

MEMORANDUM

TO: County Council

FROM: Robert H. Drummer, Legislative Attorney
Michael Faden, Senior Legislative Attorney 

SUBJECT: **Introduction:** Expedited Bill 7-08, Personnel – Retirement – Group F –
Mandatory Retirement

Expedited Bill 7-08, Personnel – Retirement – Group F, Mandatory Retirement, sponsored by the Council President at the request of the County Executive, is scheduled to be introduced on April 8. A public hearing is tentatively scheduled for April 29 at 1:30 p.m.

Bill 7-08 would implement the retirement law changes negotiated by the Executive and the Fraternal Order of Police Montgomery County Lodge #35, Inc. pursuant to the “reopener” for the second year of the current Agreement. Bill 7-08 would change the normal retirement date for a Group F member to 25 years of credited service regardless of age. The bill would shorten the notice a Group F member must give the County to retire. It would also eliminate the mandatory retirement age for all members and reestablish the Discontinued Retirement Service Program for Group F members. In addition, the bill would change the formula for calculating the pension amount of a Group F member who retires on a normal retirement by increasing the maximum number of years of credited service and the maximum benefit with sick leave credits.

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Expedited Bill No. 7-08
Concerning: Personnel – Retirement -
Group F - Mandatory Retirement
Revised: 4/2/08 Draft No. 1
Introduced: April 8, 2008
Expires: October 8, 2009
Enacted: _____
Executive: _____
Effective: July 1, 2008
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- (1) change the normal retirement date for a Group F member to 25 years of credited service regardless of age;
- (2) change the time period for a Group F member to submit written application for retirement to at least 2 weeks before the date elected;
- (3) repeal the mandatory retirement age for all members;
- (4) reestablish the Discontinued Retirement Service Program for Group F members;
- (5) change the formula for calculating the pension amount of a Group F member who retires on a normal retirement;
- (6) allow a Group F member to purchase service credit for leave without pay; and
- (7) generally amend the County retirement law.

By amending

Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-38, 33-38A, 33-41, and 33-42

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

The County Council for Montgomery County, Maryland approves the following Act

28 (2) The request and all endorsements must clearly demonstrate that
29 the extension is in the best interest of the County.

30 (3) The Chief Administrative Officer may request a certification of
31 the medical examiner that the member is medically acceptable
32 for continuance in the position.

33 (4) Request for an extension must be submitted at least 60 days
34 prior to mandatory retirement date.

35 The same procedure must be followed by a member of a participating
36 agency requesting an extension and will be subject to all requirements
37 established by the Chief Administrative Officer.]

38 [e] (c) Early retirement date. * * *

39 [f] (d) Trial retirement

- 40 (1) A trial retirement under this subsection is not available to:
- 41 [(A) a member required to retire under subsection (c);]
- 42 [(B)] (A) an elected official;
- 43 [(C)] (B) a non-merit appointed official;
- 44 [(D)] (C) a member covered under a collective bargaining
- 45 agreement, except [for] a member of the Police
- 46 Bargaining Unit;
- 47 [(E)] (D) a non-County Government employee; or
- 48 [(F)] (E) a member who participates in a retirement incentive
- 49 program.

50 * * *

51 **Sec. 2. Section 33-38A is amended as follows:**

52 **33-38A. Deferred Retirement Option Plans.**

53 * * *

54 (a) DROP Plan for Group F members. "Discontinued Retirement Service

55 Program" or "DRSP" means the DROP program for Group F
56 members.

57 (1) Eligibility. A Group F member who is at least [41] 46 years old
58 and has at least [20] 25 years of credited service may participate
59 in the DRSP.

60 (2) Application requirements. An eligible employee must apply at
61 least 60 days before the employee becomes a participant. [The
62 County must not approve an application for participation in the
63 DRSP on or after March 1, 2001.] An employee may withdraw
64 a pending application within 2 weeks after submitting the
65 application.

66 (3) Employee participation and termination. The employee's
67 participation in the DRSP must begin on the first day of a
68 month that begins at least 60 days, but not more than 90 days,
69 after the employee applied and must end [2] 3 years after the
70 employee begins to participate or at an earlier date chosen by
71 the employee. When the employee's participation in the
72 program ends, the employee must stop working for the County
73 and receive a pension benefit.

74 * * *

75 (6) Pension benefits.

76 (A) Before an employee's participation begins, the employee
77 must select a:

78 (i) pension payment option under Section 33-44 for
79 the regular retirement pension payments; and

80 (ii) pension payment distribution option for the
81 distribution of the employee's DRSP account.

82 (B) [Pension benefits will] A pension benefit must not be
 83 paid to the employee while the employee participates in
 84 the program, but [will] must be deposited in a DRSP
 85 account established for the participant by the County.
 86 The participant must receive the account balance and the
 87 County must close the account within 60 days after the
 88 [employee's participation] employee stops participating
 89 in the program [ends]. Subject to any requirements of the
 90 Internal Revenue Code and other applicable law, the
 91 employee may roll over the account balance into an
 92 eligible retirement plan.

93 * * *

94 (9) DRSP account distribution options. [An employee] A member
 95 may [elect to] have the balance of the DRSP account distributed
 96 as a lump sum or an annuity, or [to] have some or all paid
 97 directly to an eligible retirement plan as a direct rollover
 98 distribution. To the extent feasible, as determined by the Chief
 99 Administrative Officer, [an employee] a member alternatively
 100 may [choose to] receive the account balance as periodic
 101 payments calculated and distributed as an addition to the
 102 [employee's] member's regular retirement benefit. If the
 103 [employee] member dies before the balance of the DRSP
 104 account is distributed, the beneficiary may [elect to] receive
 105 distribution of the balance [according to] under any option
 106 described in this paragraph.

107 [(10) Termination of program for Group F members. The DRSP Plan
 108 program for Group F members must end on March 1, 2003.]

* * *

Sec. 3. Section 33-41 is amended as follows:

Sec. 33-41. Credited service.

* * *

(m) Purchase of service credits for periods of leave without pay. A Group F member who is on leave without pay, unrelated to disciplinary action, may buy service credits at their full actuarial cost, in a lump sum or on an extended basis, for up to one year of that leave.

[(m)] (n) Payment for purchase of service credits.

* * *

[(n)] (o) Limitation on purchase of credited service. Except as required by state or federal law, an elected officials' participant may not be granted or permitted to purchase credited service for any purpose under the elected officials' plan.

[(o)] (p) Despite any other provision in this Section, a member must not transfer or purchase credited service for membership in a defined contribution or capital accumulation plan or in a plan with both defined contribution and defined benefit elements.

Sec. 4. Section 33-42 is amended as follows:

33-42. Amount of pension at normal retirement date or early retirement date.

* * *

(b) Amount of pension at normal retirement date.

(1) Pension amount for an Optional Retirement Plan member.

* * *

(C) For a Group F member who is a member of the optional plan and retires on a normal retirement, the annual pension must equal 2.4% [percent] of average final

136 earnings multiplied by years of credited service, up to a
 137 maximum of [30] 36 years, [plus] including sick leave
 138 credits. Years of credited service of less than one full
 139 year must be prorated. Sick leave credits used for years
 140 in excess of 30 years must be credited at 2% [percent] of
 141 average final earnings. The maximum benefit with the
 142 application of sick leave credits must not exceed [76
 143 percent] 86.4% of average final earnings.

144 * * *

145 (2) Pension amount for an Integrated Retirement Plan member.

146 * * *

147 (D) For a Group F member in the integrated retirement plan
 148 who retires on a normal retirement, the annual pension
 149 must be computed as follows:

150 (i) From date of retirement to the month of attainment
 151 of Social Security retirement age: 2.4 percent of
 152 average final earnings multiplied by years of
 153 credited service up to a maximum of [30] 36 years,
 154 [plus] including sick leave credits. Credited
 155 service of less than one full year must be prorated.
 156 Sick leave credits used for years in excess of 30
 157 years must be credited at 2% [percent] of average
 158 final earnings. The maximum benefit with the
 159 application of sick leave credits must not exceed
 160 [76 percent] 86.4% of average final earnings.

161 * * *

162 **Sec. 5. Expedited Effective Date.**

LEGISLATIVE REQUEST REPORT

Expedited Bill 7-08, Personnel – Retirement – Group F –Mandatory Retirement

DESCRIPTION: The requested legislation amends the County Retirement Law to (1) change the normal retirement date for a Group F member to 25 years of credited service regardless of age; (2) change the time period for a Group F member to submit written application for retirement to at least two weeks before the date elected; (3) eliminate the mandatory retirement age for all members; (4) reestablish the Discontinued Retirement Service Program for Group F members; (5) change the formula for calculating the pension amount of a Group F member who retires on a normal retirement by increasing the maximum number of years of credited service, and the maximum benefit with sick leave credits as a percentage of average final earnings; (6) allow a Group F member to purchase service credit for leave without pay; and (7) generally amend the law regarding retirement.

PROBLEM: The proposed legislation accomplishes the changes contained in the Memorandum of Agreement between the Montgomery County Government and the Fraternal Order of Police Montgomery County Lodge #35, Inc that was negotiated pursuant to the “reopener” for the second year under Article 31(F) of the current collective bargaining agreement.

GOALS AND OBJECTIVES: To statutorily implement the terms of the “reopener” agreement recently negotiated with the FOP.

COORDINATION: Office of Human Resources

FISCAL IMPACT: Office of Management and Budget

ECONOMIC IMPACT: See OMB Fiscal Impact Statement.

EVALUATION: n/a



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

March 27, 2008

TO: Michael J. Knapp, President
Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Expedited Bill to Amend the County Retirement Law

Last month I transmitted for the Council's review the Memorandum of Agreement between the Montgomery County Government and the Fraternal Order of Police Montgomery County Lodge #35, Inc. that was negotiated pursuant to the "reopener" for the second year under Article 31(F) of the current collective bargaining agreement. A fiscal impact statement was included in that packet. The attached expedited bill would amend the County Retirement Law to accomplish those negotiated changes.

Attachments

IL:sw