



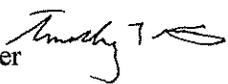
OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett  
County Executive

June 29, 2012

Timothy L. Firestine  
Chief Administrative Officer

TO: Executive Branch Department and Office Directors

FROM: Timothy L. Firestine, Chief Administrative Officer 

SUBJECT: Consolidation – Oversight of the County's Employee Retirement Plans

The County's Retirement Plans have changed significantly since the Employees' Retirement System (ERS) was established and decisions were made to divide administration among the three government entities, OHR, Finance and the Board of Investment Trustees. In 1986, ERS assets totaled \$454 million, there were 5,900 participants, and annual payments to retirees were \$21 million. ERS assets now total nearly \$3 billion, there are roughly 10,000 participants, and annual annuity payments for last fiscal year were \$180 million. The number of retirees and beneficiaries receiving monthly annuity payments has increased by 45% in the last 10 years, or 175 new retirees on average per year. When we combine this growth with the Retirement Savings Plan, which currently has 4,000 participants and nearly \$200 million in assets, the Guaranteed Retirement Income Plan with 1,000 participants, and the Deferred Compensation Plan with \$300 million and 4,000 participants, the County's combined retirement plans now represent nearly \$4 billion in assets supporting the retirement benefits of 20,000 participants.

Aside from the significant increase in assets and participants, the retirement benefit offerings have become more complex over the years due to collective bargaining changes, new regulatory compliance requirements and the variety of retirement benefits offered by the County. These changes have presented challenges and strains on the current organizational structure.

At this point, we have decided that the County and the Retirement Plans will be best served by consolidating the oversight of the Plans into a single operating unit that will be called Montgomery County Employee Retirement Plans. Effective July 1, 2012, responsibility for managing the unit will be transferred to Linda Herman, who will be reporting to the CAO, or his designee, on all matters related to the management of the Retirement Plans. She will continue providing support to the Board of Investment Trustees (BIT) that is the responsible body for managing the investment of the assets of those Retirement Plans. This new unit, along with the BIT team, under the leadership of Linda Herman, will remain to be housed on the 15<sup>th</sup> floor of the Executive Office Building. Linda can be reached at 240-777-8224.

TLF:lh