

Bill No. 23-23

Concerning: Amendment to Frederick County

Uniformed Employees Retirement Plan

Introduced: November 21, 2023

Revised: _____ Draft No. _____

Enacted: January 2, 2024

Effective: July 1, 2024

Expires: February 19, 2024

Frederick County Code, Chapter _____

Section(s) _____

COUNTY COUNCIL FOR FREDERICK COUNTY, MARYLAND

By: Council President Brad W. Young on behalf of County Executive Jessica Fitzwater

AN ACT to: amend the Frederick County Uniformed Employees Retirement Plan, effective July 1, 2024, to reflect the terms of the Deferred Retirement Option Program for Career Fire Fighters implemented pursuant to the Memorandum of Understanding dated March 29, 2023, between Frederick County, Maryland, and The Frederick County Professional Fire Fighters Association I.A.F.F. Local 3666 and to reflect the updated performance rating standards for Corrections Officers.

Date Council Approved: 1/2/2024 Date Transmitted to Executive: 1/4/2024

Executive: Jessica Fitzwater Date Received: 1/4/2024

Approved: ✓ Date: 1/17/24

Vetoed: _____ Date: _____

Date returned to Council by County Executive with no action: _____

By amending:

Frederick County Code, _____ Section(s) _____

Other: Frederick County Uniformed Employees Retirement Plan

Boldface

Heading or defined term.

Underlining

Added to existing law.

[Single boldface brackets]

Deleted from existing law.

Existing law unaffected by bill.

1

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2 The County Council of Frederick County, Maryland, finds it necessary and appropriate to
3 amend the Frederick County Uniformed Employees Retirement Plan to implement the changes to
4 the Deferred Retirement Option Program for Career Fire Fighters.

5 .

6 NOW, THEREFORE, BE IT ENACTED BY THE COUNTY COUNCIL OF
7 FREDERICK COUNTY, MARYLAND, that the Frederick County Uniformed Employees
8 Retirement Plan be, and it is hereby, amended as shown on the attached Exhibit 1.

9

10 AND BE IT FURTHER ENACTED, that the amendments shown on Exhibit 1 will be
11 effective as provided in the Exhibit 1 on or after the effective date of this Bill.

12

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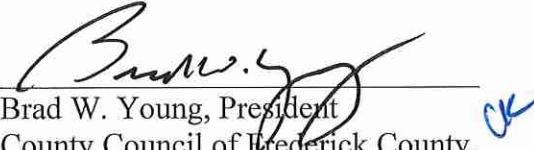
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Brad W. Young, President
County Council of Frederick County,
Maryland

Article XVI of the Frederick County Uniformed Employees Retirement Plan is amended

3 to read as follows effective July 1, 2024:

* * *

ARTICLE XVI

DEFERRED RETIREMENT OPTION PROGRAM - LAW ENFORCEMENT OFFICERS
AND CORRECTIONS OFFICERS

16.1 Definitions - In this section, the following words have the meanings

12 indicated:

(a) "DROP" means the Deferred Retirement Option Program established pursuant to this Section.

(b) "DROP Account" means the account established for the DROP balance with Section 16.7.

(c) "DROP Effective Date" means July 1, 2021.

(d) "DROP Participant" means a Participant in the Plan who:

(i) is eligible to participate in DROP as provided in this

Article XVI: and

(ii) elects to participate in DROP as provided in this Article

XVI.

16.2 Eligibility

Underlining indicates matter added to existing law.

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1 A Participant in the Plan is eligible to participate in DROP if the Participant:

2
3 (a) Is a Uniformed Participant in the category of law enforcement
4 officer or corrections officer,

5
6 (b) Either:

7
8 (i) Has attained the service requirement for the Participant's
9 Normal Retirement Date, as of the DROP Effective Date, or

10
11 (ii) Attains the service requirement for the Participant's
12 Normal Retirement Date after the DROP Effective Date;

13
14 (c) Has earned no more than 27.0 Years of Eligibility Service as of
15 the DROP Effective Date;

16
17 and

18
19 (d) Has

20
21 (i) an acceptable performance rating from the Sheriff's
22 Office [with respect to law enforcement officers; or

23
24 (ii) a performance rating of at least 3.0 from the Sheriff's
25 Office with respect to corrections officers; or

26
27 (iii) a performance rating of at least 2.5 from the Division of
28 Fire and Rescue Services, as applicable, at the time of the election to participate in DROP].

29
30 16.3 Election; Duration of Participation

31
32 An eligible Participant may elect to participate in DROP for a period of
33 between 12 and 36 months; provided, however, that the elected DROP participation period

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1 cannot cause the Participant's anticipated Years of Eligibility Service at the end of the DROP
2 participation period to exceed 28.0 Years of Eligibility Service.

3

4 16.4 Application; Limitation on Enrollment

5

6 (a) Participant's Election: An eligible Participant who elects to
7 participate in DROP shall:

8

9 (i) provide a written application to the employee designated
10 by the Retirement Plan Committee (the "DROP Coordinator") on a form approved by or
11 acceptable to the Retirement Plan Committee, stating:

12

13 (A) the Participant's intention to participate in DROP;

14

15 (B) the date, which shall be the first day of a month,
16 when the Participant desires to begin participation in DROP; and

17

18 (C) such other information required by the
19 Retirement Plan Committee to implement DROP with respect to the Participant, including a
20 binding letter of resignation accepted by the Sheriff [or Fire Chief, as applicable,] in
21 accordance with the Sheriff's Office [or Division of Fire and Rescue Services] policies and
22 procedures then in effect, setting forth the date the Participant intends to terminate
23 employment following completion of the Participant's elected DROP period; and

24

25 (ii) submit the application to the DROP Coordinator no later
26 than the first day of the month that is no less than two and no more than three months prior
27 to the first day of the month coincident with the date the Participant elects to begin
28 participation in DROP. If the due date for the election falls on a Saturday, Sunday or day
29 when the County's offices are closed, the due date shall be the next day during which the
30 County's offices are open.

31

32 (b) Limitation on Enrollment in DROP

33

34 (i) The application to participate in DROP by no more than
35 one percent of the Frederick County Sheriff's Office Uniformed Law Enforcement officers

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1 workforce will be accepted for any one month. The application to participate in DROP by no
2 more than one percent of the Frederick County Sheriff's Office Uniformed Corrections
3 officers workforce will be accepted for any one month. [The application to participate in
4 DROP by no more than one percent of the Frederick County Division of Fire and Rescue
5 Services Uniformed Participant workforce will be accepted for any one month.] In
6 determining this one percent limitation, the number of Participants eligible to elect to enter
7 DROP will be rounded up to the next highest whole number and will be determined as of the
8 first day of the payroll period that is two months in advance of the elected DROP
9 participation date.

10

11 (ii) If more Participants submit an application to participate
12 in DROP than can be accepted due to the limitations set forth in subsection (b)(i) above, the
13 Participants whose applications will be accepted will be determined on the basis of seniority
14 within the Frederick County Sheriff's Office or Division of Fire and Rescue Services, as
15 applicable.]

16

17 (iii) The applications of Participants whose applications are
18 deferred pursuant to subsection (b)(ii) above will be considered for the following months on
19 the same basis as set forth in subsections (b)(i) and (b)(ii); provided, however, that a
20 Participant whose application is deferred past the date the Participant earns 27.0 Years of
21 Eligibility Service will not be eligible to participate in DROP.

22

23 **16.5 Irrevocability of Election**

24

25 A Participant's election to participate in DROP is irrevocable as of the fifteenth
26 day following the DROP Coordinator's receipt of the Participant's election to participate in
27 DROP, provided that the acceptance of the Participant's election is not deferred pursuant to
28 Section 16.4(b). In the event the Participant's application to participate in DROP is deferred
29 pursuant to Section 16.4(b), the election is irrevocable as of the fifteenth calendar day
30 following the acceptance of the Participant's election to participate in DROP and notification
31 of the acceptance being provided to the Participant. If the due date for the revocation of an
32 election to participate in DROP falls on a Saturday, Sunday or day when the County's offices
33 are closed, the due date shall be the next day during which the County's offices are open.

34

35 **16.6 Suspension of Participation; Termination of Participation**

36

37 (a) Suspension of Participation - Participation in DROP is
38 suspended upon the Participant receiving a performance rating from the Sheriff's Office of

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1 less than acceptable [for law enforcement officers or less than 3.0 for corrections officers, or
2 less than 2.5 from the Division of Fire and Rescue Services, as applicable]. During the time
3 of suspension, no additions will be made to the Participant's DROP Account. The suspension
4 will be lifted and the Participant will be reinstated to DROP for the remaining DROP
5 participation period elected by the Participant upon the reinstatement of an acceptable
6 performance rating[,] from the Sheriff's Office [for law enforcement officers, or at least 3.0 for
7 corrections officers, or at least 2.5 from the Division of Fire and Rescue Services, as
8 applicable,] after exhaustion of the Participant's appeal rights under the Frederick County
9 Personnel Rules in effect at the time; provided, however, that the credits to the Participant's
10 DROP Account provided for in Section 16.7(b)(i) during the period of suspension will be
11 reinstated to the DROP Participant's DROP Account following a Participant's successful
12 appeal of his or her performance rating. In the event that the DROP Participant does not
13 appeal the assignment of the performance rating or is unsuccessful in the appeal of the
14 assignment of the performance rating, the DROP Participant's DROP Account will be
15 reduced to zero dollars and the DROP Participant's retirement benefit determined as of the
16 Participant's Termination Date will be determined in accordance with Section 16.8(c) as if the
17 DROP Participant reached a Termination Date prior to the end of the DROP Participant's
18 elected DROP participation period.

19 (b) Termination of Participation - Participation in DROP terminates
20 when the DROP Participant reaches a Termination Date.

21
22 16.7 Payment of Retirement Benefit, Accrual of Service Credit, Disposition
23 of Other Benefits During DROP Participation.

24
25 (a) Calculation of Retirement Benefit - As of the effective date of
26 participation in DROP, the DROP Participant's normal retirement benefit as provided for in
27 Section 6.1, in the form of payment elected by the Participant in accordance with Section 8.2
28 and without the adjustment for unused sick leave pursuant to Section 6.1(d), shall be
29 determined.

30
31 (b) Credit to DROP Account - During the period of the DROP
32 Participant's participation in DROP, the Plan Administrator shall:

33
34 (i) Credit the DROP Participant's monthly retirement
35 income determined pursuant to Section 16.7(a) determined as of the DROP Participant's date
36 of participation in DROP, to a DROP Account for the benefit of the DROP Participant;

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(ii) Credit the DROP Participant's DROP Account with the investment gains and losses arising out of the individually-directed accounts maintained for this purpose in accordance with Section 16.10; and

(iii) Annually adjust the DROP Participant's credit to the DROP account for monthly retirement income under Section 16.7(b)(i) for cost of living increases in accordance with Section 6.8.

(c) No Increase in Years of Eligibility or Credited Service - A DROP
Participant will not accrue credit for additional Years of Eligibility or Credited Service during the period of DROP participation.

(d) Compensation during DROP Participation - A DROP Participant's Compensation earned during the period of DROP participation:

(i) Subject to Section 5.4(b), shall be subject to the County pick up contributions provided for in Section 5.4(a)(i), which contributions shall not be added to the Participant's DROP Account; and

(ii) Shall not be used to increase the DROP Participant's Final Average Earnings.

(e) If during the period of a DROP Participant's participation in DROP, the Participant reaches a Termination Date by reason of Total and Permanent Disability in accordance with Section 6.4(a) ("Ordinary Disability"), the Participant shall receive the benefit calculated pursuant to Section 16.7(a), plus the Participant's DROP Account, calculated as of the Participant's Termination Date. If during the period of a DROP Participant's participation in DROP, the Participant reaches a Termination Date by reason of Total and Permanent Disability in accordance with Section 6.4(b) ("Line of Duty[\"I Disability"], the Participant shall receive payment of the DROP Account, plus the greater of: (i) the monthly retirement income calculated pursuant to Section 16.7(a) or (ii) the monthly retirement income calculated pursuant to Section 6.4(b).

(f) If during the period of a DROP Participant's participation in DROP, the Participant reaches a Termination Date by reason of death, the Participant's Beneficiary will receive the benefit described in Section 7.1, based upon the Participant's Years of Eligibility Service and Highest Average Earnings earned at the DROP participation date, plus the Participant's DROP Account. The DROP Participant's Beneficiary designated

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1 for purposes of receipt of the death benefits described in Section 7.1 shall be the same
2 Beneficiary designated for purposes of receipt of the DROP Account. In the event there is no
3 valid Beneficiary on file for the Participant, payment will be made in accordance with Section
4 9.1.

5

6 16.8 Payment of Retirement Income and DROP Account At Termination
7 Date.

8

9 (a) Payment of DROP Account - Termination Following End of
10 Elected DROP Participation Period: Upon the termination of a DROP Participant's
11 employment with the County, for reasons other than death or Total and Permanent
12 Disability, as of or following the end of the Participant's DROP participation period, the
13 Trustees shall pay to the Participant the amount accrued in the DROP Account for the DROP
14 Participant, determined in accordance with Section 16.7, as adjusted for investment gains and
15 losses determined pursuant to Section 16.10 through as soon as reasonably practical before
16 the date of payment, and as elected by the DROP Participant, in the form of:

17

18 (i) An Eligible Rollover Distribution, pursuant to Section
19 8.4;

20

21 (ii) A lump sum distribution, reduced by any elected or
22 required withholding for taxes; or

23

24 (iii) Any other form of payment allowed under the
25 individually-directed account.

26

27 (b) Payment of Retirement Benefit - Termination Following End of
28 Elected DROP Participation Period: Upon the termination of a DROP Participant's
29 employment with the County for reasons other than death or Total and Permanent Disability,
30 as of or following the end of the Participant's DROP participation period, the Participant will
31 receive the monthly retirement income determined in accordance with Section 16.7, in the
32 form of payment elected by the Participant pursuant to Section 8.2 when the Participant
33 elected to participate in DROP, as adjusted for cost of living increases pursuant to Section 6.8
34 during the DROP participation period and as adjusted for hours of unused sick leave,
35 pursuant to Section 6.1(d), based upon the DROP Participant's unused sick leave as of the
36 DROP Participant's Termination Date. The DROP Participant's DROP Account will not be
37 affected by the changes in the DROP Participant's unused sick leave during the period of
38 participation in DROP.

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(c) Termination Before End of Elected DROP Participation Period – Upon the DROP Participant’s reaching a Termination Date, for reasons other than death or Total and Permanent Disability, prior to the end of the DROP Participant’s elected DROP participation period, the Participant will receive the monthly retirement income determined in accordance with Section 6.1, as adjusted for unused sick leave, pursuant to Section 6.8, based upon the DROP Participant’s unused sick leave as of the DROP Participant’s Termination Date, all determined as if the Participant had never elected to participate in DROP, but payable in the form of benefit elected by the Participant when the DROP Participant elected to participate in DROP. The Participant’s DROP Account will then be reduced to zero dollars.

16.9 Limitations; Other Benefits of Employment; Segregation of Assets

(a) The benefits payable pursuant to this Article [16]XVI shall be adjusted, if necessary, to conform to the limitations on the accrual of benefits pursuant to Section 6.6.

(b) During the period of a DROP Participant's participation in DROP, the DROP Participant shall continue to be eligible to participate in any health and welfare plan and deferred compensation plan, and receive any other benefits otherwise available to employees of the Frederick County Sheriff's Office[or Division of Fire and Rescue Services] and shall continue to be subject to the personnel laws, regulations and policies applicable to an Employee.

(c) The DROP Account is maintained solely for purposes of accounting for the DROP Participant's benefit from DROP. The Trustees shall be under no obligation to segregate funds from the Plan assets for the Participant's DROP Account.

16.10 Establishment of Investment Accounts

The DROP Account will be invested in one or more investment funds elected by the DROP Participant from among investment options provided by the Trustees, in their discretion. The DROP account will be adjusted monthly for earnings or losses based on the investment fund(s) selected by the DROP Participant.

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1 [6.11]16.11 Review of DROP

2

3 The Administrator will engage the Plan's actuaries to review the operations of the
4 DROP as of July 1, 2026 to determine the level of the DROP's cost neutrality to the Plan.

5

6 END OF ARTICLE XVI

7

8 The Frederick County Uniformed Employees Retirement Plan is amended by the addition
9 of the following Article XVII effective July 1, 2024:

10

11 ARTICLE XVII

12

13 DEFERRED RETIREMENT OPTION PROGRAM - FIRE AND RESCUE SERVICES

14

15 17.1 Definitions - In this section, the following words have the meanings
16 indicated:

17

18 (a) "DROP" means the Deferred Retirement Option Program
19 established pursuant to this Section.

20

21 (b) "DROP Account" means the account established for the DROP
22 Participant in accordance with Section 17.7.

23

24 (c) "DROP Effective Date" means July 1, 2024.

25

26 (d) "DROP Participant" means a Participant in the Plan who:

27

28 (i) is eligible to participate in DROP as provided in this
29 Article XVII; and

30

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(ii) elects to participate in DROP as provided in this Article
XVII.

17.2 Eligibility

A Participant in the Plan is eligible to participate in DROP if the Participant:

(a) Is a Uniformed Participant who is a classified as a firefighter,

(b) Either:

(i) Has attained the service requirement for the Participant's Normal Retirement Date, as of the DROP Effective Date, or

(ii) Attains the service requirement for the Participant's Normal Retirement Date after the DROP Effective Date;

(c) Has earned no more than 30.0 Years of Eligibility Service as of the DROP Effective Date;

and

(d) Has a performance rating of at least 2.5 from the Division of Fire and Rescue Services at the time of the election to participate in DROP.

17.3 Election; Duration of Participation

An eligible Participant may elect to participate in DROP for a period of between 12 and 36 months; provided, however, that the elected DROP participation period cannot cause the Participant's anticipated Years of Eligibility Service at the end of the DROP participation period to exceed 31.0 Years of Eligibility Service.

17.4 Application; Limitation on Enrollment

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(a) Participant's Election: An eligible Participant who elects to participate in DROP shall:

(i) provide a written application to the employee designated by the Retirement Plan Committee (the "DROP Coordinator") on a form approved by or acceptable to the Retirement Plan Committee, stating:

(A) the Participant's intention to participate in DROP;

(B) the date, which shall be the first day of a month, when the Participant desires to begin participation in DROP; and

(C) such other information required by the Retirement Plan Committee to implement DROP with respect to the Participant, including a binding letter of resignation accepted by the Fire Chief, in accordance with the Division of Fire and Rescue Services policies and procedures then in effect, setting forth the date the Participant intends to terminate employment following completion of the Participant's elected DROP period; and

(ii) submit the application to the DROP Coordinator no later than the first day of the month that is no less than two and no more than three months prior to the first day of the month coincident with the date the Participant elects to begin participation in DROP. If the due date for the election falls on a Saturday, Sunday or day when the County's offices are closed, the due date shall be the next day during which the County's offices are open.

(b) Limitation on Enrollment in DROP

(i) The application to participate in DROP by no more than one percent of the Frederick County Division of Fire and Rescue Services Uniformed Participant workforce will be accepted for any one month. In determining this one percent limitation, the number of Participants eligible to elect to enter DROP will be rounded up to the next highest whole number and will be determined as of the first day of the payroll period that is two months in advance of the elected DROP participation date.

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(ii) If more Participants submit an application to participate in DROP than can be accepted due to the limitations set forth in subsection (b)(i) above, the Participants whose applications will be accepted will be determined on the basis of seniority within the Division of Fire and Rescue Services.

(iii) The applications of Participants whose applications are deferred pursuant to subsection (b)(ii) above will be considered for the following months on the same basis as set forth in subsections (b)(i) and (b)(ii); provided, however, that a Participant whose application is deferred past the date the Participant earns 30.0 Years of Eligibility Service will not be eligible to participate in DROP.

17.5 Irrevocability of Election

A Participant's election to participate in DROP is irrevocable as of the fifteenth day following the DROP Coordinator's receipt of the Participant's election to participate in DROP, provided that the acceptance of the Participant's election is not deferred pursuant to Section 17.4(b). In the event the Participant's application to participate in DROP is deferred pursuant to Section 17.4(b), the election is irrevocable as of the fifteenth calendar day following the acceptance of the Participant's election to participate in DROP and notification of the acceptance being provided to the Participant. If the due date for the revocation of an election to participate in DROP falls on a Saturday, Sunday or day when the County's offices are closed, the due date shall be the next day during which the County's offices are open.

17.6 Suspension of Participation; Termination of Participation

(a) Suspension of Participation - Participation in DROP is suspended upon the Participant receiving a performance rating of less than 2.5 from the Division of Fire and Rescue Services. During the time of suspension, no additions will be made to the Participant's DROP Account. The suspension will be lifted and the Participant will be reinstated to DROP for the remaining DROP participation period elected by the Participant upon the reinstatement of an acceptable performance rating, of at least 2.5 from the Division of Fire and Rescue Services after exhaustion of the Participant's appeal rights under the Frederick County Personnel Rules in effect at the time; provided, however, that the credits to the Participant's DROP Account provided for in Section 17.7(b)(i) during the period of suspension will be reinstated to the DROP Participant's DROP Account following a Participant's successful appeal of his or her performance rating. In the event that the DROP Participant does not appeal the assignment of the performance rating or is unsuccessful in the appeal of the assignment of the performance rating, the DROP Participant's retirement benefit determined as of the Participant's Termination Date will be determined in accordance

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1 with Section 17.8(c) as if the DROP Participant reached a Termination Date prior to the end
2 of the DROP Participant's elected DROP participation period.

4 (b) Termination of Participation - Participation in DROP terminates
5 when the DROP Participant reaches a Termination Date.

7 17.7 Payment of Retirement Benefit, Accrual of Service Credit, Disposition
8 of Other Benefits During DROP Participation.

10 (a) Calculation of Retirement Benefit - As of the effective date of
11 participation in DROP, the DROP Participant's normal retirement benefit as provided for in
12 Section 6.1, in the form of payment elected by the Participant in accordance with Section 8.2
13 and without the adjustment for unused sick leave pursuant to Section 6.1(d), shall be
14 determined.

16 (b) Credit to DROP Account - During the period of the DROP
17 Participant's participation in DROP, the Plan Administrator shall:

19 (i) Credit the DROP Participant's monthly retirement
20 income determined pursuant to Section 17.7(a) determined as of the DROP Participant's date
21 of participation in DROP, to a DROP Account for the benefit of the DROP Participant;

23 (ii) Credit the DROP Participant's DROP Account with the
24 investment gains and losses arising out of the individually-directed accounts maintained for
25 this purpose in accordance with Section 17.10;

27 (iii) Annually adjust the DROP Participant's credit to the
28 DROP account for monthly retirement income under Section 17.7(b)(i) for cost of living
29 increases in accordance with Section 6.8; and

31 (iv) Credit the DROP Participant's DROP Account with 5%
32 out of the 9% of Compensation made as a pick-up contribution to the Plan pursuant to
33 Section 5.4(a)(i).

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(c) No Increase in Years of Eligibility or Credited Service - A DROP
Participant will not accrue credit for additional Years of Eligibility or Credited Service during the period of DROP participation.

(d) Compensation during DROP Participation - A DROP Participant's Compensation earned during the period of DROP participation:

(i) Subject to Section 5.4(b), shall be subject to the County pick up contributions provided for in Section 5.4(a)(i), which contributions shall be added to the Participant's DROP Account to the extent provided for in Section 17.7(b)(4)(iv). The remaining 4% of Compensation paid as a pick-up contribution shall be added to the Trust; and

(ii) Shall not be used to increase the DROP Participant's Final Average Earnings.

(e) If during the period of a DROP Participant's participation in DROP, the Participant reaches a Termination Date by reason of Total and Permanent Disability in accordance with Section 6.4(a) ("Ordinary Disability"), the Participant shall receive the benefit calculated pursuant to Section 17.7(a), plus the Participant's DROP Account, calculated as of the Participant's Termination Date. If during the period of a DROP Participant's participation in DROP, the Participant reaches a Termination Date by reason of Total and Permanent Disability in accordance with Section 6.4(b) ("Line of Duty Disability"), the Participant shall receive payment of the DROP Account, plus the greater of: (i) the monthly retirement income calculated pursuant to Section 17.7(a) or (ii) the monthly retirement income calculated pursuant to Section 6.4(b).

(f) If during the period of a DROP Participant's participation in DROP, the Participant reaches a Termination Date by reason of death, the Participant's Beneficiary will receive the benefit described in Section 7.1, based upon the Participant's Years of Eligibility Service and Highest Average Earnings earned at the DROP participation date, plus the Participant's DROP Account. The DROP Participant's Beneficiary designated for purposes of receipt of the death benefits described in Section 7.1 shall be the same Beneficiary designated for purposes of receipt of the DROP Account. In the event there is no valid Beneficiary on file for the Participant, payment will be made in accordance with Section 9.1.

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17.8 Payment of Retirement Income and DROP Account At Termination

Date

(a) Payment of DROP Account – Termination Following End of Elected DROP Participation Period: Upon the termination of a DROP Participant's employment with the County, for reasons other than death or Total and Permanent Disability, as of or following the end of the Participant's DROP participation period, the Trustees shall pay to the Participant the amount accrued in the DROP Account for the DROP Participant, determined in accordance with Section 17.7, as adjusted for investment gains and losses determined pursuant to Section 17.10 through as soon as reasonably practical before the date of payment, and as elected by the DROP Participant, in the form of:

(i) An Eligible Rollover Distribution, pursuant to Section

(ii) A lump sum distribution, reduced by any elected or required withholding for taxes; or

(iii) Any other form of payment allowed under the individually-directed account.

(b) Payment of Retirement Benefit - Termination Following End of Elected DROP Participation Period: Upon the termination of a DROP Participant's employment with the County for reasons other than death or Total and Permanent Disability, as of or following the end of the Participant's DROP participation period, the Participant will receive the monthly retirement income determined in accordance with Section 17.7, in the form of payment elected by the Participant pursuant to Section 8.2 when the Participant elected to participate in DROP, as adjusted for cost of living increases pursuant to Section 6.8 during the DROP participation period and as adjusted for hours of unused sick leave, pursuant to Section 6.1(d), based upon the DROP Participant's unused sick leave as of the DROP Participant's Termination Date. The DROP Participant's DROP Account will not be affected by the changes in the DROP Participant's unused sick leave during the period of participation in DROP.

(c) Termination Before End of Elected DROP Participation Period –
Upon the DROP Participant's reaching a Termination Date, for reasons other than death or Total and Permanent Disability, prior to the end of the DROP Participant's elected DROP participation period, the Participant will receive the monthly retirement income determined

Underlining indicates matter added to existing law.

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

*** - indicates existing law unaffected by bill.

1 in accordance with Section 17.7, in the form of payment elected by the Participant pursuant
2 to Section 8.2 when the Participant elected to participate in DROP, as adjusted for cost of
3 living increases pursuant to Section 6.8 during the DROP participation period and as adjusted
4 for hours of unused sick leave, pursuant to Section 6.1(d), based upon the DROP Participant's
5 unused sick leave as of the DROP Participant's Termination Date. The DROP Participant's
6 DROP Account will not be affected by the changes in the DROP Participant's unused sick
7 leave during the period of participation in DROP. The Participant's DROP Account will be
8 adjusted for investment gains and losses determined pursuant to Section 17.10 through as
9 soon as reasonably practical before the date of payment, but reduced by the principal amount
10 of Participant pick-up contributions made to the DROP Account pursuant to Section
11 17.7(b)(iv). The principal amount of Participant pick-up contributions made to the Plan
12 pursuant to Section 17.7(b)(iv) will be retained in the Trust. The balance of the DROP will be
13 paid as elected by the DROP Participant, in the form of:

14
15 (i) An Eligible Rollover Distribution, pursuant to Section
16 8.4;

17
18 (ii) A lump sum distribution, reduced by any elected or
19 required withholding for taxes; or

20
21 (iii) Any other form of payment allowed under the
22 individually-directed account.

24 17.9 Limitations; Other Benefits of Employment; Segregation of Assets

26 (a) The benefits payable pursuant to this Article XVII shall be
27 adjusted, if necessary, to conform to the limitations on the accrual of benefits pursuant to
28 Section 6.6.

30 (b) During the period of a DROP Participant's participation in
31 DROP, the DROP Participant shall continue to be eligible to participate in any health and
32 welfare plan and deferred compensation plan, and receive any other benefits otherwise
33 available to employees of the Frederick County Sheriff's Office or Division of Fire and Rescue
34 Services and shall continue to be subject to the personnel laws, regulations and policies
35 applicable to an Employee.

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(c) The DROP Account is maintained solely for purposes of accounting for the DROP Participant's benefit from DROP. The Trustees shall be under no obligation to segregate funds from the Plan assets for the Participant's DROP Account.

17.10 Establishment of Investment Accounts

The DROP Account will be invested in one or more investment funds elected by the DROP Participant from among investment options provided by the Trustees, in their discretion. The DROP account will be adjusted monthly for earnings or losses based on the investment fund(s) selected by the DROP Participant.

17.11 Review of DROP

The Administrator will engage the Plan's actuaries to review the operations of the DROP as of July 1, 2026 to determine the level of the DROP's cost neutrality to the Plan.

END OF ARTICLE XVII

* * *

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