

Expedited Bill No. 26-06
Concerning: Personnel - Retirement -
Miscellaneous Amendments
Revised: 6/16/06 Draft No. 3
Introduced: May 25, 2006
Enacted: June 27, 2006
Executive: _____
Effective: _____
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) clarify the non-service connected disability retirement benefit for participants in certain deferred retirement option plans;
- (2) require certain participants in the Employees' Retirement System and Retirement Savings Plan to properly complete and submit a certain application to obtain a refund of certain contributions;
- (3) require the County to follow certain rules regarding the refund of certain contributions to the Employees' Retirement System and Retirement Savings Plan made by participants who do not properly complete and submit an application for a refund of the contributions;
- (4) authorize certain participants in the Employees' Retirement System to pay for the purchase of certain service credits by transferring funds from certain deferred compensation accounts; and
- (5) generally amend the law regarding retirement plans for County employees.

By amending

Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-38A, 33-39, 33-41, 33-45, 33-113, and 33-120

Boldface

Underlining

[Single boldface brackets]

Double underlining

[[Double boldface brackets]]

* * *

Heading or defined term.

Added to existing law by original bill.

Deleted from existing law by original bill.

Added by amendment.

Deleted from existing law or the bill by amendment.

Existing law unaffected by bill.

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

26 service connected disability retirement, the participant
27 must receive:

28 (i) the non-service connected disability retirement
29 benefit provided under Section 33-43(h), with the
30 benefit calculated as of the member's DROP entry
31 date; and

32 (ii) the DROP account balance.

33 * * *

34 **33-39. Member contributions and credited interest.**

35 * * *

36 (c) *Return of member contributions.*

37 (1) *Refund after employee's separation.*

38 (A) [The] If a member who is separated from County service
39 properly completes and submits an application for a
40 refund of the member's contributions, the County must
41 refund the contributions with credited interest [to a
42 member who is separated from County service], unless
43 the member dies or retires.

44 (B) [The] Upon receipt of a properly completed application,
45 the County must pay a member who is separated from
46 County service and has not elected to vest the full
47 amount of accumulated contributions with credited
48 interest, less any indebtedness to the [county] County
49 government or the Montgomery County Employees
50 Federal Credit Union.

51 (C) If a member who is separated from County service does
52 not properly complete and submit an application for a

53 refund, the County must refund the contributions with
54 credited interest under the minimum distribution
55 requirements of the Internal Revenue Code and
56 corresponding regulations.

57 * * *

58 **33-41. Credited service.**

59 * * *

60 (m) *[Extended payments] Payment for purchase of [credited] service*
61 *credits.*

62 (1) The [chief administrative officer] Chief Administrative Officer
63 may approve a member's request [for extended payment of
64 monies due] to pay for a purchase of [credited service provided
65 such] service credits over an extended period, if:

66 (A) the payment period does not exceed [five (5)] 5 years;
67 and

68 (B) the member agrees to pay an additional payment of at
69 least [six and one-half (6 1/2) percent per annum is
70 assessed to date of full payment] 6 1/2% per year until the
71 purchase is complete.

72 (2) In extenuating circumstances, the [chief administrative officer]
73 Chief Administrative Officer may approve an extension of the
74 payment period.

75 (3) A member may pay for the purchase of service credits by
76 having some or all of the member's account balance in an
77 eligible governmental 457(b) plan transferred to the retirement
78 system through a trustee to trustee transfer.

79 * * *

80 **33-45. Vested benefits and withdrawal of contributions.**

81 * * *

82 (b) *Withdrawal of contributions.* [Member contributions, plus credited
83 interest will be refunded if:]

84 (1) [A member's] If a member complies with paragraph (2), the
85 County must refund a member's contributions with credited
86 interest to:

87 (A) a member whose County service [with the county
88 terminates] ends before [becoming] the member is
89 eligible to vest[.]; and

90 [(2)] (B) [A] a member eligible to vest [terminates] whose
91 County service ends and who voluntarily elects to
92 withdraw, thus ceasing to be a member.

93 (2) (A) To obtain a refund of contributions, a member must
94 properly complete and submit an application for a
95 refund.

96 (B) If a member does not properly complete and submit an
97 application for a refund, the County must refund the
98 contributions with credited interest under the minimum
99 distribution requirements of the Internal Revenue Code
100 and corresponding regulations.

101 (3) [A] If a vested member dies before the normal retirement date[.
102 The], the County must pay the designated beneficiary [will
103 receive] a lump sum death benefit equal to the member's
104 contributions plus credited interest.

105 * * *

106 **33-113. Definitions.**

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* * *

(m) Participant's contribution account means the portion of a participant's account balances in the retirement savings plan that is attributable to participant contributions, including contributions picked up by the County, and any gains or losses attributable to those contributions.

[[m]] (n) * * *

[[n]] (o) * * *

[[o]] (p) * * *

[[p]] (q) * * *

[[q]] (r) * * *

[[r]] (s) * * *

33-120. Distribution of [Benefit] benefit.

* * *

(h) *Benefit distribution date.*

* * *

(3) (A) If a participant's County employment ends before the participant has a vested interest in the County contributions and the participant properly completes and submits an application for distribution of the participant's [[contributions]] contribution account, the [participant] County must [receive a distribution of] distribute the [participant's contribution account] [[contributions with credited interest]] participant's contribution account as soon as administratively feasible [after separation from County service].

134 (B) If a participant does not properly complete and submit an
135 application for a distribution, the County must distribute
136 the [[contributions with credited interest]] participant's
137 contribution account under the time limits described in
138 this Section.

139 [(4) Notwithstanding any other provision of this Division, the Chief
140 Administrative Officer must pay, in a single lump-sum
141 payment, the total vested account balances to any participant
142 whose County employment ends and who has a vested interest
143 in his or her account balances that does not exceed \$5,000 on
144 the next valuation date after separation from service. The Chief
145 Administrative Officer must make the payment as soon as is
146 administratively feasible after separation from County Service.]

147 * * *

148 **Sec. 2. Expedited Effective Date.**

149 The Council declares that this legislation is necessary for the immediate
150 protection of the public interest. This Act takes effect on the date on which it
151 becomes law.

152 *Approved:*

153 _____
George L. Leventhal, President, County Council Date

154 *Approved:*

155 _____
Douglas M. Duncan, County Executive Date

156 *This is a correct copy of Council action.*

157

Linda M. Lauer, Clerk of the Council

Date