pursuant to applicable state law, neither the Trustees nor the County shall be liable to any person for
18 any amounts escheated in accordance with such law.

19
20
21

END OF ARTICLE IX

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Bill No. 20-11

1 ARTICLE X

2
3 The Trust Fund

4
5 10.1 Investment of Funds - All contributions under the Plan shall be paid to the
6 Trustees and deposited in the Trust. Such contributions, all investments made therewith and proceeds
7 thereof and all earnings and profits thereon, less the authorized disbursements therefrom, shall
8 constitute the Trust, which Trust, and the agreement under which it is maintained, shall in all respects
9 constitute a part of the Plan. The County reserves the right to select, and from time to time to change,
10 the Trustees, to amend the Trust with the consent of the Trustees, or to adopt a different funding
11 vehicle.
12

13 10.2 Prohibition Against Diversion of Funds - It shall be impossible by operation
14 of the Plan or Trust, by natural termination of either, by power of revocation or amendment, by the
15 happening of any contingency, by collateral arrangement or by other means, for any part of the corpus
16 or income of the Trust, or any funds contributed thereto, to inure to the benefit of the County or
17 otherwise be used for or diverted to purposes other than providing benefits to Participants and
18 Beneficiaries and defraying reasonable expenses of administering the Plan, except as otherwise set
19 forth in the Trust with respect to the conditions under which Trust assets may be returned to the
20 County.
21

22 10.3 Prohibition Against Assignment of Benefits -Except as provided below, no
23 benefit payable at any time under this Plan may be anticipated, assigned (either at law or in equity),
24 alienated or subject to attachment, garnishment, execution, levy or other legal and equitable process.
25 However, the prohibitions of the preceding sentence shall not apply to, and the Trustees shall fully
26 recognize the creation, assignment or recognition of a right to any benefit payable with respect to a
27 Participant pursuant to a “Qualified Domestic Relations Order.” For the purposes hereof, a Qualified
28 Domestic Relations Order shall mean a judgment, decree or order made pursuant to a state domestic
29 relations law which relates to the provision of child support, alimony payments or material property
30 rights and (a) which clearly specifies: (i) the names and last known mailing addresses of the
31 Participant and each payee, (ii) the amount or percentage of the Participant’s benefits to be paid by
32 this Plan to each payee (or the manner in which such amount or percentage is to be determined),
33 (iii) the number of payments or period to which such order relates, and (b) which does not (i) require
34 this Plan to provide increased benefits, or (ii) require the payment of the same benefits to any payee
35 which are payable to another payee pursuant to a prior Qualified Domestic Relations Order.
36

37 10.4 Insurer - The County may elect at any time to fund the Plan without a Trust
38 through one or more life insurance contracts, retirement income policies or individual or group
39 annuity contracts (“Policies”) issued by a life insurance company licensed to do business in the State
40 of Maryland (“Insurer”). If the County so elects, all references in this Plan to the Trustees shall be

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Bill No. 20-11

1 deemed to refer to the Insurer and all references in this Plan to the Trust shall refer to the fund
2 established pursuant to the Policies. Where appropriate according to the context, the term Trust shall
3 also refer to the Policies.

4 END OF ARTICLE X
5

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Bill No. 20-11

1 ARTICLE XI

2 Administration

3
4
5 11.1 Administrative Authority - Except as otherwise specifically provided
6 herein, the County shall have the sole responsibility for and the sole control of the operation and
7 administration of the Plan, and shall have the power and authority to take all action and to make all
8 decisions and interpretations which may be necessary or appropriate in order to administer and operate
9 the Plan, including, without limiting the generality of the foregoing, the power, duty and responsibility
10 to: (a) resolve and determine all disputes or questions arising under the Plan, including the power to
11 determine the rights of Employees, Participants and Beneficiaries, and their respective benefits, and
12 to remedy any ambiguities, inconsistencies or omissions; (b) adopt such rules of procedure and
13 regulations as in its opinion may be necessary for the proper and efficient administration of the Plan
14 and as are consistent with the Plan; (c) implement the Plan in accordance with its terms and such rules
15 and regulations; (d) direct the Trustees with respect to the eligibility of any Employee as a Participant
16 and the crediting and distribution of the Trust, which are to be made only upon the basis of instructions
17 from the County pursuant to the terms of the Plan; and (e) establish and carry out a funding policy
18 and method consistent with the objectives of the Plan, pursuant to which the County shall determine
19 the Plan's liquidity and financial needs and communicate them to the Trustees (or other fiduciaries
20 who are charged with determining investment policy).

21
22 Subject to the power to delegate in the manner described in Section 11.2, the County shall act
23 by and through the County Executive.

24
25 11.2 County Administration - The Plan shall be operated and administered on
26 behalf of the County by the Retirement Plan Committee ("the Administrator"). The Administrator
27 shall be governed by the following:

28
29 (a) Except as the County shall otherwise expressly determine, the
30 Administrator shall have the following powers:

31
32 (i) To make and enforce rules and regulations as it shall deem
33 necessary or proper for the efficient administration of the Plan;

34
35 (ii) To make and enforce procedures to be followed by Employees
36 in filing applications for benefits and for furnishing the evidence necessary to establish the
37 Employees' right to benefits;

38
39 (iii) To make and enforce determinations concerning the rights of
40 Employees applying for or receiving benefits;

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Bill No. 20-11

1
2 (iv) To make and enforce procedures which afford a mechanism
3 for adjusting complaints of an Employee dissatisfied with determinations of the Administrator;

4
5 (v) To make and enforce procedures for determining the service
6 credit of Employees which affords Employees an opportunity to object, in writing, and to establish
7 service credit in advance or retirement;

8
9 (iv) To make and enforce procedures for authorizing
10 disbursements from the Trust created under the Plan and to authorize disbursements from the Trustees
11 of the fund in accordance with the Plan documents;

12
13 (vii) To make and enforce procedures and standards and make
14 determinations concerning total and permanent disability in accordance with the Plan documents;

15
16 (viii) To establish rules for computing the amount of benefits that
17 shall be payable to any person in accordance with the Plan documents;

18
19 (ix) To interpret the Plan;

20
21 (x) To otherwise decide questions concerning the eligibility of any
22 Employee to participate in the Plan or to receive benefits from the Plan;

23
24 (xi) To employ or engage actuaries to make actuarial evaluations
25 of the liabilities under the Plan, to recommend the mortality and other tables and interest rates to be
26 used from time to time in actuarial and other computations for any purpose under the Plan other than
27 those purposes set forth in Section 5.3 hereof, to recommend the amounts of contributions to be made
28 by the County and to perform such other services as the Administrator shall deem necessary or
29 desirable in connection with the administration of the Plan;

30
31 (xii) To employ or engage accountants as it shall deem necessary
32 or desirable in connection with the administration of the Plan;

33
34 (xiii) To employ or engage legal counsel as it shall deem necessary
35 or desirable in connection with the administration of the Plan;

36
37 (xiv) To employ or engage any other experts as it shall deem
38 necessary or desirable in connection with the administration of the Plan;

39

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Bill No. 20-11

1 (xv) To act for the County before all persons in any matter directly
2 pertaining to the Plan.

3
4 (b) The Administrator shall have no power to amend or terminate the Plan,
5 to determine County contributions, to exercise authority to direct the Trustees with respect to the
6 investment of the Trust, to affect the employer-employee relationship between the County and any
7 Employee, or to retain and/or discharge the Trustees, all of which powers are reserved to the County
8 unless expressly granted to the Administrator.

9
10 (c) Fiduciary duties, powers and responsibilities (other than those
11 reserved to the Trustees, with respect to management or control of Trust assets) may be allocated
12 among the fiduciaries (if there be more than one) to whom such duties, powers and responsibilities
13 have been delegated, so long as such allocation is pursuant to action of the County or by written
14 agreement executed by the involved fiduciaries and approved by the County in which case, such
15 fiduciary shall not have any liability, with respect to any duties, powers or responsibilities not
16 allocated to him, for the acts or omissions of any other fiduciary. Any person may serve in more than
17 one fiduciary capacity under the Plan, including those of Administrator and Trustee.

18
19 (d) The Administrator may appoint any persons or firms, or otherwise
20 act to secure specialized advice or assistance, as it deems necessary or desirable in connection with
21 the administration and operation of the Plan; the Administrator shall be entitled to rely
22 conclusively upon, and shall be fully protected in any action or omission taken by it in good faith
23 reliance upon, the advice or opinion of such firms or persons. The Administrator shall have the
24 power and authority to delegate from time to time by written instrument all or any part of its duties,
25 powers or responsibilities under the Plan, both ministerial and discretionary, as it deems
26 appropriate, to the specified Employee who shall be designated by the Director of Human
27 Resources to assist the Administrator (the "Coordinator") and in the same manner to revoke any
28 such delegation of duties, powers and responsibilities. The Administrator shall also have the
29 power and authority to delegate by written instrument all or a part of its duties, powers and
30 responsibilities with respect to disability determinations to a board appointed by the Administrator
31 (the "Disability Review Board"), and, in the same manner to revoke any such delegation of duties,
32 power and responsibilities. Any action of the Coordinator or the Disability Review Board in the
33 exercise of such delegated duties, powers and responsibilities shall have the same force and effect
34 for all purposes hereunder as if such action had been taken by the Administrator. Further, the
35 Administrator may authorize the Coordinator or the Disability Review Board to execute any
36 certificate or document on behalf of the Administrator, in which event any person notified by the
37 Administrator of such authorization shall be entitled to accept and conclusively rely upon any such
38 certificate or document executed by such person as representing action by the Administrator until
39 such third person shall have been notified of the revocation of such authority. The Administrator
40 shall not be liable for any act or omission of any person to whom the Administrator's duties,

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Bill No. 20-11

1 powers or responsibilities have been delegated, nor shall any person to whom any duties, powers
2 or responsibilities have been delegated have any liabilities with respect to any duties, powers or
3 responsibilities not delegated to him.
4

5 (e) All representatives of the County, and/or members of the Retirement
6 Plan Committee shall use ordinary care and diligence in the performance of their duties pertaining to
7 the Plan, but no such individual shall incur any liability: (i) by virtue of any contract, agreement,
8 bond or other instrument made or executed by him or on his behalf in his official capacity with respect
9 to the Plan, (ii) for any act or failure to act, or any mistake or judgment made, in his official capacity
10 with respect to the Plan, unless resulting from his gross negligence or willful misconduct, or (iii) for
11 the neglect, omission or wrongdoing of any other person involved with the Plan. The Plan shall
12 indemnify and hold harmless each such individual from the effects and consequences of his acts,
13 omissions and conduct in his official capacity with respect to the Plan, except to the extent that such
14 effects and consequences shall result from his own willful misconduct or gross negligence; provided,
15 however, that any person who shall claim the right to any payment or damage as a result of the actions
16 of any individual in connection with the performance of their duties pertaining to the Plan, shall be
17 entitled to look only to the Trust created by the Plan for payment. Such individual shall have no other
18 right, claim or demand therefor against the County.
19

20 (f) The Plan may purchase, from Plan assets, as an expense of the Plan,
21 liability insurance for the Plan and/or for its fiduciaries to cover liability or losses occurring by reason
22 of an act or omission of a fiduciary, providing such insurance contract permits recourse by the insurer
23 against the fiduciary in the case of breach of fiduciary obligation by such fiduciary. Any fiduciary
24 may purchase, from and for his own account, insurance to protect himself in the event of a breach of
25 fiduciary duty and the County may also purchase insurance to cover the potential liability of one or
26 more persons who serve in a fiduciary capacity with regard to the Plan.
27

28 (g) Nothing in the Plan shall be construed so as to prevent any fiduciary
29 from: (i) receiving any benefit to which he may be entitled as a Participant or Beneficiary, or (ii)
30 receiving any reasonable compensation for services rendered, or for the reimbursement of expenses
31 properly incurred in the performance of his duties under the Plan (except that no person so serving
32 who receives compensation as an Employee shall receive compensation from the Plan, except for
33 reimbursement of expenses properly incurred), or (iii) serving as a fiduciary in addition to being an
34 officer, employee, agent, or other representative of the County or any related entity. However, the
35 fiduciary shall not be entitled to vote or act upon, or execute on behalf of the Plan, documents
36 specifically relating to his own participation in the Plan.
37

38 11.3 Retirement Plan Committee - There shall be a committee, to be known as the
39 Retirement Plan Committee, which in the absence of any designation to the contrary by the County,
40 shall serve as Administrator. Except to the extent that the County has retained any power or authority,

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Bill No. 20-11

1 or allocated duties and responsibilities to another administrator or other fiduciary, said Committee
2 shall have full power and authority to administer and operate the Plan in accordance with its terms
3 and in particular the authority contained in this ARTICLE XI, and, in acting pursuant thereto, shall
4 have full power and authority to deal with all persons in any matter directly connected with the Plan,
5 including, but not limited to, the Trustees, other fiduciaries, insurance companies, investment
6 advisors, other advisors and specialists. Participants, Beneficiaries and their representatives, in
7 accordance with the following provisions:

8
9 (a) The Committee shall consist of the following members:

10
11 (i) Director of Human Resources or the Director's designee as
12 Chairperson;

13
14 (ii) Director of Finance or the Director's designee;

15
16 (iii) One representative of the Fraternal Order of Police nominated
17 and appointed by members of the Order;

18
19 (iv) One representative of the Career Fire Fighters Association
20 nominated and appointed by members of the Association;

21
22 (v) One "at-large" member who is a former Participant who has
23 reached a Termination Date pursuant to Section 6.1, 6.2 or 6.3 hereof at a time when he or she was a
24 Non-Uniformed Participant ("Former Participant"), and who is appointed by the County Executive,
25 subject to confirmation by the County Council;

26
27 (vi) Two "at-large" members who are Non-Uniformed Participants
28 who are nominated and appointed by the County Executive, subject to confirmation by the County
29 Council;

30
31 (vii) No more than two members may be employed within the same
32 division.

33
34 (b) The Director of Human Resources or the Director's designee and the
35 Director of Finance or the Director's designee shall serve on the Committee without limitation as to
36 the number or length of terms.

37
38 The terms of every other member of the Committee shall be established in accordance
39 with the following schedule:
40

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Bill No. 20-11

1 (i) At large members appointed pursuant to Section 11.3(a)(vi) may serve
2 continuously for no more than two consecutive terms. The length of each term of said members shall
3 be three years.

4
5 (ii) The at large member appointed pursuant to Section 11.3(a)(v) may serve
6 continuously for no more than two consecutive terms. The length of each term of said member shall
7 be two years.

8
9 (iii) The representative nominated and appointed by the Fraternal Order of Police
10 may serve continuously for an unlimited number of terms, until his or her successor is nominated and
11 appointed by the Fraternal Order of Police. The length of each term of said member shall be three
12 years.

13
14 (iv) The representative nominated and appointed by the Career Fire Fighters
15 Association may serve continuously for an unlimited number of terms, until his or her successor is
16 nominated and appointed by the Career Fire Fighters Association. The length of each term of said
17 member shall be three years.

18
19 If a member of the Committee is unable to complete his or her term, the appointing
20 authority shall appoint another candidate to complete the member's term.

21
22 (c) Subject to his or her right to resign at any time, each member of the
23 Committee shall serve without compensation at the pleasure of the County, and the County may
24 appoint, and may revoke the appointment of, additional members to serve with the Committee as may
25 be determined to be necessary or desirable from time to time. Each member of the Committee, by
26 accepting his or her appointment to the Committee, shall thereby be deemed to have accepted all of
27 the duties and responsibilities of such appointment, and to have agreed to the faithful performance of
28 his or her duties thereunder.

29
30 (d) The Committee shall adopt such formal organization and methods of
31 operation as it shall deem desirable for the conduct of its affairs. The Committee shall act as a body,
32 and the individual members of the Committee shall have no powers and duties as such, except as
33 provided herein; the Committee shall act by vote of a majority of its members at the time in office
34 (other than those disqualified from voting pursuant to Section 11.2(g)), either at a meeting or in
35 writing without a meeting.

36
37 (e) Except as set forth in Section 11.9, the determination of the Committee
38 on any matter pertaining to the Plan within the powers and discretion granted to the Committee shall
39 be final and conclusive on the County, the Trustees, all Participants and Beneficiaries and all those
40 persons dealing in any way or capacity with the Plan.

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Bill No. 20-11

1 ARTICLE XII

2 Amendment

3
4
5 12.1 Right to Amend - The County shall have the right to amend the Plan, at any
6 time, by County Ordinance, and with respect to any provisions thereof (subject to the provisions of
7 Section 10.2), all parties thereto or claiming any interest thereunder shall be bound thereby.
8

9 12.2 Amendment Required by Federal Law -Notwithstanding the provisions of
10 Section 12.1, the Plan and Trust may be amended at any time, retroactively if required, if found
11 necessary in order to conform to the provisions and requirements of the Internal Revenue Code or any
12 similar act or any amendments thereto or regulations promulgated thereunder; no such amendment
13 shall be considered prejudicial to any interest of a Participant or Beneficiary hereunder.
14

15 END OF ARTICLE XII
16

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Bill No. 20-11

1 ARTICLE XIII

2 Termination

3
4
5 13.1 Right to Terminate - It is the present intention of the County to maintain the
6 Plan throughout the County's existence. Nevertheless, the County reserves the right, at any time, to
7 permanently discontinue further contributions to the Trust or to terminate the entire Plan and Trust.
8

9 13.2 Automatic Termination of Contributions - The liability of the County to make
10 contributions to the Trust shall automatically terminate upon liquidation of the County, upon its
11 adjudication as a bankrupt or upon the making of a general assignment for the benefit of creditors.
12

13 13.3 Allocation and Distribution - This Section shall become operative in any of
14 the following events: (a) a complete termination of the County's liability to make further
15 contributions to the Trust; (b) a complete discontinuance of contributions by the County to the Trust;
16 or (c) a complete termination of the Plan. The effective date of any termination or discontinuance of
17 contributions shall be as set forth in a resolution adopted by the County. The provisions of this Section
18 shall also become operative in the event of a partial termination of the Plan, but only with respect to
19 that portion of the Plan attributable to the Participants to whom the termination is applicable. Upon
20 the effective date of any such event, then, notwithstanding any other provisions of the Plan, subject
21 to the remainder of this Section 13.3, no persons who were not theretofore Participants shall be
22 eligible to become Participants, no further benefits shall accrue and the Accrued Benefits of all
23 Participants not theretofore vested, and not theretofore forfeited shall immediately become fully
24 vested. The Accrued Benefits of all Participants and Beneficiaries shall be determined and distributed
25 to them, as soon as is practicable after such termination or discontinuance, in accordance with
26 ARTICLES VI and VIII. The assets in the Trust shall be allocated for the purposes set forth below
27 and in the order set forth below, to the extent the assets are sufficient therefor. The allocations may
28 be implemented by distribution of Trust assets, or by the purchase and distribution by the Trustees of
29 insurance company annuity contracts, or by a combination of these methods. Upon termination of
30 the Trust, the Trustees shall liquidate all assets remaining in the Trust. After deduction of estimated
31 expenses in liquidating and distributing the Trust, and any reasonable compensation for the Trustees
32 agreed upon with the County, the balance of the Trust assets shall be allocated so as to provide the
33 Accrued Benefits otherwise payable under the Plan pursuant to the following order of priorities:
34

35 (i) To provide Accrued Benefits for each Participant who: (A) had begun
36 to receive benefits at least three years prior to the effective date of the termination of the Plan, (B)
37 would have begun to receive retirement or disability benefits at least three years prior to the effective
38 date of the termination of the Plan but for the fact that commencement of benefits was deferred, or
39 (C) would have been eligible to receive retirement benefits at least three years prior to the effective
40 date of the termination of the Plan but for the fact that the Participant did not actually retire; and

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Bill No. 20-11

1
2 (ii) To provide Accrued Benefits for all other Participants, in the following
3 order of preference:

4
5 (A) for each Participant who would have qualified under priority
6 (i) above but for the fact that the entitling event occurred or would have occurred within three years
7 of the effective date of the termination of the Plan, and

8
9 (B) for all other Participants in this priority (ii).

10
11 Trust assets shall be utilized under a particular priority only after all Accrued
12 Benefits set forth in all preceding priorities shall have been fully provided for. For purposes of the
13 allocation of funds within each priority, as set forth above, funds will be credited to each Participant
14 to provide the Accrued Benefits to which he is so entitled, but only to the extent that such Accrued
15 Benefits have not been provided under a preceding priority. Any reductions in Accrued Benefits
16 within a particular priority (or within any particular preference set forth within a priority) as set forth
17 above, due to insufficient Trust assets, shall be allocated pro rata among the Participants within that
18 priority (or preference) on the basis of then present values of the respective Accrued Benefits
19 described in that priority (or preference) for each such Participant. Any reference to Accrued Benefits
20 payable to Participants shall also be deemed to include Accrued Benefits payable to Beneficiaries of
21 deceased Participants. If any balance of Trust assets remains after all of the allocations described
22 above, and after all liabilities with respect to Participants and retired Participants and their
23 Beneficiaries, if any, are satisfied, then the balance shall be returned to the County, and the Trust shall
24 terminate. Upon making such distribution, the Trustees shall be discharged from all obligations under
25 the Trust and no Participant shall have any further right or claim therein.

26
27 Notwithstanding any provision to the contrary in this ARTICLE XIII, if a
28 Participant dies during the interim between the effective date of termination and the distribution of
29 Trust assets, and if his Benefit Commencement Date had not yet occurred as of the effective date of
30 termination, the amount distributable to him or his Beneficiary, and the timing thereof, shall be
31 determined pursuant to ARTICLE VII.

32
33 As an alternative to immediate distribution of the Trust, the County, in its
34 discretion, and subject to its option at any time to require the complete distribution of the Trust to the
35 then Participants in accordance with the first paragraph of this Section 13.3, may defer
36 commencement of benefits to each Participant until such Participant reaches an event which would
37 otherwise entitle him to benefit commencement pursuant to ARTICLE VI, at which time the
38 provisions of ARTICLE VIII shall become applicable. During the interim period, there shall be
39 established and maintained a separate account in the name of each Participant, based upon the values
40 established pursuant to this Section 13.3 and/or Section 13.4. The separate account shall thereafter

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Bill No. 20-11

1 define and measure the amount available for benefits distributable to him, and there shall be credited
2 or charged thereto any income, expenses, gains or losses (whether or not realized, based upon fair
3 market value of invested assets) attributable or allocable thereto as of each Trust valuation date (or
4 the date of complete distribution of the Trust) with respect to the period since the last valuation date.
5

6 The provisions set forth in this Section 13.3 shall be subject to such
7 modification, retroactively if required, without necessity of formal amendment to the Plan, as may be
8 necessary in order to cause the termination of the Plan and/or Trust, and any distributions made
9 pursuant thereto and to conform to any requirements which may be imposed by the Internal Revenue
10 Service to prevent disqualification of the Plan and/or Trust, and no such modification shall be deemed
11 prejudicial to the interest of any Participant or Beneficiary.
12

13 13.4 Provision to Prevent Discrimination on Early Termination - Notwithstanding
14 any provision in the Plan to the contrary, in the event that the Plan and Trust terminates on or after
15 July 1, 1993, the benefit of any “highly compensated employee,” as such term is defined in Section
16 414(q) of the Internal Revenue Code and the regulations promulgated thereunder, shall be limited to
17 a benefit that is nondiscriminatory under Section 401(a)(4) of the Internal Revenue Code.
18 Notwithstanding any other provision of this Plan and Trust, the benefits payable under this Plan and
19 Trust to any Restricted Participant, as defined below, on or after July 1, 1993, shall be limited to an
20 amount equal in each year to the payments that would be made on behalf of the Restricted Participant
21 under a straight life annuity that is the Actuarial Equivalent of the Accrued Benefit to which the
22 Restricted Participant is entitled under the Plan and Trust. The limitation described in the preceding
23 sentence, however, shall not apply if: (i) after payment of benefits under the Plan and Trust to the
24 Restricted Participant, the value of Plan assets equals or exceeds 110 percent of the value of current
25 liabilities, as defined in Section 412(1)(7) of the Internal Revenue Code, (ii) the value of the benefits
26 payable to the Restricted Participant is less than one percent of the value of current liabilities, as
27 defined in Section 412(1)(7) of the Internal Revenue Code, before distribution, or (iii) the present
28 value of the benefits payable to the Restricted Participant on the Annuity Starting Date does not
29 exceed \$3,500.
30

31 For the purposes hereof, a Restricted Participant is a Participant or former
32 Participant who, during a particular Plan Year, is one of the 25 highest-paid “highly compensated
33 employees,” as such term is defined in Section 414(q) of the Internal Revenue Code and the
34 regulations promulgated thereunder.
35

36 A Participant’s Annuity Starting Date is the first day of the first period for
37 which an amount is to be paid to the Participant, former Participant or Beneficiary as an annuity, or,
38 in the case of a benefit not payable in the form of an annuity, the first day on which all events have
39 occurred which entitle the Participant, former Participant or Beneficiary to such benefit.
40

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Bill No. 20-11

1 ARTICLE XIV

2
3 Miscellaneous

4
5 14.1 Limitations on Liability of County - Neither the establishment of the Plan or
6 Trust, nor any modification thereof, nor the creation of any fund or account, nor the payment of any
7 benefits, shall be construed as giving to any Participant or other person any legal or equitable right
8 against the County (or any person connected therewith) the Trustees or any insurance company,
9 except as provided by law, by any Plan provision or by the terms of any insurance or annuity policy.
10 The County does not in any way guarantee the Trust from loss or depreciation, nor does the County
11 guarantee the payment of any money which may be or become due to any person from the Trust. Any
12 person having a right or claim under the Plan shall look solely to the Trust assets, and in no event
13 shall the County (or any person connected therewith) be liable to any person on account of any claim
14 arising by reason of the provisions of the Plan or of any instrument or instruments implementing its
15 provisions, or for the failure of any Participant, Beneficiary or other person to be entitled to any
16 particular tax consequences with respect to the Plan, the Trust or any contribution thereto or
17 distribution therefrom. The County shall not be liable to any person for failure on its part to make
18 contributions as provided in Section 5.1, nor shall any action lie to compel the County to make such
19 contributions. The County (or any person connected therewith) shall not have any liability to any
20 person by reason of the failure of the Plan to attain and/or maintain qualified status under Section
21 401(a) of the Internal Revenue Code, or the failure of the Trust to attain and/or maintain tax exempt
22 status under Section 501(a) of the Internal Revenue Code, regardless of whether or not such failure is
23 due to any act or omission (willful, negligent or otherwise) of the County (or any person connected
24 therewith).

25
26 14.2 Construction - The Plan is intended to comply with all requirements for
27 qualification under Section 401(a) of the Internal Revenue Code and, if any provision of the Plan is
28 subject to more than one interpretation or construction, such ambiguity shall be resolved in favor of
29 that interpretation or construction which is consistent with the Plan being so qualified. In case any
30 provision of the Plan shall be held to be illegal or void, such illegality or invalidity shall not affect the
31 remaining provisions of the Plan, but shall be fully severable, and the Plan shall be construed and
32 enforced as if said illegal or invalid provisions had never been inserted herein. For all purposes of the
33 Plan, where the context admits, words in the masculine gender shall include the feminine and neuter
34 genders, the singular shall include the plural, and the plural shall include the singular, and references
35 to persons shall include corporations, partnerships, estates and trusts. Headings of Articles and
36 Sections are inserted only for convenience of reference and are not to be considered in the construction
37 of the Plan. Except to the extent preempted by the laws of the United States of America, the laws of
38 the State of Maryland shall govern, control and determine all questions arising with respect to the
39 Plan and the interpretation and validity of its respective provisions. Participation under the Plan will

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Bill No. 20-11

1 not give any Participant the right to be retained in the service of the County nor any right or claim to
2 any benefit under the Plan unless such right or claim has specifically accrued hereunder.

3
4 END OF ARTICLE XIV

5
6 ARTICLE XV

7
8 Divestiture of Plan Investments in Companies Doing Business in Iran or Sudan

9
10 15.1 Definitions. The following terms shall have the following meanings for purposes
11 of this Article XV:

- 12
13 (a) “Board of Trustees” shall mean the Board of Trustees for the State Retirement and Pension
14 System established pursuant to Section 21-103 of the SP&P.
15
16 (b) “Company” shall have the meaning set forth in PLL Section 2-7-201(A)(2).
17
18 (c) “Council” shall mean the County Council of Frederick County, Maryland.
19
20 (d) “County Executive” shall mean the County Executive of Frederick County, Maryland.
21
22 (e) “Divestment Action” shall have the meaning set forth in PLL Section 2-7-201(A)(3).
23
24 (f) “Doing Business in Iran” shall have the meaning set forth in PLL Section 2-7-201(A)(4).
25
26 (g) “Doing Business in Sudan” shall have the meaning set forth in PLL Section 2-7-201(A)(5).
27
28 (h) “Investment” shall have the meaning set forth in PLL Section 2-7-201(A)(7)
29
30 (i) “Iran” shall have the meaning set forth in PLL Section 2-7-201(A)(8).
31
32 (j) “PLL” shall mean the Code of Public Local Laws of Frederick County, as in effect on July
33 1, 2010.
34
35 (k) “SP&P shall mean the State Personnel and Pensions Article of the Annotated Code of
36 Maryland, as amended from time to time.
37
38 (l) “State Retirement & Pension System” shall mean the Maryland State Retirement &
39 Pension System established pursuant to SP&P Section 21-101(a)
40

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Bill No. 20-11

1 (m) “Sudan” shall have the meaning set forth in PLL Section 2-7-201(A)(9).

2
3 15.2 Authorization for Divestiture.

4
5 (a) On May 13, 2008, Governor O’Malley signed Senate Bill 214 into law as Chapter
6 342 of the Laws of Maryland, 2008. Senate Bill 214 added SP&P Section 21-123.1 requiring the
7 Board of Trustees to take Divestment Action with respect to Companies Doing Business in Iran
8 and Companies Doing Business in Sudan.

9
10 (b) On May 7, 2009, Governor O’Malley signed House Bill 879 into law as Chapter
11 427 of the Laws of Maryland, 2009. House Bill 879 authorized the then Board of County
12 Commissioners of Frederick County, Maryland to enact an ordinance providing for the divestment
13 of assets of the Plan with respect to Companies Doing Business in Iran and Companies Doing
14 Business in Sudan.

15
16 (c) Notwithstanding any provision of the Plan to the contrary, the County Executive
17 directs the Trustee to follow, as soon as practical, the Divestment Actions of the Board of Trustees
18 with respect to Companies Doing Business in Iran and Companies Doing Business in Sudan
19 provided the County Executive determines that:

20
21 (i) The costs of divestment are *de minimis* as compared to total fund assets.

22
23 (ii) Substitute investments are available which will yield competitive returns at a
24 comparable level of risk.

25
26 (iii) The fiduciaries have discretion regarding the timing and manner of divestment
27 so that they are able to avoid imprudent transactions.

28
29 (iv) The fiduciaries otherwise act in accordance with the duties of loyalty and
30 prudence – *i.e.* ascertain relevant facts, investigate options, obtain appropriate expert
31 analysis, diversify appropriately, and act for the benefit of the beneficiaries.

32
33 (d) If the Administrator determines that the cost of the analysis and the administration of the divestiture
34 may exceed the relative value of the divestiture, the Administrator shall present this information to
35 the County Executive.

36
37 (e) The Administrator shall include in the annual investment performance review provided to the
38 County Executive and Council a review of the divestiture program.

39

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