

**MEMORANDUM**

TO: County Council

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

SUBJECT: **Introduction:** Bill 11-08, Personnel – Retirement –Guaranteed Retirement  
Income Plan – Pension Benefits – Group E

Bill 11-08, Personnel – Retirement –Guaranteed Retirement Income Plan – Pension Benefits – Group E, 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 11-08 would implement the changes in the retirement laws negotiated by the Executive and the Municipal & County Government Employees Organization/United Food and Commercial Workers Union Local 1994 in the “reopener” for the second year of the current Agreement. The Bill would create a new benefit structure within the employees’ retirement system beginning July 1, 2009 and increase the normal retirement pension benefit of a Group E member of the integrated plan. The Bill would also require a new employee work for 180 days before participating in the County retirement plans.

<u>This packet contains:</u>	<u>Circle #</u>
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Bill No. 11-08  
 Concerning: Personnel - Retirement -  
Guaranteed Retirement Income Plan -  
Pension Benefits - Group E  
 Revised: 4/04/08 Draft No. 1  
 Introduced: April 8, 2008  
 Expires: October 8, 2008  
 Enacted: \_\_\_\_\_  
 Executive: \_\_\_\_\_  
 Effective: 1/1/2009 and 7/1/2009  
 Sunset Date: None  
 Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

**COUNTY COUNCIL**  
**FOR MONTGOMERY COUNTY, MARYLAND**

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By: Council President at the Request of the County Executive

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**AN ACT** to:

- (1) create a new benefit structure within the employees' retirement system;
- (2) increase the normal retirement pension benefit of a Group E member of the integrated plan;
- (3) require employees to have 180 days of employment before becoming eligible to participate in the Retirement Savings Plan; and
- (4) generally amend the law regarding retirement.

By amending

Montgomery County Code  
 Chapter 33, Personnel and Human Resources  
 Sections 33-35, 33-37, 33-38, 33-39, 33-40, 33-41, 33-42, 33-43, 33-44, 33-45, 33-46, 33-47, 33-52, 33-115, 33-119, 33-128, 33-134 and 33-139

<b>Boldface</b>	<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:*



- 27 (1) A full-time employee of the County or participating agency must  
28 become a member of a County retirement plan as a condition of  
29 employment, when the employee meets the applicable eligibility  
30 requirements, if the employee waives all rights of membership  
31 under any other retirement system supported in whole or in part  
32 by the State, a political subdivision of the State, or the County.
- 33 (2) A part-time employee who becomes a full-time employee and is  
34 not an active member of any County retirement plan, must  
35 become an active member of either:
- 36 (A) the integrated retirement plan, if the employee is eligible  
37 for membership in the integrated plan; [or]
- 38 (B) the Retirement Savings Plan, if the employee satisfies the  
39 requirements for membership in Group I or II, even if the  
40 employee did not begin or return to County service on or  
41 after October 1, 1994[.]; or
- 42 (C) the guaranteed retirement income plan if the employee is  
43 eligible for membership and makes an election to  
44 participate as described in subsection (k).
- 45 (3) A temporary employee who becomes a full-time employee must  
46 become an active member of either:
- 47 (A) the integrated plan, if the employee is eligible for  
48 membership in the integrated plan; [or]
- 49 (B) the Retirement Savings Plan, if the employee satisfies the  
50 requirements for membership in Group I or II, even if the  
51 employee did not begin or return to County service on or  
52 after October 1, 1994[.]; or

53 (C) the guaranteed retirement income plan if the employee is  
54 eligible for membership and makes an election to  
55 participate as described in subsection (k).

56 (b) Part-time employees.

57 \* \* \*

58 (2) A part-time employee who is not an active member of a  
59 retirement plan may become a member of:

60 (A) the integrated plan, if the employee is eligible for  
61 membership in the integrated plan; [or]

62 (B) the Retirement Savings Plan if the employee satisfies the  
63 requirements for membership in Group I or II, even if the  
64 employee did not begin or return to County service on or  
65 after October 1, 1994[.]; or

66 (C) the guaranteed retirement income plan if the employee is  
67 eligible for membership and makes an election to  
68 participate as described in subsection (k).

69 \* \* \*

70 (5) A full-time employee who becomes a part-time employee may  
71 withdraw from active membership in the optional, [or] integrated  
72 or guaranteed retirement income plan and stop making retirement  
73 contributions, but may not become an active member of a County  
74 retirement plan again unless the employee becomes a full-time  
75 employee or an elected official.

76 \* \* \*

77 (e) Retirement plans.

78 (1) This retirement system consists of an integrated retirement plan,  
 79 an optional retirement plan, [and] an elected officials' plan, and a  
 80 guaranteed retirement income plan.

81 \* \* \*

82 (8) A former County employee who returns to County service may  
 83 transfer to the Retirement Savings Plan or to the guaranteed  
 84 retirement income plan the actuarial present value of the  
 85 employee's benefit in the [Employees' Retirement System]  
 86 optional plan or integrated plan, calculated using the [System's]  
 87 latest published valuation assumptions, as of the date the  
 88 employee returns to County service, if the employee:

89 (A) was vested under Section 33-45 when the employee left  
 90 County service;

91 (B) left all member contributions plus credited interest in the  
 92 fund;

93 (C) left County service before October 1, 1994; and

94 (D) did not return to County service within 25 months.

95 (f) *Membership groups and eligibility.* Any full-time or part-time  
 96 employee is eligible for membership in the appropriate membership  
 97 group outlined below if the employee meets all of the requirements for  
 98 the group:

99 (1) Group A: An employee, elected official, or appointed official not  
 100 eligible for membership in another group is a group A member.  
 101 An employee who otherwise would be eligible for membership in  
 102 group A must participate in the guaranteed retirement income  
 103 plan or the Retirement Savings Plan if the employee:

- 104 (A) begins, or returns to, County service on or after October 1,
- 105 1994 (except as provided in the last sentence of subsection
- 106 (e)(2));
- 107 (B) is not represented by an employee organization;
- 108 (C) does not occupy a bargaining unit position; and
- 109 (D) is not an elected official (except as provided in subsection
- 110 (e)(4)(D)(ii)).

\* \* \*

112 (4) Group E: The chief administrative officer, the [director of the]

113 council staff director, the hearing examiners, the county attorney

114 and each head of a principal department, office or agency of the

115 county government, if appointed to such position before July 30,

116 1978, or a member having held such position on or before

117 October 1, 1972. Any sworn deputy sheriff and any County

118 correctional staff or officer as designated by the chief

119 administrative officer. Any group E member who has reached

120 elective early retirement date may retain membership in group E

121 in the event of transfer from the position which qualified the

122 member for group E. Any group E member who is temporarily

123 transferred from the position which qualified the member for

124 group E may retain membership in group E as long as the

125 temporary transfer from the group E position does not exceed 3

126 years. Notwithstanding the foregoing provisions in group E, any

127 employee who is eligible for membership in group E must

128 participate in the guaranteed retirement income plan or the

129 retirement savings plan under Article VIII if the employee:

- 130 (A) (i) begins, or returns to, County service on or after  
 131 October 1, 1994 (except as provided in the last  
 132 sentence of subsection (e)(2));
- 133 (ii) is not represented by an employee organization; and  
 134 (iii) does not occupy a bargaining unit position; or
- 135 (B) (i) begins County service on or after October 1, 1994;  
 136 and
- 137 (ii) is subject to the terms of a collective bargaining  
 138 agreement between the County and an employee  
 139 organization which requires the employee to  
 140 participate in the guaranteed retirement income plan  
 141 or the retirement savings plan.

142 \* \* \*

- 143 (7) Group H: Any member, including any probationary employee,  
 144 who holds a bargaining unit position described in section 33-  
 145 105(a)(1) or section 33-105(a)(2), unless the member is eligible  
 146 for membership in group B or E. Notwithstanding the foregoing  
 147 provisions in group H, any employee who is eligible for  
 148 membership in group H must participate in the guaranteed  
 149 retirement income plan or the retirement savings plan under  
 150 Article VIII if the employee:

- 151 (A) begins, or returns to, County service on or after October 1,  
 152 1994 (except as provided in the last sentence of subsection  
 153 (e)(2)); and
- 154 (B) is subject to the terms of a collective bargaining agreement  
 155 between the County and an employee organization which

156 requires the employee to participate in the guaranteed  
 157 retirement income plan or the retirement savings plan.

158 \* \* \*

159 (h) Requirements of membership. Unless specifically exempt from  
 160 membership by the chief administrative officer, each full-time employee  
 161 of the county government or a participating agency must become a  
 162 member or forfeit employment when the employee meets the eligibility  
 163 requirements. If the administrative head of a participating agency fails  
 164 to enforce this provision, new employees of the agency shall be  
 165 ineligible to be enrolled as members.

166 \* \* \*

167 (k) Election to join the guaranteed retirement income plan.

168 (1) A full time or part time employee hired on and after July 1, 1994  
 169 and before January 1, 2009 who participates in the retirement  
 170 savings plan and who is not a public safety employee as defined  
 171 in Section 33-113(o) may make a one time irrevocable election to  
 172 terminate participation in the retirement savings plan and  
 173 participate in the guaranteed retirement income plan effective the  
 174 first full paycheck after July 1, 2009. An employee must make  
 175 this election between December 31, 2008 and June 1, 2009. An  
 176 employee who makes this election will have his or her retirement  
 177 savings plan account balance transferred to the guaranteed  
 178 retirement income plan. The amount transferred into the  
 179 guaranteed retirement income plan will become the participant's  
 180 initial guaranteed retirement income plan account balance. An  
 181 employee who does not make this election must continue  
 182 participation in the retirement savings plan.

- 183           (2) A full time or part time employee hired between December 31,  
184           2008 and July 1, 2009 who participates in the retirement savings  
185           plan and who is not a public safety employee as defined in  
186           Section 33-113(o) may make a one time irrevocable election to  
187           terminate participation in the retirement savings plan. An  
188           employee has one hundred and fifty (150) days from the date of  
189           hire to make this election and will begin participation on the first  
190           full payroll after completing 180 days of employment. An  
191           employee who makes this election will have his or her retirement  
192           savings plan account balance transferred to the guaranteed  
193           retirement income plan. The amount transferred into the  
194           guaranteed retirement income plan will become the participant's  
195           initial guaranteed retirement income plan account balance. An  
196           employee who does not make this election must continue  
197           participation in the Retirement Savings Plan.
- 198           (3) A full time employee hired on and after July 1, 2009 and a part  
199           time or temporary employee who becomes full time on and after  
200           July 1, 2009 who does not participate in the retirement savings  
201           plan and who is not a public safety employee, as defined in  
202           Section 33-113(o), may elect to participate in the guaranteed  
203           retirement income plan. An eligible employee must make an  
204           irrevocable election during the first 150 days of full time  
205           employment. If an eligible employee elects to participate,  
206           participation will begin on the first payroll after an employee has  
207           completed 180 days of full time employment. An employee who  
208           does not elect to participate in the guaranteed retirement income  
209           plan must participate in the retirement savings plan beginning on

210 the first payroll after the employee completes 180 days of full  
211 time employment.

212 (4) A part time or temporary employee hired on or after July 1, 1994  
213 who does not participate in the retirement savings plan, and who  
214 is not a public safety employee as defined in Section 33-113(o),  
215 may make a one time irrevocable election to participate in the  
216 guaranteed retirement income plan after the employee completes  
217 at least 150 days of employment. Participation will begin on the  
218 first full payroll 30 days after the employee makes the election.

219 **33-38. Normal retirement date, mandatory retirement date, early retirement**  
220 **date, and trial retirement.**

221 (a) Normal retirement date. The normal retirement date is the first day of  
222 the month elected by a member after the member meets the years of  
223 service and age requirements for the applicable membership group. For  
224 normal retirement:

225 \* \* \*

226 (9) A guaranteed retirement income plan participant must be at least  
227 age 62 with three years of credited service.

228 \* \* \*

229 (e) Early retirement date. A member who has not met the age and service  
230 requirements for a normal retirement date may elect to retire on the first  
231 date of a month and may elect to receive pension payments beginning  
232 on an early retirement date if the following requirements are met:

233 \* \* \*

234 (3) There is no early retirement provision under the guaranteed  
235 retirement income plan.

236 \* \* \*

237

238 **33-39 Member contributions and credited interest.**

239 (a) Member contributions. Each member of the retirement system must  
 240 contribute a portion of the member's regular earnings through regular  
 241 payroll deductions.

242

\* \* \*

243 (4) Member contributions to the guaranteed retirement income plan.

244 (A) A member in the guaranteed retirement income plan must  
 245 contribute 4 percent of regular earnings less than or equal  
 246 to the Social Security wage base and 8 percent of regular  
 247 earnings that exceed the Social Security wage base.

248 (B) To the extent allowed under Section 414(h)(2) of the  
 249 Internal Revenue Code, the County must "pick up" (as  
 250 described in the Internal Revenue Code) member  
 251 contributions to the guaranteed retirement income plan. A  
 252 member is always vested in the member's contributions.

253 (C) When a member rejoins County service after military  
 254 service that qualifies under Section 33-41(p) as credited  
 255 service, the County must credit the member with the  
 256 amount equal to the amount that the member would have  
 257 contributed if the member had worked for the County  
 258 during the period of military service. Contribution credits  
 259 for the period of military service must be based on the  
 260 regular earnings the member would have earned during the  
 261 period of military service. If the regular earnings are not  
 262 reasonably ascertainable, the credit must be based on the  
 263 member's regular earnings during a period immediately

264 preceding the military service. The averaging period is 12  
265 months, or the full length of the member's County service,  
266 whichever is shorter. The member will not receive any  
267 retroactive credited interest on the contribution credits.

268 [(4)](5) \* \* \*

269 [(5)](6) \* \* \*

270 (b) Credited interest.

271 \* \* \*

272 (5) A member of the guaranteed retirement income plan will receive  
273 credited interest at a rate of 7.25% on the member's contributions  
274 in the member's guaranteed retirement income plan account. If  
275 the 7.25% interest rate does not comply with applicable law, the  
276 third segment rate described in Internal Revenue Code Section  
277 430(h)(2)(G) will apply. Interest will be credited to the  
278 member's contributions credited to a member's guaranteed  
279 retirement income plan account balance on a monthly basis as of  
280 the last day of the month.

281 (c) Return of member contributions.

282 (1) Refund after employee's separation under the optional and  
283 integrated plans.

284 \* \* \*

285 (6) Refund of member contributions in the guaranteed retirement  
286 income plan. A member who ends employment with the County  
287 who is not vested may receive a distribution of the member's  
288 guaranteed retirement income plan account balance attributable to  
289 member contributions under Section 33-39 and interest on those  
290 contributions as soon as reasonably feasible after the member

291 submits a properly completed distribution form. Any death  
 292 benefits will be paid under Section 33-46. Any indebtedness to  
 293 the County government will be subtracted from the member's  
 294 refund.

295 \* \* \*

296

297 **33-40 Employer Contributions.**

298 \* \* \*

299 (e) Guaranteed retirement income plan.

300 (1) Each pay period, the County must credit to each member's  
 301 guaranteed retirement income plan account an amount equal to  
 302 eight (8) percent of the member's regular earnings. Interest will  
 303 be credited at a rate of 7.25% on the County contribution credits.  
 304 If the 7.25% interest rate does not comply with applicable law,  
 305 the third segment rate described in Internal Revenue Code  
 306 Section 430(h)(2)(G) will apply. Interest will be credited to the  
 307 County contributions credited to a member's guaranteed  
 308 retirement income plan account balance on a monthly basis as of  
 309 the last day of the month.

310 (2) When a member rejoins County service after military service that  
 311 qualifies under Section 33-41(p) as credited service, the County  
 312 must credit the member the amount that the County would have  
 313 credited the member if the member worked for the County during  
 314 the period of military service. The credits must be based on the  
 315 regular earnings the member would have earned during the  
 316 period of military service. If the regular earnings are not  
 317 reasonably ascertainable, the County contribution credit must be

318 based on the member's regular earnings during a period  
 319 immediately preceding military service. The averaging period is  
 320 12 months, or the full length of the member's County service,  
 321 whichever is shorter. The member will not receive any  
 322 retroactive credited interest on the County contribution credits.

323  
 324 **33-41 Credited Service.**

325 \* \* \*

326 (p) For purposes of the guaranteed retirement income plan, (a)-(o) of this  
 327 subsection do not apply and credited service is determined only under  
 328 this subsection.

329 (1) Credited service includes the total County service the participant  
 330 rendered under the guaranteed retirement income plan, the  
 331 retirement savings plan, the optional retirement plan, and the  
 332 integrated plan. Each participant must receive one year of  
 333 credited service for each year of County service while  
 334 participating in one of the County's retirement plans. Each year  
 335 of County service ends on the anniversary of the participant's  
 336 date of participation.

337 (2) County service includes any period of service in the armed forces  
 338 of the United States or a state militia or other military service  
 339 covered under the Uniformed Services Employment and  
 340 Reemployment Rights Act if the member:

341 (A) was a member of the retirement savings plan, the optional  
 342 retirement plan, the integrated plan, or the guaranteed  
 343 retirement income plan when the military service began;

344 (B) applied for reemployment or returned to County service  
 345 within:

346 (i) one year of discharge from the military service and  
 347 without any other employment following discharge  
 348 from the military service; or

349 (ii) within two years after completion of military service  
 350 if the member was hospitalized or convalescing  
 351 from an illness or injury incurred or aggravated  
 352 during military service; or

353 (iii) more than two years if circumstances beyond the  
 354 control of the participant made it impossible or  
 355 unreasonable for the participant to apply for  
 356 reemployment within two years; and

357 (C) the total period of military service did not exceed five  
 358 years, excluding periods of military service described  
 359 under Section 4312(c) of Title 38 of the United States  
 360 Code.

361 (3) An employee who did not become a member of the guaranteed  
 362 retirement income plan solely because the employee was called  
 363 to active duty before completing 180 days of County  
 364 employment, will be eligible to receive contribution credit under  
 365 Sections 33-39 and 33-40 if the employee elects to participate in  
 366 the guaranteed retirement income plan upon re-employment.

367  
 368 **33-42 Amount of pension at normal retirement date or early retirement date.**

369 \* \* \*

370 (b) *Amount of pension at normal retirement date.*



retirement. The County must increase this initial amount by the cost-of-living adjustments provided under Section 33-44(c) for the period from the member's date of retirement to the month in which the member reaches Social Security retirement age.

\* \* \*

(4) Guaranteed retirement income plan. A member who retires on or after the member's normal retirement date may receive that member's vested guaranteed retirement income plan account balance in accordance with Section 33-44.

(c) *Amount of pension at early retirement date and early retirement reduction factors.*

\* \* \*

(3) Guaranteed retirement income plan. A participant who terminates employment before the member's normal retirement date may receive the participant's vested guaranteed retirement income plan account balance upon termination of employment in accordance with Section 33-44.

\* \* \*

**33-43 Disability Retirement.**

\* \* \*

(n) Guaranteed retirement income plan. Sections (a)-(m) do not apply to a participant in the guaranteed retirement income plan. If a participant incurs a disability before termination from County employment which makes the participant unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted

425 or can be expected to last for a continuous period of not less than 12  
426 months, the disabled participant must remain a participant in the  
427 guaranteed retirement income plan under the following rules:

428 (1) All amounts credited to the participant's guaranteed retirement  
429 income plan account are 100% vested regardless of the  
430 participant's credited service.

431 (2) The participant must participate in the guaranteed retirement  
432 income plan under this Section until the participant dies, reaches  
433 his or her normal retirement date or recovers from the disability.

434 (3) In determining the credited amount of County contributions  
435 under Section 33- 40, the participant's regular earnings means the  
436 regular earnings the participant would have received for the year  
437 if the participant was paid for the full year at the rate of  
438 compensation paid in the pay period immediately before the  
439 participant became disabled.

440 (4) The participant must not receive a distribution during any period  
441 in which the participant receives a County contribution credit.

442 (5) The participant must not make member contributions under  
443 Section 33-39 during the disability participation.

444 **33-44 Pension payment options and cost-of-living adjustments.**

445 (a) Pension payment options for optional and integrated plans.

446 \* \* \*

447 (e) Applicability of cost-of-living adjustments to elected officials' plan and  
448 the guaranteed retirement income plan. Cost-of-living adjustments do  
449 not apply to the elected officials' plan and the guaranteed retirement  
450 income plan.

451 \* \* \*

452 (g) Distributions from the guaranteed retirement income plan. Upon  
453 termination of County employment, a participant may request a  
454 distribution from the guaranteed retirement income plan of a  
455 participant's vested guaranteed retirement income plan account balance.

456 (1) Lump Sum Method of Distribution. Unless a participant elects  
457 an annuity under (2), a participant will receive the participant's  
458 vested guaranteed retirement income plan account balance in a  
459 single lump sum. The participant may elect to have the lump  
460 sum paid as a direct rollover to an eligible retirement plan as  
461 defined in the Internal Revenue Code.

462 (2) Annuity Method of Distribution. A participant may elect to  
463 receive the participant's guaranteed retirement income plan  
464 account balance paid in a single life annuity payable to the  
465 participant during the life of that participant. The Board must use  
466 the participant's vested guaranteed retirement income plan  
467 account balance to buy an annuity contract from an insurance  
468 company authorized to do business in the State.

469 (3) No other forms of payment options listed in this Section are  
470 available to guaranteed retirement income plan participants.

471 [(g)](h) \* \* \*

472 [(h)](i) \* \* \*

473 [(i)](j) \* \* \*

474 [(j)](k) \* \* \*

475 [(k)](l) \* \* \*

476 [(l)](m) \* \* \*

477 (n) Required distributions for guaranteed retirement income plan  
478 participants. The distribution of a participant's guaranteed retirement

479 income plan account balance must be made no later than April 1 of the  
 480 calendar year following the later of the calendar year in which the  
 481 participant attains age seventy and one-half (70 1/2) or the calendar year  
 482 in which the participant terminates employment. Distributions will be  
 483 made in accordance with subsection (g). If the participant fails to elect a  
 484 form of distribution, the distribution will be made in a lump sum. If the  
 485 participant dies before beginning to receive benefits, the participant's  
 486 designated beneficiary under 33-46(h) will receive a lump sum  
 487 distribution as soon as practicable following the participant's death but  
 488 in no event later than the December 31<sup>st</sup> of the year containing the fifth  
 489 anniversary of the participant's death.

490 [(m)](o) \* \* \*  
 491 [(n)](p) \* \* \*  
 492 [(o)](q) \* \* \*  
 493 [(p)](r) \* \* \*

494 **33-45. Vested benefits and withdrawal of contributions.**

495 (a) *Eligibility for vesting for optional and integrated plans.* A member  
 496 must complete 5 years of membership before the member is qualified to  
 497 vest, except that a member who has transferred service credit from a  
 498 public retirement system in Maryland may use that service credit to  
 499 qualify for vesting. A vested member must leave all member  
 500 contributions, plus credited interest, in the fund to be eligible to receive  
 501 retirement benefits.

502 (b) *Withdrawal of contributions for optional and integrated plans.*

503 \* \* \*

504 (c) *Vested benefits.*

505 \* \* \*



533 plan account, the guaranteed retirement income plan account balance  
534 must be distributed to the participant's designated beneficiary in a lump  
535 sum as soon as practicable following the participant's death but in no  
536 event later than the December 31<sup>st</sup> of the year containing the fifth  
537 anniversary of the participant's death.

538 (1) A participant may name a primary beneficiary or beneficiaries  
539 and contingent beneficiary or beneficiaries on a designation of  
540 beneficiaries form to be filed with the Office of Human  
541 Resources. If a participant names two or more persons as  
542 beneficiaries, the persons are considered co-beneficiaries and  
543 share the benefit equally unless the participant specifies otherwise  
544 on the designation of beneficiaries form. A participant may  
545 change any named beneficiary by completing a new designation  
546 of beneficiaries form. The consent of the beneficiary or  
547 beneficiaries is not required to name or change a beneficiary.  
548 The designation is effective when the participant signs the form  
549 even if the participant is not living when the Office receives the  
550 request, but without prejudice for any payments made before the  
551 Office of Human Resources received the request.

552 (2) If a participant dies without designating a surviving beneficiary  
553 or the designation is not enforceable under subsection (i), the  
554 surviving spouse or domestic partner (or if there is no surviving  
555 spouse or domestic partner, each surviving child, sharing equally  
556 with any other surviving child) is the designated beneficiary. If  
557 no spouse, domestic partner, or child survives a participant who  
558 left no enforceable beneficiary designation, the participant's estate  
559 is the designated beneficiary.

560 [(h)](i) \* \* \*

561 **33-47 Administration.**

562 \* \* \*

563 (e) Payment of expenses and contributions.

564 \* \* \*

565 (2) The board must pay:

566 (A) operating expenses of the integrated retirement plan, [and]  
 567 the optional retirement plan and the guaranteed retirement  
 568 income plan from the assets of these plans; and

569 \* \* \*

570 **33-52 Payment of benefits.**

571 \* \* \*

572 (b) Discontinuance of pension payments. A member must not receive  
 573 pension payments while serving in an appointed or elected County  
 574 office that receives any compensation paid by the County. A member  
 575 appointed to a full-time County position must become a member of the  
 576 retirement system or the Retirement Savings Plan under Sections 33-37  
 577 and 33-115 and make member contributions until later separation under  
 578 Article III or Article VIII. The retirement benefit of an employee who  
 579 resumes membership in the optional or integrated plan must be  
 580 recalculated when the employee later separates from service. The  
 581 retirement benefit under the integrated or optional plans of Article III of  
 582 an employee who becomes a member of the Retirement Savings Plan or  
 583 the guaranteed retirement income plan must resume when the employee  
 584 later separates from service.

585 \* \* \*

586 **33-115 Participant requirements and participant groups.**

- 587 (a) Participant Requirements.
- 588 (1) Full-time employees.
- 589 (A) Except as provided in paragraphs (3), [and] (4) and (7) and
- 590 the last sentence of Section 33-37(e)(2), a full-time
- 591 employee eligible for membership in Group I or Group II
- 592 must participate in the Retirement Savings Plan when the
- 593 full-time employee meets the applicable eligibility
- 594 requirements or forfeit employment, unless the Chief
- 595 Administrative Officer exempts the employee from
- 596 participation.
- 597 (B) A part-time employee who becomes a full-time employee
- 598 and is not an active member of any retirement plan for
- 599 County employees, must become a member of either:
- 600 (i) the integrated retirement plan, if the employee is
- 601 eligible for membership in the integrated plan; [or]
- 602 (ii) the Retirement Savings Plan, if the employee
- 603 qualifies for Group I or II, even if the employee did
- 604 not begin or return to County service on or after
- 605 October 1, 1994[.]; or
- 606 (iii) the guaranteed retirement income plan if the
- 607 employee is eligible for membership and makes an
- 608 election in accordance with subsection (7).
- 609 (C) A temporary employee who becomes a full-time employee
- 610 must become an active member of either:
- 611 (i) the integrated plan, if the employee is eligible for
- 612 membership in the integrated plan; [or]

- 613 (ii) the Retirement Savings Plan, if the employee  
 614 satisfies the requirements for membership in Group  
 615 I or II, even if the employee did not begin or return  
 616 to County service on or after October 1, 1994[.]; or  
 617 (iii) the guaranteed retirement income plan if the  
 618 employee is eligible for membership in the  
 619 guaranteed retirement income plan and makes and  
 620 election in accordance with subsection (7).

621 (2) Part-time employees.

622 (A) A part-time employee eligible for membership in Group I  
 623 or Group II may elect to participate in the plan. An  
 624 employee who becomes a member of the Retirement  
 625 Savings Plan must remain an active member until the  
 626 employee becomes ineligible for membership in Group I  
 627 or II.

628 (B) A part-time employee who is not an active member of a  
 629 retirement plan may become a member of either:

630 (i) the integrated plan, if the employee is eligible for  
 631 membership in the integrated plan; [or]

632 (ii) the Retirement Savings Plan if the employee  
 633 satisfies the requirements for membership in Group  
 634 I or II, even if the employee did not begin or return  
 635 to County service on or after October 1, 1994[.]; or

636 (iii) the guaranteed retirement income plan if the  
 637 employee is eligible for membership and makes an  
 638 election in accordance with subsection (7).

639 \* \* \*

640 (7) Election to participate in the guaranteed retirement income plan.

641 (A) A full time employee hired on and after July 1, 2009 and a  
 642 part time and temporary employee who becomes full time  
 643 after July 1, 2009, who is not a public safety employee,  
 644 may elect to participate in the guaranteed retirement  
 645 income plan. An eligible employee must make a one time  
 646 irrevocable election during the first 150 days of  
 647 employment. If an eligible employee elects to participate,  
 648 participation will begin on the first payroll after an  
 649 employee has completed 180 days of full time  
 650 employment. A full time employee who does not elect to  
 651 participate in the guaranteed retirement income plan must  
 652 participate in the retirement savings plan beginning on the  
 653 first payroll after the employee has completed 180 days of  
 654 full time employment.

655 (B) A part time or temporary employee hired on or after July 1,  
 656 1994 who is not a participant in the retirement savings  
 657 plan, and who is not a public safety employee, may make a  
 658 one time irrevocable election to participate in the  
 659 guaranteed retirement income plan any time after the  
 660 employee has completed 150 days of employment.

661 (b) Participants groups and eligibility.

662 (1) Group I. Except as provided in the last sentence of Section 33-  
 663 37(e)(2), any full - time or career part-time employee meeting the  
 664 criteria in (A) or (B) below must participate in the retirement  
 665 savings plan if the employee begins, or returns to, County service  
 666 on or after October 1, 1994[; and]. Employees hired on and after

667 July 1, 2009 must be employed on a full time or part time basis  
 668 with the County for 180 days before participating in the  
 669 retirement savings plan. Participation will begin on the first  
 670 payroll after an employee has completed 180 days of  
 671 employment if the employee:

672 (A) (i) is not represented by an employee organization;  
 673 (ii) does not occupy a bargaining unit position; [and]  
 674 (iii) is not a public safety employee; [or] and  
 675 (iv) does not elect to participate in the guaranteed  
 676 retirement income plan; or

677 (B) (i) is not a public safety employee;  
 678 (ii) is subject to the terms of a collective bargaining  
 679 agreement between the County and an employee  
 680 organization which requires the employee to  
 681 participate in the retirement savings plan[.] if the  
 682 employee does not elect to participate in the  
 683 guaranteed retirement income plan; and  
 684 (iii) does not elect to participate in the guaranteed  
 685 retirement income plan.

686 \* \* \*

687 (c) Transfers.

688 (1) Transfers from the retirement savings plan are [not permitted]  
 689 only permitted as described in (4). After an employee enrolls in  
 690 the retirement savings plan, the employee must continue in the  
 691 retirement savings plan until the employee ceases to be eligible  
 692 for membership in either Group I or Group II. If an employee is  
 693 no longer eligible for membership in Group I or Group II, the

694 employee will be eligible to participate in the plan of the  
 695 retirement system in which the member qualifies for participation  
 696 under Article III.

697 (A) A former participant who is no longer eligible to  
 698 participate in the retirement savings plan retains the right  
 699 to the vested account balances and any distribution under  
 700 the retirement savings plan[.], unless the participant elected  
 701 to participate in the guaranteed retirement income plan  
 702 under subsection (4) and the participant's account balance  
 703 was transferred to the guaranteed retirement income plan.

704 (B) The former participant's participation under the optional  
 705 retirement plan, the integrated retirement plan or the  
 706 guaranteed retirement income plan is governed by Article  
 707 III.

708 \* \* \*

709 (4) Transfer to the guaranteed retirement income plan.

710 (A) A full time or part time employee hired on and after July 1,  
 711 1994 and before January 1, 2009 who participates in the  
 712 retirement savings plan, and who is not a public safety  
 713 employee, may make a one time irrevocable election to  
 714 terminate participation in the retirement savings plan and  
 715 participate in the guaranteed retirement income plan  
 716 effective the first full paycheck after July 1, 2009. An  
 717 employee must make this election between December 31,  
 718 2008 and June 1, 2009. An employee who elects to  
 719 terminate participation in the retirement savings plan will  
 720 have his or her account balances transferred to the

721 guaranteed retirement income plan. An employee who  
 722 does not make this election must continue to participate in  
 723 the retirement savings plan.

724 (B) A full time or part time employee hired between December  
 725 31, 2009 and July 1, 2009 who participates in the  
 726 retirement savings plan, and who is not a public safety  
 727 employee, may make a one time irrevocable election to  
 728 terminate participation in the retirement savings plan and  
 729 participate in the guaranteed retirement income plan. An  
 730 employees has one hundred and fifty (150) days from the  
 731 date of hire to make this election. An employee who  
 732 makes this election will have his or her account balance  
 733 transferred to the guaranteed income plan. An employee  
 734 who does not make this election must continue to  
 735 participate in the retirement savings plan.

736 **33-119. Credited service.**

737 (a) A participant's credited service is the total County service the participant  
 738 rendered under the Retirement Savings Plan, the optional retirement  
 739 plan, the integrated plan and the guaranteed retirement income plan. A  
 740 participant must receive credited service for any period when the  
 741 participant was a part-time employee contributing to an employer-  
 742 supported savings program provided by a participating agency. An  
 743 employee hired before July 1, 2009 [Each participant] must receive 1  
 744 year of credited service for each year of County service and [.] [E]each  
 745 year of County service ends on the anniversary of the date the  
 746 participant starting working for the County. An employee hired on and  
 747 after July 1, 2009 must receive one year of credited service for each

748 year of participation in a County retirement plan. A person who  
 749 transferred to the Retirement Savings Plan under Section 115(a)(3) or  
 750 (4) must receive credit for County service for creditable State service  
 751 earned as a State employee of the County Department of Social  
 752 Services. A person who does not transfer to the Retirement Savings  
 753 Plan under Section 115(a)(3) must not receive credit for County service  
 754 for this State service.

755 (b) County service includes any period of compulsory or voluntary service  
 756 in the armed forces of the United States or a state militia if the  
 757 participant:

758 (1) was a member of the Retirement Savings Plan, the optional  
 759 retirement plan, the guaranteed retirement income plan or the  
 760 integrated plan when the military service began;

761 \* \* \*

762 (4) An employee who did not become a member of the retirement  
 763 savings plan solely because the employee was called to active  
 764 duty before completing 180 days of County employment, will be  
 765 eligible to receive contributions under Sections 33-115 and 33-  
 766 116 if the employee becomes a participant in the retirement  
 767 savings plan upon re-employment.

768 **33-128 Definitions.**

769 \* \* \*

770 (j) Employee means an employee of the County who:

771 (1) participates in the retirement savings plan under this Article or  
 772 the guaranteed retirement income plan under Article III; and

773 (2) is regularly scheduled to work 20 hours or more per week.

774 \* \* \*

775 **33-134 Reduction of benefits.**

776 (a) Reduction by payments received. Disability benefits must be reduced by  
777 any amount the employee receives from:

778 \* \* \*

779 (4) the optional or integrated plan of the employees' retirement  
780 system under Article III;

781 \* \* \*

782 **33-139 Severance pay.**

783 The County or the applicable agency must pay any participant in the  
784 Employees' Retirement Savings Plan or the guaranteed retirement income plan  
785 severance pay when the participant is separated from service by an affirmative  
786 administrative action other than dismissal for cause. An agency may adopt  
787 this severance pay plan under an adoption agreement approved by the Chief  
788 Administrative Officer.

789 **Sec. 2. Effective Date.**

790 Section 33-37 and Section 33-115, as amended by Section 1, are effective on  
791 January 1, 2009. The rest of this Act takes effect on July 1, 2009.

792 *Approved:*

793

\_\_\_\_\_  
Michael J. Knapp, President, County Council

\_\_\_\_\_  
Date

794

795 *Approved:*

796

\_\_\_\_\_  
Isiah Leggett, County Executive

\_\_\_\_\_  
Date

## LEGISLATIVE REQUEST REPORT

Bill 11-08, Personnel – Retirement – Guaranteed Retirement Income Plan – Pension Benefits –  
Group E

- DESCRIPTION:** The requested legislation amends the County Retirement Law to (1) create a new Guaranteed Retirement Income Plan; (2) increase the normal retirement pension benefit of a Group E member of the integrated plan; and (3) require employees to have 180 days of employment before becoming eligible to participate in the Retirement Savings Plan.
- PROBLEM:** The proposed legislation accomplishes the changes contained in the Memorandum of Agreement between the Montgomery County Government and the Municipal & County Government Employees Organization/United Food and Commercial Workers Union Local 1994 that was negotiated pursuant to the “reopener” for the second year under Section 49.2 of the current collective bargaining agreement.
- GOALS AND OBJECTIVES:** To establish a new hybrid benefit structure that is a cross between a defined benefit and a defined contribution plan.
- COORDINATION:** Office of Human Resources
- FISCAL IMPACT:** Office of Management and Budget
- ECONOMIC IMPACT:** See page 8-16 of the County Executive’s FY 09 Recommended Operating Budget for the fiscal impact of GRIP on MCGEO bargaining unit employees and page 8-18 on non-represented employees.
- EVALUATION:** n/a

BILL



OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

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Isiah Leggett  
County Executive

MEMORANDUM

April 1, 2008



TO: Michael J. Knapp, President  
Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Bill to Establish a Guaranteed Retirement Income Plan (GRIP)

Earlier this month I transmitted for the Council's review an expedited bill to amend the County Retirement Law to accomplish the negotiated changes in the Memorandum of Agreement between the Montgomery County Government and the Municipal & County Government Employees Organization/United Food and Commercial Workers Union Local 1994. In that transmittal memo I indicated that a bill establishing a Guaranteed Retirement Income Plan (GRIP) and other provisions of the Agreement that would become effective in July 2009 would be forwarded separately to the Council. Attached for your review is the bill creating a new Guaranteed Retirement Income Plan within the employees' retirement system. This bill would also increase the normal retirement pension benefit of a Group E member of the integrated plan and require employees to have 180 days of employment before becoming eligible to participate in the Retirement Savings Plan. The fiscal impact of the GRIP can be found on page 8-16 of the County Executive's FY 09 Recommended Operating Budget for MCGEO bargaining unit employees and on page 8-18 for non-represented employees.

Attachments

IL: sw

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