



Committee: GO
Committee Review: At a future date
Staff: Christine Wellons, Senior Legislative Attorney
Purpose: To introduce agenda item – no vote expected

AGENDA ITEM #8C
April 11, 2023
Introduction

SUBJECT

Expedited Bill 21-23, Fire and Rescue Services – Credit Service for Group G Members

Lead Sponsor: Council President Glass at the request of the County Executive

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

Expedited Bill 21-23 would:

- (1) amend the Optional Retirement Plan and Integrated Retirement Plan pension multipliers in Group G of the Employees' Retirement System;
- (2) amend the Group G Optional Retirement Plan to provide the same level of sick leave credit benefits provided for County employees in the Group G Integrated Retirement Plan;
- (3) amend the Group G pension Cost of Living Adjustment; and
- (4) generally amend the law regarding retirement plans for Group G members.

SUMMARY OF KEY DISCUSSION POINTS

- N/A

This report contains:

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Expedited Bill 21-23	© 1
Fiscal Impact Statement	© 7
Legislative Request Report	© 9
Memorandum of Agreement (MOA)	© 10
County Executive Memorandum	© 16
Actuarial Report	© 27

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MEMORANDUM

April 6, 2023

TO: County Council

FROM: Christine Wellons, Senior Legislative Attorney

SUBJECT: Expedited Bill 21-23, Fire and Rescue Services – Credit Service for Group G Members

PURPOSE: Introduction – no Council votes required

Expedited Bill 21-23, Fire and Rescue Services – Credit Service for Group G Members, sponsored by Council President Glass at the request of the County Executive, is scheduled for introduction on April 11, 2023. A public hearing is tentatively scheduled for April 25, 2023.

Expedited Bill 21-23 would:

- (1) amend the Optional Retirement Plan and Integrated Retirement Plan pension multipliers in Group G of the Employees’ Retirement System;
- (2) amend the Group G Optional Retirement Plan to provide the same level of sick leave credit benefits provided for County employees in the Group G Integrated Retirement Plan;
- (3) amend the Group G pension Cost of Living Adjustment; and
- (4) generally amend the law regarding retirement plans for Group G members.

The County Executive has recommended enactment of the expedited bill to fulfill a newly negotiated Memorandum of Agreement with the Montgomery County Career Fire Fighters Association, International Association of Fire Fighters, Local 1664, AFL-CIO (IAFF).

Under the bill, expenditures would increase by approximately \$2.6 million in FY24, increasing annually to \$3.6 million by FY29. Revenues would not be impacted.

<u>This packet contains:</u>	<u>Circle #</u>
Expedited Bill 21-23	© 1
Fiscal Impact Statement	© 7
Legislative Request Report	© 9
Memorandum of Agreement (MOA)	© 10
County Executive Memorandum	© 16
Actuarial Report	© 27

Expedited Bill No. 21-23
Concerning: Fire and Rescue Services –
Credited Service for Group G Members
Revised: 04/05/2023 Draft No. 1
Introduced: April 11, 2023
Expires: December 7, 2026
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: [date expires]
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- (1) amend the Optional Retirement Plan and Integrated Retirement Plan pension multipliers in Group G of the Employees’ Retirement System;
- (2) amend the Group G Optional Retirement Plan to provide the same level of sick leave credit benefits provided for County employees in the Group G Integrated Retirement Plan;
- (3) amend the Group G pension Cost of Living Adjustment; and
- (4) generally amend the law regarding retirement plans for Group G members.

By amending

Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-42 and 33-44

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:

- 23 (E) The County must compute the annual pension of a Group G
24 member in the integrated retirement plan who retires on a
25 normal retirement as follows:
- 26 (i) from the date of retirement to the month that the
27 member reaches Social Security Retirement age, the
28 following percentages of average final earnings
29 apply:
- 30 (a) [~~2 ½~~] 2.6 percent, for each of the first [~~20~~] 25
31 years of credited service; and
- 32 (b) [~~2~~] 1.25 percent, for each year of credited
33 service of more than [~~20~~] 25 years to a
34 maximum of 31 years, plus sick leave credits;
35 and;
- 36 (c) 5 percent for each year of credited service
37 received for accumulated sick leave; and
- 38 (d) 0 percent for years after year 31 (except sick
39 leave credits referred to in subclause (c)); and
- 40 (ii) from the month the member reaches Social Security
41 retirement age, the percentages specified in clause (i)
42 must be reduced, respectively, by the following
43 percentages of average final earnings for the portion
44 of any amount equal to or less than the Social
45 Security maximum covered compensation in effect
46 on the date of retirement:

47 (a) ~~[0.78125]~~ 0.81250 percent, for each of the first
48 ~~[20]~~ 25 years of credited service;

49 (b) ~~[0.625]~~ 0.390625 percent for each year of
50 credited service of more than ~~[20]~~ 25 years, to
51 a maximum of 31 years, plus sick leave
52 credits; and

53 (c) 1.5625 percent, for each year of credited
54 service received for accumulated sick leave.

55 * * *

56 **33-44. Pension payment options and cost-of-living adjustments.**

57 * * *

58 (c) *Cost-of-living adjustment.* A retired member or beneficiary, including
59 the surviving spouse or domestic partner of a group D member or other
60 beneficiary who survives the member under a pension option or who is
61 otherwise eligible to receive benefits, must receive an annual cost-of-
62 living adjustment in pension benefits.

63 * * *

64 (3) The percentage cost-of-living adjustment of pension benefits must
65 be obtained by dividing the most recent index determined under
66 paragraph (2) by the next preceding index multiplied by 100 less
67 100.

68 * * *

69 (B) A member enrolled on or after July 1, 1978, must receive
 70 100 percent of the change in the consumer price index up to
 71 3 percent, and 60 percent of any change in the consumer
 72 price index greater than 3 percent, up to a total adjustment
 73 of 7 ½ percent in any year. The 7 ½ percent annual limit
 74 does not apply to:

- 75 (i) a retired member who is disabled; or
 76 (ii) a pensioner aged 65 or older for a fiscal year
 77 beginning after the date the pensioner reaches age 65.

78 (C) A Group G member enrolled on or after July 1, 1978, must
 79 receive 100 percent of the change in the consumer price
 80 index up to 3 percent, and 60 percent of any change in the
 81 consumer price index greater than 3 percent, up to a total
 82 adjustment of 5 percent in any year. The 5 percent annual
 83 limit does not apply to:

- 84 (i) a retired Group G member who is disabled; or
 85 (ii) a Group G pensioner aged 65 or older for a fiscal year
 86 beginning after the date the pensioner reaches age 65.

87 * * *

88 (6) Notwithstanding the provisions of this Section, for members other
 89 than Group G members that qualify under subsection (3)(C), the
 90 cost-of-living adjustment must not exceed 2.5 percent for:

- 91 (A) credited service beginning on the first pay period after June
 92 30, 2011; or

93 (B) a disability retirement pension based on a disability
94 occurring after June 30, 2011.

95 **Sec. 2. Effective date.** The Council declares that this legislation is necessary
96 for the immediate protection of the public interest. This Act takes effect on the date
97 on which it becomes law.



Fiscal Impact Statement

Office of Management and Budget

Bill XX-23

Fire and Rescue Services - Credited Service for Group G Members

Bill Summary

Bill XX-23 adjusts the Cost-of-living adjustment (COLA) provided to certain participants in Group G, increases the pension amount for Group G participants, and adjusts the sick leave benefit credit to correct an oversight in previously submitted legislation.

Fiscal Impact Summary

Expenditures increase by approximately \$2.6 million in FY24, increasing annually to \$3.6 million by FY29. Revenues are not impacted.

Fiscal Year	2024	2025	2026	2027	2028	2029	Total
Personnel Costs	\$2,600,570	\$3,301,784	\$3,400,836	\$3,502,862	\$3,607,948	\$3,607,948	\$20,021,948
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$2,600,570	\$3,301,784	\$3,400,836	\$3,502,862	\$3,607,948	\$3,607,948	\$20,021,948
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Impact	(\$2,600,570)	(\$3,301,784)	(\$3,400,836)	(\$3,502,862)	(\$3,607,948)	(\$3,607,948)	(\$20,021,948)
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The change for COLA eliminates the 2.5% cap for Group G participants for service beginning after June 30, 2011 and reduces the COLA amount from 7.5% to 5% for Group G only, with an estimated impact in FY24 of \$605k representing an effective date of Dec. 31, 2023.

The pension multiplier increases for Group F would increase the maximum benefit from 72.0% to 72.5% but increase the value at 25 years of service from 60% to 65%, an estimated first year impact in FY24 of \$2.0 million.

The sick leave credit change will not have any additional impact, as the costs associated were included in Bill 23-22; this change is simply to correct an oversight leaving the optional retirement plan benefit unchanged in Bill 23-22.

Fiscal Impact Analysis

Retirement Change	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
COLA Cap	\$605,046	\$1,246,394	\$1,283,785	\$1,322,299	\$1,361,968	\$1,361,968	\$7,181,460
Multiplier	\$1,995,524	\$2,055,390	\$2,117,051	\$2,180,563	\$2,245,980	\$2,245,980	\$12,840,488
Total	\$2,600,570	\$3,301,784	\$3,400,836	\$3,502,862	\$3,607,948	\$3,607,948	\$20,021,948

Staff Impact

The bill requires adjustments to retirement factors that will result in changes to enrollment processes and record keeping for both OHR and MCERP. These changes are anticipated to be absorbed by each department's current staff.

Actuarial Analysis

Actuarial analysis was performed in order to estimate the fiscal impact of each change. The actuaries measured the cost impact to the Montgomery County Employee's Retirement System with impacts calculated as of July 1, 2022 (the effective date of the most recent actuarial valuation) for FY24 contributions. The actuarial analysis also assumed modified retirement rates for certain scenarios where it could be assumed that the changes would result in a change in retiree behavior.

See attached actuarial analysis performed by GRS for full details.



Information Technology Impact

The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.

Other Information

Later actions that may impact revenue or expenditures if future spending is projected

The bill does not authorize future spending.

Ranges of revenue or expenditures that are uncertain or difficult to project

The expenditure estimates for FY25 and beyond are subject to actuarial valuations performed for each budget year. Changes to underlying actuarial assumptions could have an impact on the accuracy of the initial estimates, and the compounding effect of multiple provisions is likely to result in additional expenses in the valuations.

Contributors

Yan Yan, Montgomery County Employee Retirement Plans
Corey Orlosky, Office of Management and Budget



LEGISLATIVE REQUEST REPORT

Bill XX-23

Fire and Rescue Services – Pension adjustments for Group G Members

DESCRIPTION:	This Bill would amend the County Code to adjust pension multipliers for both the Group G Optional Retirement Plan and the Integrated Retirement Plan, provide the same level of sick leave credit benefits for both the Optional Retirement Plan and the Integrated Retirement Plan, and adjust the cost-of-living adjustment provided to Group G members.
PROBLEM:	Changes to County pensions require legislation.
GOALS AND OBJECTIVES:	To amend the County Code to implement negotiated provisions in the Collective Bargaining Agreement between Montgomery County and the Montgomery County Career Fire Fighter Association, International Association of Fire Fighters, Local 1664.
COORDINATION:	Office of Labor Relations Montgomery County Employee Retirement Plans
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	Unknown.
SOURCE OF INFORMATION:	Jennifer Harling, Esquire Office of Labor Relations
APPLICATION WITHIN MUNICIPALITIES:	N/A
PENALTIES:	N/A

**MEMORANDUM OF AGREEMENT
BETWEEN
THE MONTGOMERY COUNTY GOVERNMENT
AND THE
MONTGOMERY COUNTY CAREER FIRE FIGHTERS ASSOCIATION,
INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, LOCAL 1664, AFL-CIO**

The Montgomery County Government (Employer) and the Montgomery County Career Fire Fighters, International Association of Fire Fighters, Local 1664, AFL-CIO (Union) conducted reopener negotiations pursuant to Section 33-153 of the Montgomery County Code for the second year of the term July 1, 2022 through June 30, 2024. As a result of those negotiations, the Employer and Union agree that the Collective Bargaining Agreement shall be amended according to the terms set forth below.

Please use the following key when reading this agreement:

- Underlining *Added to existing agreement.*
- [Single boldface brackets] *Deleted from existing agreement.*
- * * * *Existing language unchanged by parties.*

The parties agree to amend the contract as follows:

* * *

ARTICLE 19 – General Wage Adjustments

Section 19.1 General Wage Adjustments

* * *

B.

1. Effective the pay period beginning on October 9, 2022 the base salary for all bargaining unit members shall be increased by 4.0%.

2. Effective the pay period beginning on January 1, 2023, the base salary for all bargaining unit members shall be increased by 1.0%

3. Effective the pay period beginning on July 16, 2023, the base salary for all bargaining unit members shall be increased by 3.2%.

* * *

Section 19.2 Salary Schedule

* * *

D. Effective the pay period beginning on July 2, 2023, Steps A and B will be removed from the schedule, and the remaining steps will be re-lettered A through M. Employees will be placed on the step commensurate with their years of service on July 2, 2023.

* * *

ARTICLE 20 -INSURANCE BENEFITS COVERAGE AND PREMIUMS

* * *

Section 20.15 Retiree Vision

The Employer will offer a fully insured vision benefit to all IAFF retirees effective January 1, 2024, in addition to the current zero cost vision discount plan. Retirees may maintain their ability to participate in the zero cost discount vision plan and they may choose to enroll in the new fully insured plan.

* * *

ARTICLE 51- PENSIONS

* * *

* * *

I. The employer will submit proposed legislation to the County Council on or before September 1, 2023, amending Section 33-42 of the Montgomery County Code. Proposed legislation drafted pursuant to this collective bargaining agreement will be reviewed and approved by both parties prior to submission to the County Council. The following changes will apply only to those retirement applications filed after the adoption of the legislation.

(D) For a Group G member who is a member of the optional plan and retires on a normal retirement, the annual pension must equal [2.5] 2.6 percent of average final earnings for each of the first [20] 25 years of credited service completed and [2] 1.25 percent of average final earnings for each year or prorated portion of a year of credited service of more than [20] 25 years, to a maximum of 31 years plus sick leave credits.

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

(E) The County must compute the annual pension of a Group G member in the integrated retirement plan who retires on a normal retirement as follows:

(i) From the date of retirement to the month that the member reaches Social Security retirement age, the following percentages of average final earnings apply:

(a) [2.5] 2.6 percent, for each of the first [20] 25 years of credited service; and

(b) [2] 1.25 percent, for each year of credited service of more than [20] 25 years to a maximum of 31 years, plus sick leave credits; [and]

[(e)] [c] 0 percent for years after year 31 (except sick leave credits referred to in sub clause (d)); and

(ii) From the month the member reaches Social Security retirement age, the percentages specified in clause (i) must be reduced, respectively, by the following percentages of average final earnings for the portion of any amount equal to or less than the Social Security maximum covered compensation in effect on the date of retirement:

(a)[0.78125] 0.81250 percent, for each of the first [20] 25 years of credited service;

(d) [0.625] 0.390625 percent for each year of credited service of more than [20] 25 years, to a maximum of 31 years, plus sick leave credits.

(iii) The County must increase the initial amount of a pension computed under (ii) above 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.

(iv) The County must prorate any portion of a year described in this subparagraph.

The parties agree to fully support the legislative proposals drafted pursuant to this Agreement to ensure their approval by the Montgomery County Council. The County Executive will comply with Montgomery County Code 33-153(l) by including funding for this proposal in his proposed annual operating budget for the fiscal year in which the legislation would take effect.

* * *

K. The employer will submit proposed legislation to the County Council eliminating Section 33-44(c)(6) of the Montgomery County Code for Group G members, and amending Section 33-44(c)(3) as follows, effective December 31, 2023:

(3) The percentage cost-of-living adjustment of pension benefits must be obtained by dividing the most recent index determined under paragraph (2) by the next preceding index multiplied by 100 less 100.

(A) A member enrolled before July 1, 1978, must receive the full cost-of-living adjustment.

(B) A member enrolled on or after July 1, 1978, must receive 100 percent of the change in the consumer price index up to 3 percent, and 60 percent of any change in the consumer price index greater than 3 percent, up to a total adjustment of 7 ½ percent (5 percent for Group G members) in any year. The 7 ½ percent (5 percent for Group G members) annual limit does not apply to:

(i) a retired member who is disabled; or

(ii) a pensioner aged 65 or older for a fiscal year beginning after the date the pensioner reaches age 65.

Proposed legislation drafted pursuant to this collective bargaining agreement will be reviewed and approved by both parties prior to submission to the County Council.

The parties agree to fully support the legislative proposals drafted pursuant to this Agreement to ensure their approval by the Montgomery County Council.

The County Executive will comply with Montgomery County Code 33-153(l) by including funding for this proposal in his proposed annual operating budget for the fiscal year in which the legislation would take effect.

* * *

Section 54.2 - Tuition Assistance

Employee tuition assistance is available to bargaining unit employees on a first-come, first-served basis. Once the tuition assistance funds are depleted for the fiscal year, tuition assistance is not available until the next year. Sixty-five thousand (\$65,000) in tuition assistance funds shall be made available each fiscal year to bargaining unit employees.

* * *

Side Letter- Assignment to Employee Benefits Committee

[ON MONTGOMERY COUNTY, MARYLAND LETTERHEAD]

January 26, 2023

Jeffrey Buddle, President
Montgomery County Career Firefighter Association, IAFF Local 1664
932 Hungerford Dr., Suite 33-A
Rockville, Maryland 20850

Dear President Buddle,

The parties agree to establish the Employee Benefits Committee in Article 20.3 of the CBA and in addition to the tasks listed in that Article shall collect information, survey

plan Pre-Medicare retiree participants, and study health benefit options for employed Pre-Medicare retirees and their dependents eligible for health benefit coverage from their employers in retirement.

The Committee shall provide its findings to the Employer and Union by October 16, 2023, regarding Pre-Medicare retirees and their dependents eligibility for health benefit coverage other than what is provided currently by the Employer.

The Committee shall meet monthly regarding the subject of this side letter.

Sincerely,


Jennifer Harling, Esq.
Chief Labor Relations Officer

* * *

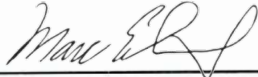
IN WITNESS, WHEREOF, the parties hereto have caused their names to be subscribed hereto by their duly authorized officers and representatives as of the dates indicated below

Montgomery County Career Fire Fighters
Association, IAFF Local 1664, AFL-CIO, CLC


Montgomery County Government
Montgomery County, Maryland

 3-31-2023

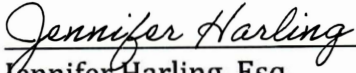
Jeffrey Buddle Date
President

 4/3/2023

Marc Elrich Date
County Executive

 3/31/2023

Scott Goldstein Date
Fire Chief

 3/31/2023

Jennifer Harling, Esq. Date
Chief Labor Relations Officer

Approved for form and legality by:

 3/31/2023

Edward E. Haendling, Jr. Date
Associate County Attorney




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

April 3, 2023

TO: Evan Glass, President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Memorandum of Agreement between the County and IAFF

I have attached for review the Memorandum of Agreement resulting from the recent negotiations between the Montgomery County Government and the Montgomery County Career Fire Fighters Association, International Association of Fire Fighters, Local 1664, AFL-CIO (IAFF). The agreement reflects the changes to the existing Collective Bargaining Agreement. I have attached a draft of legislative changes that we are proposing as well as a summary of all changes made within the agreement. The agreement is effective July 1, 2023 through June 30, 2024.

I have also attached a summary of the agreed upon items as well as a copy of the fiscal impact statement referenced in the Workforce/Compensation chapter of my budget to assist in your review of the document. The items will take effect for the first time in FY2024 and have a fiscal impact in FY2024.

Enclosure

cc: Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive
Jennifer Bryant, Director, Office of Management and Budget
Jennifer Harling, Chief Labor Relations Officer, Office of Labor Relations
John Markovs, County Attorney, Office of the County Attorney

Summary of IAFF Reopener Tentative Agreements 2023-2024

Article	Section	Subject	Summary
51	New	Pensions	Submit legislation to eliminate Section 33-44(c)(6) of the Montgomery County Code for Group G members and amend Section 33-44(c)(3) to allow CPI of 5% for Group G members, effective December 31, 2023.
19	19.1	GWA	Increase in base salary of all members by 3.2%, effective July 16, 2023.
20	New	Retiree Vision	Offer fully insured vision benefit to retirees effective January 1, 2024 in addition to the current zero cost vision discount plan.
51	New	Pension Multiplier	Submit legislation by September 1, 2023 increasing pension multiplier to 2.6% (previously 2.5%) of average final earnings for first 25 years and 1.25% (previously 2%) for each year/prorated portion of more than 25 years.
19.2	D	Salary Schedule	Removes steps A and B and re-letters the steps A through M. Employees will be placed on the step commensurate with their years of service.
MOA		Benefits Committee	Committee (defined by 20.3 of the CBA) to collect information to include survey plan for pre-medicare retiree participants and study health benefit options for employed pre-medicare retirees and their dependents. Will provide findings by October 16, 2023.

Summary of Proposed Labor Agreement with IAFF Effective FY24

Article	Subject	Summary of Change	Requires Appropriation of funds	Present or Future Fiscal Impact	Requires Legislative Change	Requires Regulation Change	Notes
19.1	Wages	3.2 percent general wage adjustment in July 2023	Yes	Yes			
19	Wages	Salary Schedule adjustment to remove steps A and B and reletter steps A through M	Yes	Yes	Yes	Yes	
19	Longevity	Longevity Step increases of 3.5 percent for eligible employees	Yes	Yes			
20	Insurance Benefits	offering IAFF Retirees fully insured vision benefit	Yes	Yes			
51	Pensions	amending of the cost of living adjustment for eligible Group G members	Yes	Yes	Yes		
51	Pensions	Increase pension formula for group G participants	Yes	Yes	Yes	Yes	
55	Service Increments	service increment of 3.5 percent for eligible employees	Yes	Yes			
55.8	Service Increments	deferred service increment from FY13 for eligible employees, 3.5 percent effective July 2023	Yes	Yes			

Expedited Bill No. [Click - type number]
Concerning: Fire and Rescue Services –
Credited Service for Group G Members
Revised: [date] Draft No. [#]
Introduced: [date]
Expires: [18 mos. after intro]
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: [date expires]
Ch. [#] , Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- (1) amend the Optional Retirement Plan and Integrated Retirement Plan pension multipliers in Group G of the Employees’ Retirement System;
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24 member in the integrated retirement plan who retires on a
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27 member reaches Social Security Retirement age, the
28 following percentages of average final earnings
29 apply:
- 30 (a) [~~2 ½~~2.6] percent, for each of the first [~~20~~25]
31 years of credited service; and
- 32 (b) [~~2~~1.25] percent, for each year of credited
33 service of more than [~~20~~25] years to a
34 maximum of 31 years, plus sick leave credits;
35 and;
- 36 (c) 5 percent for each year of credited service
37 received for accumulated sick leave; and
- 38 (d) 0 percent for years after year 31 (except sick
39 leave credits referred to in subclause (c)); and
- 40 (ii) from the month the member reaches Social Security
41 retirement age, the percentages specified in clause (i)
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43 percentages of average final earnings for the portion
44 of any amount equal to or less than the Social
45 Security maximum covered compensation in effect
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47 (a) ~~[0.78125]~~0.81250 percent, for each of the first
48 ~~[20]~~25 years of credited service;

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50 credited service of more than ~~[20]~~25 years, to
51 a maximum of 31 years, plus sick leave
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54 service received for accumulated sick leave.

55 * * *

56 **33-44. Pension payment options and cost-of-living adjustments.**

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58 (c) *Cost-of-living adjustment.* A retired member or beneficiary, including
59 the surviving spouse or domestic partner of a group D member or other
60 beneficiary who survives the member under a pension option or who is
61 otherwise eligible to receive benefits, must receive an annual cost-of-
62 living adjustment in pension benefits.

63 * * *

64 (3) The percentage cost-of-living adjustment of pension benefits must
65 be obtained by dividing the most recent index determined under
66 paragraph (2) by the next preceding index multiplied by 100 less
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68 * * *

69 (B) A member enrolled on or after July 1, 1978, must receive
 70 100 percent of the change in the consumer price index up to
 71 3 percent, and 60 percent of any change in the consumer
 72 price index greater than 3 percent, up to a total adjustment
 73 of 7 ½ percent in any year. The 7 ½ percent annual limit
 74 does not apply to:

- 75 (i) a retired member who is disabled; or
- 76 (ii) a pensioner aged 65 or older for a fiscal year
 77 beginning after the date the pensioner reaches age 65.

78 (C) A Group G member enrolled on or after July 1, 1978, must
 79 receive 100 percent of the change in the consumer price
 80 index up to 3 percent, and 60 percent of any change in the
 81 consumer price index greater than 3 percent, up to a total
 82 adjustment of 5 percent in any year. The 5 percent annual
 83 limit does not apply to:

- 84 (i) a retired Group G member who is disabled; or
- 85 (ii) a Group G pensioner aged 65 or older for a fiscal year
 86 beginning after the date the pensioner reaches age 65.

87 * * *

88 (6) Notwithstanding the provisions of this Section, for members other
 89 than Group G members that qualify under subsection (3)(C), the
 90 cost-of-living adjustment must not exceed 2.5 percent for:

- 91 (A) credited service beginning on the first pay period after June
 92 30, 2011; or

93 (B) a disability retirement pension based on a disability
94 occurring after June 30, 2011.

95 **Sec. 2. Effective date.**

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

99 *Approved:*

100

101

Evan Glass, President, County Council

Date

102 *Approved:*

103

Marc Elrich, County Executive

Date


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

105

Judy Rupp, Clerk of the Council

Date

APPROVED FOR FORM AND LEGALITY
OFFICE OF THE COUNTY ATTORNEY

By: 
Edward E. Haenftling, Jr.

Date: March 31, 2023

**MONTGOMERY COUNTY GOVERNMENT
 FIRE/RESCUE BARGAINING UNIT SALARY SCHEDULE
 FISCAL YEAR 2024
 EFFECTIVE JULY 2, 2023
 GRADE UPDATES**

GRADE	F1 FIRE FIGHTER RESCUER I	F2 FIRE FIGHTER RESCUER II	F3 FIRE FIGHTER RESCUER III	F4 MASTER FIRE FIGHTER RESCUER	B1 FIRE/RESCUE LIEUTENANT	B2 FIRE/RESCUE CAPTAIN
A	\$56,311	\$59,127	\$62,085	\$68,294	\$75,129	\$84,717
B	\$58,284	\$61,198	\$64,259	\$70,685	\$77,759	\$87,684
C	\$60,323	\$63,341	\$66,507	\$73,158	\$80,481	\$90,752
D	\$62,435	\$65,559	\$68,836	\$75,720	\$83,297	\$93,930
E	\$64,621	\$67,852	\$71,245	\$78,370	\$86,214	\$97,217
F	\$66,883	\$70,228	\$73,741	\$81,113	\$89,233	\$100,620
G	\$69,225	\$72,688	\$76,323	\$83,953	\$92,354	\$104,142
H	\$71,649	\$75,232	\$78,993	\$86,890	\$95,589	\$107,788
I	\$74,156	\$77,866	\$81,758	\$89,933	\$98,935	\$111,562
J	\$76,752	\$80,591	\$84,620	\$93,081	\$102,399	\$115,465
K	\$79,439	\$83,410	\$87,583	\$96,337	\$105,984	\$119,508
L	\$82,219	\$86,330	\$90,650	\$99,711	\$109,694	\$123,691
M	\$85,097	\$89,354	\$93,824	\$103,202	\$113,532	\$128,022
17 YEAR LONGEVITY (3.5%)	\$88,076	\$92,482	\$97,108	\$106,814	\$117,506	\$132,502
20 YEAR LONGEVITY (3.5%)	\$91,158	\$95,719	\$100,506	\$110,552	\$121,619	\$137,140
24 YEAR LONGEVITY (3.5%)	\$94,349	\$99,069	\$104,024	\$114,422	\$125,875	\$141,940

FY24 Notes:

1) The first 2 steps were removed (previously A and B) from the FY23 schedule, and the remaining steps have been re-lettered A through M. Employees will be placed on the step commensurate with their years of service.

**MONTGOMERY COUNTY GOVERNMENT
 FIRE/RESCUE BARGAINING UNIT SALARY SCHEDULE
 FISCAL YEAR 2024
 EFFECTIVE JULY 16, 2023
 GWA: 3.2% INCREASE**

GRADE	F1 FIRE FIGHTER RESCUER I	F2 FIRE FIGHTER RESCUER II	F3 FIRE FIGHTER RESCUER III	F4 MASTER FIRE FIGHTER RESCUER	B1 FIRE/RESCUE LIEUTENANT	B2 FIRE/RESCUE CAPTAIN
A	\$58,113	\$61,019	\$64,072	\$70,479	\$77,533	\$87,428
B	\$60,149	\$63,156	\$66,315	\$72,947	\$80,247	\$90,490
C	\$62,253	\$65,368	\$68,635	\$75,499	\$83,056	\$93,656
D	\$64,433	\$67,657	\$71,039	\$78,143	\$85,963	\$96,936
E	\$66,689	\$70,023	\$73,525	\$80,878	\$88,973	\$100,328
F	\$69,023	\$72,475	\$76,101	\$83,709	\$92,088	\$103,840
G	\$71,440	\$75,014	\$78,765	\$86,639	\$95,309	\$107,475
H	\$73,942	\$77,639	\$81,521	\$89,670	\$98,648	\$111,237
I	\$76,529	\$80,358	\$84,374	\$92,811	\$102,101	\$115,132
J	\$79,208	\$83,170	\$87,328	\$96,060	\$105,676	\$119,160
K	\$81,981	\$86,079	\$90,386	\$99,420	\$109,375	\$123,332
L	\$84,850	\$89,093	\$93,551	\$102,902	\$113,204	\$127,649
M	\$87,820	\$92,213	\$96,826	\$106,504	\$117,165	\$132,119
17 YEAR LONGEVITY (3.5%)	\$90,894	\$95,441	\$100,215	\$110,232	\$121,266	\$136,742
20 YEAR LONGEVITY (3.5%)	\$94,075	\$98,782	\$103,722	\$114,090	\$125,511	\$141,528
24 YEAR LONGEVITY (3.5%)	\$97,368	\$102,239	\$107,353	\$118,084	\$129,903	\$146,482

**Montgomery County Career Fire Fighters Association, Inc
International Association of Fire Fighters, Local 1664 ▶
Fiscal Impact Summary***

<u>Article</u>	<u>Item</u>	<u>Description</u>	<u>FY24</u>	<u>Annual Cost Beyond FY24</u>	<u>Estimated # affected**</u>
19.1	Wages	3.2 Percent General Wage Adjustment in July 2023	\$3,622,465	\$3,767,083	1,118
19	Wages	Salary Schedule Adjustment to Remove Steps A and B and Reletter Steps A through M	\$3,412,656	\$4,158,907	640
19	Longevity	Longevity Step Increases of 3.5 Percent for Eligible Employees	\$114,564	\$332,369	83
20	Insurance Benefits	Offering IAFF Retirees Fully Insured Vision Benefit	\$36,228	\$36,228	
51	Pensions	Amending of the Cost-of-Living Adjustment for Eligible Group G Members	\$1,210,091	\$0	1,118
51	Pensions	Increase Pension Formula for Group G Participants	\$1,995,524	\$0	1,118
55	Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$874,175	\$1,657,461	676
55.8	Service Increments	Deferred Service Increment from FY13 for Eligible Employees, 3.5% Effective July 2023	\$326,617	\$326,617	112
Total			\$11,592,320	\$10,278,664	1,118

Fire and Rescue Uniformed Management Pass-Through Estimates

<u>Item</u>	<u>Description</u>	<u>FY24</u>	<u>Annual Cost Beyond FY24</u>	<u>Estimated # affected**</u>
Wages	3.2 Percent General Wage Adjustment in July 2023	\$226,627	\$235,683	42
Service Increments	Service Increment of 3.5 Percent for Eligible Employees	\$5,962	\$11,393	3
Total		\$232,589	\$247,076	42

* Estimates reflect the impact to all funds. Increases apply in the first full pay period during the month noted.

** The estimated number of employees affected by the economic item is identified where known.



March 29, 2023

CONFIDENTIAL

Ms. Jennifer Harling, Esq.
Chief Labor Relations Officer
Office of Labor Relations
Montgomery County Government
101 Monroe Street, 6th Floor
Rockville, Maryland 20850

Subject: Cost Impact of Proposed Changes for Groups E, J, F, and G

Dear Ms. Harling:

As requested, we have measured the cost impact to the Montgomery County Employees’ Retirement System (ERS) of proposals to change the benefit provisions for current and future members of Groups E, J, F, and G.

Following is a summary of the proposed changes included in this analysis. A detailed summary of the changes for each group can be found in Exhibit V.

- For Groups E, F and J, the age at which the benefit reduces would increase from SSNRA to age 70 as shown below.

Birth Date	Current	Proposed
Before 1/1/1938	65	70
1/1/1938 to 12/31/1954	66	70
On or after 1/1/1955	67	70

- For Group E, payment would be waived for up to 24 months of prior military service credit. The assumed increases in military service are projected to increase projected benefit amounts, but do not result in earlier eligibility for retirement benefits.
- For Group F, the DSRP eligibility requirement would be changed from age 46 with 25 years of service to eligibility for normal retirement (age 55 with 15 years of service or 25 years of service with no age requirement). Members younger than age 46 and members with fewer than 25 years of service would now be eligible to enter DRSP if eligibility conditions are met.
- For Group G, the Cost-of-Living adjustment (COLA) on retiree benefits for members enrolled on or after July 1, 1978 and retired (or will retire) on or after March 1, 2000 would be capped at 5.0 percent (compared to the current cap of 7.5 percent).
 - The COLA on benefits attributable to post-July 1, 2011 service for all members would also be capped at 5.0 percent (compared to the current cap of 2.5 percent).

- For Groups E, F, G and J, the benefit accrual rate applicable to benefits payable until Social Security Normal Retirement Age (SSNRA) would be increased as shown in the table below.
 - Corresponding increases would also affect benefits payable after attainment of SSNRA
 - For Groups F and G, the benefit accrual rate applicable to benefits payable after SSNRA is 68.75 percent of the benefit accrual rate prior to SSNRA (31.25 percent reduction) for pay up to Social Security Covered Compensation (SSCC).
 - For Groups E and J, the benefit accrual rate applicable to benefits payable after SSNRA is 68.75 percent of the benefit accrual rate prior to SSNRA (31.25 percent reduction) for the first 25 years of service and is 82.50 percent of the benefit accrual rate prior to SSNRA (17.50 percent reduction) for each year of credited service in excess of 25 years, to the maximum number of years, for pay up to SSCC.
 - The benefit accrual rates are the same as prior to attainment of SSNRA for pay in excess of SSCC.

Years of Service	Pre-SSNRA Benefit Multiplier							
	Group E		Group F		Group G		Group J	
	Current Rates	Proposed Rates	Current Rates	Proposed Rates	Current Rates	Proposed Rates	Current Rates	Proposed Rates
Up to 20	2.40%	2.60%	2.40%	2.60%	2.50%	2.60%	2.40%	2.50%
20-25	2.40%	2.60%	2.40%	2.60%	2.00%	2.60%	2.40%	2.50%
25 to Maximum Years	2.00%	2.25%	2.40%	2.40%	2.00%	1.25%	2.00%	2.00%
Maximum Years	31	30	36	34	31	31	31	30
Benefit Percentage - 20 Years	48.00%	52.00%	48.00%	52.00%	50.00%	52.00%	48.00%	50.00%
Benefit Percentage - 25 Years	60.00%	65.00%	60.00%	65.00%	60.00%	65.00%	60.00%	62.50%
Benefit Percentage - 30 Years	70.00%	76.25%	72.00%	77.00%	70.00%	71.25%	70.00%	72.50%
Benefit Percentage - 31 Years	72.00%	76.25%	74.40%	79.40%	72.00%	72.50%	72.00%	72.50%
Benefit Percentage - 34 Years	72.00%	76.25%	81.60%	86.60%	72.00%	72.50%	72.00%	72.50%
Maximum Benefit Percentage	72.00%	76.25%	86.40%	86.60%	72.00%	72.50%	72.00%	72.50%

Following is a summary of the scenarios contained in this letter.

Scenario	Group			
	E	F	G	J
Baseline	Results from July 1, 2022 Actuarial Valuation			
Updated Baseline	NA	NA	Updated sick leave credit multiplier	NA
Scenario 1	Age 70 reduction	DRSP eligibility	Increase COLA cap to 5%	2.50%/2.00% multiplier
Scenario 2	Age 70 reduction*	Age 70 reduction	2.60%/1.25% multiplier	Age 70 reduction
Scenario 3	2.60%/2.25% multiplier	2.60%/2.40% multiplier	Combined scenarios 1-2	Age 70 reduction*
Scenario 4	Military service credit	2.60%/2.40% multiplier*		Combined scenarios 1-2
Scenario 5	Combined scenarios 1, 3-4	Combined scenarios 1-3		Combined scenarios 1,3
Scenario 6	Combined scenarios 2-4	Combined scenarios 1-2,4		

* The Group E and J age 70 change is effective July 1, 2024 and the Group F multiplier change is effective January 1, 2025. Therefore, we have illustrated alternate scenarios reflecting that members may choose to delay retirement after the effective date of the changes in order to receive a benefit at a later age based on a higher benefit accrual rate.



Our analysis of these proposals includes the following data, assumptions and methods:

- The estimated cost impact is measured as of July 1, 2022, which calculates the fiscal year 2024 County contribution and the proposed changes are assumed to be effective July 1, 2022 (unless otherwise noted).
- The additional unfunded liability is amortized over a 20-year period as a level percentage of pay (consistent with the current funding policy).
- All proposed changes (except for the COLA cap change for Group G) are assumed to only affect members who are active as of July 1, 2022.
 - The benefit accrual rate change is assumed to apply to both past and future service for employees who are active (and not in DROP) at the assumed effective date.
 - The COLA cap change is assumed to affect both current and future benefit recipients who enrolled on or after July 1, 1978 and retired (or retire) on or after March 1, 2000.
 - Members who enrolled before July 1, 1978 receive an unlimited COLA increase.
 - The COLA assumptions would change as follows:

	Current	Scenario 1	Change
Enrolled prior to 7/1/1978	2.50%	2.50%	0.00%
Enrolled on or after 7/1/1978 and retired prior to 3/1/2000	1.50%	1.50%	0.00%
Enrolled on or after 7/1/1978 and retire on or after 3/1/2000	2.50%	2.45%	-0.05%
Benefits attributable to service after 7/1/2011	2.20%	2.45%	0.25%

- The proposed changes may result in increases in administrative expenses related to implementing the changes. This analysis does not include the cost impact of potential increases in administrative expenses.
- For the Group E proposed military service change, at the direction of the County, we have assumed that 13 percent of Group E members would be eligible to receive 24 months of service credit for military service at no cost to the member.
 - Because some members with prior military service may have already purchased service credit for their prior military service, estimated cost may be lower than what is reflected in this analysis.
- Because certain proposed changes have an effective date in 2024 or 2025, active members may choose to delay retirement until after the effective date of the proposed change in order to receive a benefit (at a later age) based on a higher benefit accrual rate or for a longer period of time. Therefore, modified retirement rates were assumed for certain scenarios.
 - For Group E, Scenario 2 and Group J, Scenario 3 (and combined scenarios)
 - Because the proposal has an effective date of July 1, 2024, members may choose to delay retirement until after July 1, 2024 in order to have their benefits reduced at a later age (age 70 instead of SSNRA). Therefore, modified lower retirement rates were assumed for plan years ending June 30, 2023 and June 30, 2024, and modified higher retirement rates were assumed for plan year ending June 30, 2025.
 - For Group F, Scenario 1 (and combined scenarios)
 - Members who are eligible for DRSP under the proposed eligibility conditions who are not eligible for DRSP under the current conditions may modify their retirement behavior due to the changes. Therefore, modified retirement rates are assumed.



- For Group F, Scenario 4 (and combined scenario)
 - Because the proposal has an effective date of January 1, 2025, members may choose to delay retirement until after January 1, 2025 in order to receive a benefit (at a later age) based on a higher benefit accrual rate. Therefore, modified lower retirement rates were assumed for plan years ending June 30, 2023 and June 30, 2024, and modified higher retirement rates were assumed for plan year ending June 30, 2025.

Exhibits I(a) through I(d) contain a summary of results and Exhibits II(a) through II(d) contain detailed calculations of the cost impact measured as of July 1, 2022 (which calculated the fiscal year 2024 contribution requirement) of providing benefits under the proposals described.

Exhibits III(a) through III(d) contain a five-year projection of the County contribution requirement for Groups E, J, F and G under the proposals. Exhibit III(e) contains a five-year projection of the County contribution requirement for Groups E, J, F and G based on the combined scenarios. (If there were two combined scenarios for a group, the combined scenario with the higher contribution requirement was used.) The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2022. In addition, the projections do not include any projected increases in administrative expenses under any of the proposals compared to the current projected expenses.

Exhibit IV contains a summary of the census data used in the actuarial valuation as of July 1, 2022 (which was the basis for the cost analysis presented in this letter).

Exhibit V has a detailed summary of the proposed changes for each group.

The Appendix shows the current retirement rates and describes the modified retirement rates for Groups E, J and F, as well as a summary of the current benefit provisions.

Summary of Results

All of the proposed changes (increasing the benefit accrual rates, increasing the age at which benefits decrease, waiving the payment for up to 24 months of military service, increasing the COLA cap and changing the eligibility for DRSP) are all expected to increase both the actuarial liabilities and the County contribution rate (and the total contribution requirements of the System).

On the following two pages, there are summaries of the estimated funded ratio (based on the actuarial value of assets) as of July 1, 2022 and the estimated illustrative fiscal year 2024 County contribution based on amortizing the change in unfunded liability due to the proposed changes over a 20-year period (and alternatively, a 10-year period). The 20-year period is consistent with the current funding policy and the 10-year period is based on the Conference of Consulting Actuaries model practice to amortize active member plan amendments over a closed period of no longer than the lesser of 15 years and future service based on active member demographics. (10 years is approximately the average remaining number of years that current active Group E, F, G and J members are expected to work.)



Group E

	Scenario 2 - Age 70 Reduction with Modified Retirement Rates	Scenario 1 - Age 70 Reduction	Scenario 3 - 2.60%/2.25% Multiplier	Scenario 4 - Military Service	Scenario 5 - Combined Scenarios 1, 3-4	Scenario 6 - Combined Scenarios 2-4
	Baseline	70 Reduction	70 Reduction	70 Reduction	70 Reduction	70 Reduction
Funded Ratio	104.1%	103.4%	103.4%	102.0%	103.9%	101.0%
County Contribution (20-Year)	\$3,269,384	\$3,631,943	\$3,680,057	\$4,413,836	\$3,404,142	\$4,955,380
County Contribution (10-Year)	3,269,384	3,773,478	3,821,377	4,858,341	3,453,550	5,661,214
Change						
Funded Ratio		-0.7%	-0.7%	-2.1%	-0.2%	-3.1%
County Contribution (20-Year)		\$362,559	\$410,673	\$1,144,452	\$134,758	\$1,685,996
County Contribution (10-Year)		504,094	551,993	1,588,957	184,166	2,391,830

Group J

	Scenario 1 - 2.50%/2.00% Multiplier	Scenario 2 - Age 70 Reduction	Scenario 3 - Age 70 Reduction with Modified Retirement Rates	Scenario 4 - Combined Scenarios 1-2	Scenario 5 - Combined Scenarios 1, 3
	Baseline	70 Reduction	70 Reduction	70 Reduction	70 Reduction
Funded Ratio	122.2%	119.8%	120.2%	120.4%	117.8%
County Contribution (20-Year)	\$183,742	\$318,453	\$285,782	\$299,375	\$424,282
County Contribution (10-Year)	183,742	373,113	331,734	340,554	526,555
Change					
Funded Ratio		-2.4%	-2.0%	-1.8%	-4.4%
County Contribution (20-Year)		\$134,711	\$102,040	\$115,633	\$240,540
County Contribution (10-Year)		189,371	147,992	156,812	342,813

The County contribution requirement is illustrated based on the current funding policy (to amortize the change in unfunded liability over a 20-year closed period as a level percentage of payroll) and an alternate policy (which amortizes the change in unfunded liability due to the plan changes over a 10-year closed period as a level percentage of payroll).



Group F							
	Baseline	Scenario 1 - DRSP Eligibility	Scenario 2 - Age 70 Reduction	Scenario 3 - 2.60%/2.40% Multiplier	Scenario 4 - Multiplier Change with Modified	Scenario 5 - Combined Scenarios 1-3	Scenario 6 - Combined Scenarios 1-2, 4
Funded Ratio	105.6%	105.5%	104.7%	103.9%	103.9%	102.9%	103.0%
County Contribution (20-Year)	\$10,512,916	\$10,633,243	\$11,733,494	\$13,172,141	\$13,394,555	\$14,568,571	\$14,702,803
County Contribution (10-Year)	10,512,916	10,684,202	12,257,299	14,233,331	14,401,224	16,225,305	16,266,724
Change							
Funded Ratio		-0.1%	-0.9%	-1.7%	-1.7%	-2.7%	-2.6%
County Contribution (20-Year)		\$120,327	\$1,220,578	\$2,659,225	\$2,881,639	\$4,055,655	\$4,189,887
County Contribution (10-Year)		171,286	1,744,383	3,720,415	3,888,308	5,712,389	5,753,808

Group G					
	Baseline	Updated Baseline	Scenario 1 - 5.00% COLA Cap	Scenario 2 - 2.60%/1.25% Multiplier	Scenario 3 - Combined Scenarios 1-2
Funded Ratio	96.5%	95.4%	94.6%	94.1%	93.3%
County Contribution (20-Year)	\$24,733,634	\$26,315,333	\$27,525,424	\$28,310,857	\$29,560,016
County Contribution (10-Year)	24,733,634	26,934,284	28,575,376	29,660,967	31,354,573
Change					
Funded Ratio			-0.8%	-1.3%	-2.1%
County Contribution (20-Year)			\$1,210,091	\$1,995,524	\$3,244,683
County Contribution (10-Year)			1,641,092	2,726,683	4,420,289

The County contribution requirement is illustrated based on the current funding policy (to amortize the change in unfunded liability over a 20-year closed period as a level percentage of payroll) and an alternate policy (which amortizes the change in unfunded liability due to the plan changes over a 10-year closed period as a level percentage of payroll).



Considerations and Disclosures

The analysis was performed at the request of Montgomery County (“County”) and is intended for use by the County and those designated by the County. This analysis may be provided to parties other than the County only in its entirety and only with the permission of the County.

The actuarial assumptions used in this analysis are the same as those used in the actuarial valuation of the Montgomery County Employees’ Retirement System as of July 1, 2022, with the exception of the modified retirement rates used in certain scenarios, as indicated in this letter. Changes to assumptions (such as decreasing the investment return assumption) will impact the cost impact in this letter.

We amortized the change in unfunded liability over a 20-year period, which is consistent with the current funding policy for Groups E, J, F and G. The Conference of Consulting Actuaries (CCA) issued a white paper on funding policies. Based on the CCA white paper, the model practice is to amortize active member plan amendments over a closed period of no longer than the lesser of 15 years and future service based on active member demographics. However, an amortization period of up to 25 years is acceptable with conditions to amortize the unfunded liability on a combined basis from all sources. We have also illustrated the County contribution based on an amortization period of 10 years for changes in plan provisions (consistent with the CCA model practice). (10 years is approximately the average remaining number of years that current active Group E, F, G and J members are expected to work.)

If any of the provisions, underlying data or assumptions used in this analysis appear to be incorrect or unreasonable, please let us know as soon as possible so we can update the analysis.

Future actuarial measurements may differ significantly from the current measurements presented in this cost analysis due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions, contribution amounts or applicable law.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training and Processes Team, who developed and maintain the model.

This report reflects the impact of COVID-19 through June 30, 2022. However, this report does not reflect the longer term and still developing future impact of COVID-19, which may further influence demographic experience and economic expectations. We will continue to monitor these developments and their impact on the System and the actuarial assumptions. Actual experience will be reflected in each subsequent annual valuation, as experience emerges.

To the best of our knowledge, the information contained in this analysis is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Amy Williams and Cassie Rapoport are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

Please let us know if you have any questions or would like to discuss the results of this analysis further.

Respectfully submitted,

Gabriel, Roeder, Smith & Company



Amy Williams, ASA, MAAA, FCA
Senior Consultant



Cassie Rapoport, ASA, MAAA
Senior Analyst

**Cost Impact Summary of Proposed Changes in Group E Plan Provisions
Based on Actuarial Valuation as of July 1, 2022**

	Baseline	Scenario 2 - Age 70					
		Scenario 1 - Age 70 Reduction	Reduction with Modified Retirement Rates	Scenario 3 - 2.60%/2.25% Multiplier	Scenario 4 - Military Service	Scenario 5 - Combined Scenarios 1, 3-4	Scenario 6 - Combined Scenarios 2-4
Group E							
Present Value of Future Benefits - Active Members	\$ 167,428,353	\$ 171,644,615	\$ 171,863,939	\$ 180,512,836	\$ 168,931,696	\$ 186,736,761	\$ 186,976,086
Actuarial Accrued Liability - Active Members	113,450,522	116,431,122	116,426,592	122,811,364	114,491,014	127,181,868	127,180,526
Normal Cost Rate (%)	20.16%	20.58%	20.58%	21.49%	20.33%	22.13%	22.13%
County Normal Cost Rate (%)	13.41%	13.83%	13.83%	14.74%	13.58%	15.38%	15.38%
Total Actuarial Accrued Liability	\$ 445,821,148	\$ 448,801,748	\$ 448,797,218	\$ 455,181,990	\$ 446,861,640	\$ 459,552,494	\$ 459,551,152
Amortization of Unfunded Liability Rate (%)	-3.85%	-3.25%	-3.25%	-1.98%	-3.64%	-1.10%	-1.10%
County Contribution Requirement \$	3,269,384	3,631,943	3,680,057	4,413,836	3,404,142	4,955,380	5,009,237
County Contribution Requirement %	9.56%	10.58%	10.58%	12.76%	9.94%	14.28%	14.28%
Total Contribution Requirement \$	5,621,649	5,984,208	6,055,704	6,766,101	5,756,407	7,307,645	7,384,884
Funded Ratio (Actuarial Value of Assets)	104.1%	103.4%	103.4%	102.0%	103.9%	101.0%	101.0%

Difference from Baseline	Scenario 2 - Age 70					
	Scenario 1 - Age 70 Reduction	Reduction with Modified Retirement Rates	Scenario 3 - 2.60%/2.25% Multiplier	Scenario 4 - Military Service	Scenario 5 - Combined Scenarios 1, 3-4	Scenario 6 - Combined Scenarios 2-4
Group E						
Present Value of Future Benefits - Active Members	\$ 4,216,262	\$ 4,435,586	\$ 13,084,483	\$ 1,503,343	\$ 19,308,408	\$ 19,547,733
Actuarial Accrued Liability - Active Members	2,980,600	2,976,070	9,360,842	1,040,492	13,731,346	13,730,004
Normal Cost Rate (%)	0.42%	0.42%	1.33%	0.17%	1.97%	1.97%
County Normal Cost Rate (%)	0.42%	0.42%	1.33%	0.17%	1.97%	1.97%
Total Actuarial Accrued Liability	\$ 2,980,600	\$ 2,976,070	\$ 9,360,842	\$ 1,040,492	\$ 13,731,346	\$ 13,730,004
Amortization of Unfunded Liability Rate (%)	0.60%	0.60%	1.87%	0.21%	2.75%	2.75%
County Contribution Requirement \$	362,559	410,673	1,144,452	134,758	1,685,996	1,739,853
County Contribution Requirement %	1.02%	1.02%	3.20%	0.38%	4.72%	4.72%
Total Contribution Requirement \$	362,559	434,055	1,144,452	134,758	1,685,996	1,763,235
Funded Ratio (Actuarial Value of Assets)	-0.7%	-0.7%	-2.1%	-0.2%	-3.1%	-3.1%



**Cost Impact Summary of Proposed Changes in Group J Plan Provisions
Based on Actuarial Valuation as of July 1, 2022**

	Baseline	Scenario 3 - Age 70				
		Scenario 1 - 2.50%/2.00% Multiplier	Scenario 2 - Age 70 Reduction	Reduction with Modified Retirement Rates	Scenario 4 - Combined Scenarios 1-2	Scenario 5 - Combined Scenarios 1, 3
Group J						
Present Value of Future Benefits - Active Members	\$ 47,315,341	\$ 48,790,110	\$ 48,517,265	\$ 48,530,100	\$ 50,036,259	\$ 50,044,051
Actuarial Accrued Liability - Active Members	36,802,546	37,953,625	37,770,241	37,669,737	38,956,319	38,847,391
Normal Cost Rate (%)	19.82%	20.40%	20.18%	20.16%	20.77%	20.75%
County Normal Cost Rate (%)	13.04%	13.62%	13.40%	13.38%	13.99%	13.97%
Total Actuarial Accrued Liability	\$ 58,280,979	\$ 59,432,058	\$ 59,248,674	\$ 59,148,170	\$ 60,434,752	\$ 60,325,824
Amortization of Unfunded Liability Rate (%)	-10.18%	-9.29%	-9.44%	-9.51%	-8.52%	-8.60%
County Contribution Requirement \$	183,742	318,453	285,782	299,375	424,282	438,242
County Contribution Requirement %	2.86%	4.33%	3.96%	3.87%	5.47%	5.37%
Total Contribution Requirement \$	778,714	913,425	880,754	906,454	1,019,254	1,045,321
Funded Ratio (Actuarial Value of Assets)	122.2%	119.8%	120.2%	120.4%	117.8%	118.0%

Difference from Baseline	Scenario 3 - Age 70				
	Scenario 1 - 2.50%/2.00% Multiplier	Scenario 2 - Age 70 Reduction	Reduction with Modified Retirement Rates	Scenario 4 - Combined Scenarios 1-2	Scenario 5 - Combined Scenarios 1, 3
Group J					
Present Value of Future Benefits - Active Members	\$ 1,474,769	\$ 1,201,924	\$ 1,214,759	\$ 2,720,918	\$ 2,728,710
Actuarial Accrued Liability - Active Members	1,151,079	967,695	867,191	2,153,773	2,044,845
Normal Cost Rate (%)	0.58%	0.36%	0.34%	0.95%	0.93%
County Normal Cost Rate (%)	0.58%	0.36%	0.34%	0.95%	0.93%
Total Actuarial Accrued Liability	\$ 1,151,079	\$ 967,695	\$ 867,191	\$ 2,153,773	\$ 2,044,845
Amortization of Unfunded Liability Rate (%)	0.89%	0.74%	0.67%	1.66%	1.58%
County Contribution Requirement \$	134,711	102,040	115,633	240,540	254,500
County Contribution Requirement %	1.47%	1.10%	1.01%	2.61%	2.51%
Total Contribution Requirement \$	134,711	102,040	127,740	240,540	266,607
Funded Ratio (Actuarial Value of Assets)	-2.4%	-2.0%	-1.8%	-4.4%	-4.2%



**Cost Impact Summary of Proposed Changes in Group F Plan Provisions
Based on Actuarial Valuation as of July 1, 2022**

	Baseline	Scenario 1 - DRSP Eligibility	Scenario 2 - Age 70 Reduction	Scenario 3 - 2.60%/2.40% Multiplier	Scenario 4 - Multiplier Change with Modified Retirement Rates	Scenario 5 - Combined Scenarios 1-3	Scenario 6 - Combined Scenarios 1-2, 4
Group F							
Present Value of Future Benefits - Active Members	\$ 597,525,048	\$ 597,919,870	\$ 612,030,883	\$ 629,681,817	\$ 631,024,522	\$ 645,200,382	\$ 646,444,641
Actuarial Accrued Liability - Active Members	412,551,317	413,624,459	423,582,146	434,898,950	433,750,808	447,440,528	445,485,973
Normal Cost Rate (%)	23.60%	23.64%	24.03%	24.66%	24.64%	25.15%	25.10%
County Normal Cost Rate (%)	16.83%	16.87%	17.26%	17.89%	17.87%	18.38%	18.33%
Total Actuarial Accrued Liability	\$ 1,308,897,685	\$ 1,309,970,827	\$ 1,319,928,514	\$ 1,331,245,318	\$ 1,330,097,176	\$ 1,343,786,896	\$ 1,341,832,341
Amortization of Unfunded Liability Rate (%)	-5.84%	-5.76%	-5.05%	-4.23%	-4.32%	-3.33%	-3.47%
County Contribution Requirement \$	10,512,916	10,633,243	11,733,494	13,172,141	13,394,555	14,568,571	14,702,803
County Contribution Requirement %	10.99%	11.11%	12.21%	13.66%	13.55%	15.05%	14.86%
Total Contribution Requirement \$	17,113,527	17,233,854	18,334,105	19,772,752	20,119,872	21,169,182	21,428,120
Funded Ratio (Actuarial Value of Assets)	105.6%	105.5%	104.7%	103.9%	103.9%	102.9%	103.0%

	Scenario 1 - DRSP Eligibility	Scenario 2 - Age 70 Reduction	Scenario 3 - 2.60%/2.40% Multiplier	Scenario 4 - Multiplier Change with Modified Retirement Rates	Scenario 5 - Combined Scenarios 1-3	Scenario 6 - Combined Scenarios 1-2, 4
Difference from Baseline						
Group F						
Present Value of Future Benefits - Active Members	\$ 394,822	\$ 14,505,835	\$ 32,156,769	\$ 33,499,474	\$ 47,675,334	\$ 48,919,593
Actuarial Accrued Liability - Active Members	1,073,142	11,030,829	22,347,633	21,199,491	34,889,211	32,934,656
Normal Cost Rate (%)	0.04%	0.43%	1.06%	1.04%	1.55%	1.50%
County Normal Cost Rate (%)	0.04%	0.43%	1.06%	1.04%	1.55%	1.50%
Total Actuarial Accrued Liability	\$ 1,073,142	\$ 11,030,829	\$ 22,347,633	\$ 21,199,491	\$ 34,889,211	\$ 32,934,656
Amortization of Unfunded Liability Rate (%)	0.08%	0.79%	1.61%	1.52%	2.51%	2.37%
County Contribution Requirement \$	120,327	1,220,578	2,659,225	2,881,639	4,055,655	4,189,887
County Contribution Requirement %	0.12%	1.22%	2.67%	2.56%	4.06%	3.87%
Total Contribution Requirement \$	120,327	1,220,578	2,659,225	3,006,345	4,055,655	4,314,593
Funded Ratio (Actuarial Value of Assets)	-0.1%	-0.9%	-1.7%	-1.7%	-2.7%	-2.6%



**Cost Impact Summary of Proposed Changes in Group G Plan Provisions
Based on Actuarial Valuation as of July 1, 2022**

	Baseline	Updated Baseline	Scenario 1 - 5.00% COLA Cap	Scenario 2 - 2.60%/1.25% Multiplier	Scenario 3 - Combined Scenarios 1-2
Group G					
Present Value of Future Benefits - Active Members	\$ 613,485,906	\$ 632,155,314	\$ 645,056,051	\$ 655,280,699	\$ 668,654,251
Actuarial Accrued Liability - Active Members	383,353,802	396,388,325	403,521,208	411,785,806	419,201,870
Normal Cost Rate (%)	26.84%	27.47%	28.01%	28.34%	28.90%
County Normal Cost Rate (%)	19.41%	20.04%	20.58%	20.91%	21.47%
Total Actuarial Accrued Liability	\$ 1,123,005,194	\$ 1,136,039,717	\$ 1,145,116,162	\$ 1,151,437,198	\$ 1,160,796,824
Amortization of Unfunded Liability Rate (%)	4.91%	5.82%	6.45%	6.89%	7.54%
County Contribution Requirement \$	24,733,634	26,315,333	27,525,424	28,310,857	29,560,016
County Contribution Requirement %	24.32%	25.86%	27.03%	27.80%	29.01%
Total Contribution Requirement \$	32,239,550	33,821,249	35,031,340	35,816,773	37,065,932
Funded Ratio (Actuarial Value of Assets)	96.5%	95.4%	94.6%	94.1%	93.3%

Difference from Updated Baseline	Scenario 1 - 5.00% COLA Cap	Scenario 2 - 2.60%/1.25% Multiplier	Scenario 3 - Combined Scenarios 1-2
Group G			
Present Value of Future Benefits - Active Members	\$ 12,900,737	\$ 23,125,385	\$ 36,498,937
Actuarial Accrued Liability - Active Members	7,132,883	15,397,481	22,813,545
Normal Cost Rate (%)	0.54%	0.87%	1.43%
County Normal Cost Rate (%)	0.54%	0.87%	1.43%
Total Actuarial Accrued Liability	\$ 9,076,445	\$ 15,397,481	\$ 24,757,107
Amortization of Unfunded Liability Rate (%)	0.63%	1.07%	1.72%
County Contribution Requirement \$	1,210,091	1,995,524	3,244,683
County Contribution Requirement %	1.17%	1.94%	3.15%
Total Contribution Requirement \$	1,210,091	1,995,524	3,244,683
Funded Ratio (Actuarial Value of Assets)	-0.8%	-1.3%	-2.1%



**Cost Impact Details of Proposed Changes in Group E Plan Provisions
Based on Actuarial Valuation as of July 1, 2022**

	Group E						
	Baseline	Scenario 1 - Age 70 Reduction	Scenario 2 - Age 70 Reduction with Modified Retirement Rates	Scenario 3 - 2.60%/2.25% Multiplier	Scenario 4 - Military Service	Scenario 5 - Combined Scenarios 1, 3-4	Scenario 6 - Combined Scenarios 2-4
Actuarial Accrued Liability							
Active Members	\$ 113,450,522	\$ 116,431,122	\$ 116,426,592	\$ 122,811,364	\$ 114,491,014	\$ 127,181,868	\$ 127,180,526
DRSP/DROP Members	35,393,999	35,393,999	35,393,999	35,393,999	35,393,999	35,393,999	35,393,999
Terminated Vested Members	3,408,631	3,408,631	3,408,631	3,408,631	3,408,631	3,408,631	3,408,631
Retired Members and Beneficiaries	293,567,996	293,567,996	293,567,996	293,567,996	293,567,996	293,567,996	293,567,996
Total	445,821,148	448,801,748	448,797,218	455,181,990	446,861,640	459,552,494	459,551,152
Actuarial Value of Assets	\$ 464,272,269	\$ 464,272,269	\$ 464,272,269	\$ 464,272,269	\$ 464,272,269	\$ 464,272,269	\$ 464,272,269
Unfunded Actuarial Accrued Liability	\$ (18,451,121)	\$ (15,470,521)	\$ (15,475,051)	\$ (9,090,279)	\$ (17,410,629)	\$ (4,719,775)	\$ (4,721,117)
Funded Ratio (Actuarial Value of Assets)	104.1%	103.4%	103.4%	102.0%	103.9%	101.0%	101.0%
Annual Gross Normal Cost							
Benefits	\$ 6,759,703	\$ 6,905,203	\$ 6,977,029	\$ 7,222,462	\$ 6,818,688	\$ 7,445,729	\$ 7,523,066
Expenses of Administration	264,197	264,197	264,197	264,197	264,197	264,197	264,197
Total	7,023,900	7,169,400	7,241,226	7,486,659	7,082,885	7,709,926	7,787,263
Amortization of Unfunded Liability ¹	\$ (1,402,251)	\$ (1,185,192)	\$ (1,185,522)	\$ (720,558)	\$ (1,326,478)	\$ (402,281)	\$ (402,379)
Annual Contribution Requirement							
County Portion	\$ 3,269,384	\$ 3,631,943	\$ 3,680,057	\$ 4,413,836	\$ 3,404,142	\$ 4,955,380	\$ 5,009,237
Employee Portion	2,352,265	2,352,265	2,375,647	2,352,265	2,352,265	2,352,265	2,375,647
Total	5,621,649	5,984,208	6,055,704	6,766,101	5,756,407	7,307,645	7,384,884

¹ Amortization bases established prior to the July 1, 2015 actuarial valuation were recombined into a single amortization base equal to the total unfunded liability as of July 1, 2015. Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over separate closed 20-year amortization periods for Groups E and J.

**Cost Impact Details of Proposed Changes in Group J Plan Provisions
Based on Actuarial Valuation as of July 1, 2022**

	Group J					
	Baseline	Scenario 1 - 2.50%/2.00% Multiplier	Scenario 2 - Age 70 Reduction	Scenario 3 - Age 70	Scenario 4 - Combined Scenarios 1-2	Scenario 5 - Combined Scenarios 1, 3
				Reduction with Modified Retirement Rates		
Actuarial Accrued Liability						
Active Members	\$ 36,802,546	\$ 37,953,625	\$ 37,770,241	\$ 37,669,737	\$ 38,956,319	\$ 38,847,391
DRSP/DROP Members	-	-	-	-	-	-
Terminated Vested Members	173,333	173,333	173,333	173,333	173,333	173,333
Retired Members and Beneficiaries	21,305,100	21,305,100	21,305,100	21,305,100	21,305,100	21,305,100
Total	58,280,979	59,432,058	59,248,674	59,148,170	60,434,752	60,325,824
Actuarial Value of Assets	\$ 71,206,700	\$ 71,206,700	\$ 71,206,700	\$ 71,206,700	\$ 71,206,700	\$ 71,206,700
Unfunded Actuarial Accrued Liability	\$ (12,925,721)	\$ (11,774,642)	\$ (11,958,026)	\$ (12,058,530)	\$ (10,771,948)	\$ (10,880,876)
Funded Ratio (Actuarial Value of Assets)	122.2%	119.8%	120.2%	120.4%	117.8%	118.0%
Annual Gross Normal Cost						
Benefits	\$ 1,653,983	\$ 1,704,868	\$ 1,685,552	\$ 1,718,571	\$ 1,737,677	\$ 1,771,676
Expenses of Administration	85,703	85,703	85,703	85,703	85,703	85,703
Total	1,739,686	1,790,571	1,771,255	1,804,274	1,823,380	1,857,379
Amortization of Unfunded Liability ¹	\$ (960,972)	\$ (877,146)	\$ (890,501)	\$ (897,820)	\$ (804,126)	\$ (812,058)
Annual Contribution Requirement						
County Portion	\$ 183,742	\$ 318,453	\$ 285,782	\$ 299,375	\$ 424,282	\$ 438,242
Employee Portion	594,972	594,972	594,972	607,079	594,972	607,079
Total	778,714	913,425	880,754	906,454	1,019,254	1,045,321

¹ Amortization bases established prior to the July 1, 2015 actuarial valuation were recombined into a single amortization base equal to the total unfunded liability as of July 1, 2015. Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over separate closed 20-year amortization periods for Groups E and J.

**Cost Impact Details of Proposed Changes in Group F Plan Provisions
Based on Actuarial Valuation as of July 1, 2022**

	Group F							
	Baseline	Scenario 1 - DRSP Eligibility	Scenario 2 - Age 70 Reduction	Scenario 3 - 2.60%/2.40% Multiplier	Scenario 4 - Multiplier Change with Modified Retirement Rates	Scenario 5 - Combined Scenarios 1-3	Scenario 6 - Combined Scenarios 1-2, 4	
Actuarial Accrued Liability								
Active Members	\$ 412,551,317	\$ 413,624,459	\$ 423,582,146	\$ 434,898,950	\$ 433,750,808	\$ 447,440,528	\$ 445,485,973	
DRSP/DROP Members	129,883,811	129,883,811	129,883,811	129,883,811	129,883,811	129,883,811	129,883,811	
Terminated Vested Members	2,113,208	2,113,208	2,113,208	2,113,208	2,113,208	2,113,208	2,113,208	
Retired Members and Beneficiaries	764,349,349	764,349,349	764,349,349	764,349,349	764,349,349	764,349,349	764,349,349	
Total	1,308,897,685	1,309,970,827	1,319,928,514	1,331,245,318	1,330,097,176	1,343,786,896	1,341,832,341	
Actuarial Value of Assets	\$ 1,382,574,114	\$ 1,382,574,114	\$ 1,382,574,114	\$ 1,382,574,114	\$ 1,382,574,114	\$ 1,382,574,114	\$ 1,382,574,114	
Unfunded Actuarial Accrued Liability	\$ (73,676,429)	\$ (72,603,287)	\$ (62,645,600)	\$ (51,328,796)	\$ (52,476,938)	\$ (38,787,218)	\$ (40,741,773)	
Employee Contributions Due (COVID Pay)	986,909	986,909	986,909	986,909	986,909	986,909	986,909	
Net Unfunded Actuarial Accrued Liability	(74,663,338)	(73,590,196)	(63,632,509)	(52,315,705)	(53,463,847)	(39,774,127)	(41,728,682)	
Funded Ratio (Actuarial Value of Assets)	105.6%	105.5%	104.7%	103.9%	103.9%	102.9%	103.0%	
Annual Gross Normal Cost								
Benefits	\$ 22,060,511	\$ 22,102,688	\$ 22,477,781	\$ 23,092,294	\$ 23,523,026	\$ 23,575,398	\$ 23,976,674	
Expenses of Administration	960,724	960,724	960,724	960,724	960,724	960,724	960,724	
Total	23,021,235	23,063,412	23,438,505	24,053,018	24,483,750	24,536,122	24,937,398	
Amortization of Unfunded Liability ¹	\$ (5,907,708)	\$ (5,829,558)	\$ (5,104,400)	\$ (4,280,266)	\$ (4,363,878)	\$ (3,366,940)	\$ (3,509,278)	
Annual Contribution Requirement								
County Portion	\$ 10,512,916	\$ 10,633,243	\$ 11,733,494	\$ 13,172,141	\$ 13,394,555	\$ 14,568,571	\$ 14,702,803	
Employee Portion	6,600,611	6,600,611	6,600,611	6,600,611	6,725,317	6,600,611	6,725,317	
Total	17,113,527	17,233,854	18,334,105	19,772,752	20,119,872	21,169,182	21,428,120	

¹ Amortization bases established prior to the July 1, 2015 actuarial valuation were recombined into a single amortization base equal to the total unfunded liability as of July 1, 2015. Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over separate closed 20-year amortization periods for the Public Safety groups.



**Cost Impact Details of Proposed Changes in Group G Plan Provisions
Based on Actuarial Valuation as of July 1, 2022**

	Group G				
	Baseline	Updated Baseline	Scenario 1 - 5.00% COLA Cap	Scenario 2 - 2.60%/1.25% Multiplier	Scenario 3 - Combined Scenarios 1-2
Actuarial Accrued Liability					
Active Members	\$ 383,353,802	\$ 396,388,325	\$ 403,521,208	\$ 411,785,806	\$ 419,201,870
DRSP/DROP Members	77,537,489	77,537,489	77,988,015	77,537,489	77,988,015
Terminated Vested Members	791,012	791,012	795,352	791,012	795,352
Retired Members and Beneficiaries	<u>661,322,891</u>	<u>661,322,891</u>	<u>662,811,587</u>	<u>661,322,891</u>	<u>662,811,587</u>
Total	1,123,005,194	1,136,039,717	1,145,116,162	1,151,437,198	1,160,796,824
Actuarial Value of Assets	\$ 1,083,428,732	\$ 1,083,428,732	\$ 1,083,428,732	\$ 1,083,428,732	\$ 1,083,428,732
Unfunded Actuarial Accrued Liability	\$ 39,576,462	\$ 52,610,985	\$ 61,687,430	\$ 68,008,466	\$ 77,368,092
Funded Ratio (Actuarial Value of Assets)	96.5%	95.4%	94.6%	94.1%	93.3%
Annual Gross Normal Cost					
Benefits	\$ 26,217,002	\$ 26,849,476	\$ 27,398,585	\$ 27,723,696	\$ 28,291,250
Expenses of Administration	<u>892,731</u>	<u>892,731</u>	<u>892,731</u>	<u>892,731</u>	<u>892,731</u>
Total	27,109,733	27,742,207	28,291,316	28,616,427	29,183,981
Amortization of Unfunded Liability ¹	\$ 5,129,817	\$ 6,079,042	\$ 6,740,024	\$ 7,200,346	\$ 7,881,951
Annual Contribution Requirement					
County Portion	\$ 24,733,634	\$ 26,315,333	\$ 27,525,424	\$ 28,310,857	\$ 29,560,016
Employee Portion	<u>7,505,916</u>	<u>7,505,916</u>	<u>7,505,916</u>	<u>7,505,916</u>	<u>7,505,916</u>
Total	32,239,550	33,821,249	35,031,340	35,816,773	37,065,932

¹ Amortization bases established prior to the July 1, 2015 actuarial valuation were recombined into a single amortization base equal to the total unfunded liability as of July 1, 2015. Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over separate closed 20-year amortization periods for the Public Safety groups.

**Projected County Contributions Based on Proposed Changes in Group E Plan Provisions
Based on Actuarial Valuation as of July 1, 2022**

Group E	Baseline	Scenario 2 - Age 70	Scenario 3 -	Scenario 4 -	Scenario 5 -	Scenario 6 -
		Scenario 1 - Age 70	2.60%/2.25%		Combined	Combined
		Reduction	Reduction with	Multiplier	Scenarios 1, 3-4	Scenarios 2-4
			Modified			
			Retirement Rates		Military Service	
Projected County Contribution Requirement \$						
Fiscal Year 2024	\$ 3,269,384	\$ 3,631,943	\$ 3,680,057	\$ 4,413,836	\$ 3,404,142	\$ 5,009,237
Fiscal Year 2025	3,367,466	3,740,901	3,790,459	4,546,251	3,506,266	5,159,514
Fiscal Year 2026	3,468,489	3,853,128	3,904,172	4,682,639	3,611,454	5,314,300
Fiscal Year 2027	3,572,544	3,968,722	4,021,298	4,823,118	3,719,798	5,473,729
Fiscal Year 2028	3,679,720	4,087,784	4,141,937	4,967,811	3,831,392	5,637,940
5-Year Total	17,357,603	19,282,478	19,537,923	23,433,655	18,073,052	26,594,720
Difference from Baseline						
Fiscal Year 2024		\$ 362,559	\$ 410,673	\$ 1,144,452	\$ 134,758	\$ 1,739,853
Fiscal Year 2025		373,435	422,993	1,178,785	138,800	1,792,048
Fiscal Year 2026		384,639	435,683	1,214,150	142,965	1,845,811
Fiscal Year 2027		396,178	448,754	1,250,574	147,254	1,901,185
Fiscal Year 2028		408,064	462,217	1,288,091	151,672	1,958,220
5-Year Total		1,924,875	2,180,320	6,076,052	715,449	9,237,117

The County contribution requirement is projected to increase by three percent each year. The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2022.



**Projected County Contributions Based on Proposed Changes in Group J Plan Provisions
Based on Actuarial Valuation as of July 1, 2022**

Group J	Baseline	Scenario 1 -	Scenario 2 - Age 70	Scenario 3 - Age 70	Scenario 4 -	Scenario 5 -
		2.50%/2.00% Multiplier	Reduction	Reduction with Modified Retirement Rates	Combined Scenarios 1-2	Combined Scenarios 1, 3
Projected County Contribution Requirement \$						
Fiscal Year 2024	\$ 183,742	\$ 318,453	\$ 285,782	\$ 299,375	\$ 424,282	\$ 438,242
Fiscal Year 2025	189,254	328,007	294,355	308,356	437,010	451,389
Fiscal Year 2026	194,932	337,847	303,186	317,607	450,121	464,931
Fiscal Year 2027	200,780	347,982	312,282	327,135	463,624	478,879
Fiscal Year 2028	206,803	358,422	321,650	336,949	477,533	493,245
5-Year Total	975,511	1,690,711	1,517,255	1,589,423	2,252,571	2,326,686
Difference from Baseline						
Fiscal Year 2024		\$ 134,711	\$ 102,040	\$ 115,633	\$ 240,540	\$ 254,500
Fiscal Year 2025		138,753	105,101	119,102	247,756	262,135
Fiscal Year 2026		142,915	108,254	122,675	255,189	269,999
Fiscal Year 2027		147,202	111,502	126,355	262,844	278,099
Fiscal Year 2028		151,619	114,847	130,146	270,730	286,442
5-Year Total		715,200	541,744	613,912	1,277,060	1,351,175

The County contribution requirement is projected to increase by three percent each year. The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2022.



**Projected County Contributions Based on Proposed Changes in Group F Plan Provisions
Based on Actuarial Valuation as of July 1, 2022**

Group F	Baseline	Scenario 1 - DRSP Eligibility	Scenario 2 - Age 70 Reduction	Scenario 3 - 2.60%/2.40% Multiplier	Scenario 4 - Multiplier Change with Modified Retirement Rates	Scenario 5 - Combined Scenarios 1-3	Scenario 6 - Combined Scenarios 1-2, 4
Projected County Contribution Requirement \$							
Fiscal Year 2024	\$ 10,512,916	\$ 10,633,243	\$ 11,733,494	\$ 13,172,141	\$ 13,394,555	\$ 14,568,571	\$ 14,702,803
Fiscal Year 2025	10,828,303	10,952,240	12,085,499	13,567,305	13,796,392	15,005,628	15,143,887
Fiscal Year 2026	11,153,153	11,280,807	12,448,064	13,974,324	14,210,283	15,455,797	15,598,204
Fiscal Year 2027	11,487,747	11,619,232	12,821,506	14,393,554	14,636,592	15,919,471	16,066,150
Fiscal Year 2028	11,832,380	11,967,809	13,206,151	14,825,361	15,075,690	16,397,055	16,548,134
5-Year Total	55,814,499	56,453,331	62,294,714	69,932,685	71,113,512	77,346,522	78,059,178
Difference from Baseline							
Fiscal Year 2024		\$ 120,327	\$ 1,220,578	\$ 2,659,225	\$ 2,881,639	\$ 4,055,655	\$ 4,189,887
Fiscal Year 2025		123,937	1,257,196	2,739,002	2,968,089	4,177,325	4,315,584
Fiscal Year 2026		127,654	1,294,911	2,821,171	3,057,130	4,302,644	4,445,051
Fiscal Year 2027		131,485	1,333,759	2,905,807	3,148,845	4,431,724	4,578,403
Fiscal Year 2028		135,429	1,373,771	2,992,981	3,243,310	4,564,675	4,715,754
5-Year Total		638,832	6,480,215	14,118,186	15,299,013	21,532,023	22,244,679

The County contribution requirement is projected to increase by three percent each year. The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2022.



**Projected County Contributions Based on Proposed Changes in Group G Plan Provisions
Based on Actuarial Valuation as of July 1, 2022**

Group G	Baseline	Updated Baseline	Scenario 1 - 5.00% COLA Cap	Scenario 2 - 2.60%/1.25% Multiplier	Scenario 3 - Combined Scenarios 1-2
Projected County Contribution Requirement \$					
Fiscal Year 2024	\$ 24,733,634	\$ 26,315,333	\$ 27,525,424	\$ 28,310,857	\$ 29,560,016
Fiscal Year 2025	25,475,643	27,104,793	28,351,187	29,160,183	30,446,816
Fiscal Year 2026	26,239,912	27,917,937	29,201,722	30,034,988	31,360,221
Fiscal Year 2027	27,027,110	28,755,475	30,077,774	30,936,038	32,301,028
Fiscal Year 2028	27,837,923	29,618,139	30,980,107	31,864,119	33,270,058
5-Year total	131,314,222	139,711,677	146,136,214	150,306,185	156,938,139
Difference from Updated Baseline					
Fiscal Year 2024			\$ 1,210,091	\$ 1,995,524	\$ 3,244,683
Fiscal Year 2025			1,246,394	2,055,390	3,342,023
Fiscal Year 2026			1,283,785	2,117,051	3,442,284
Fiscal Year 2027			1,322,299	2,180,563	3,545,553
Fiscal Year 2028			1,361,968	2,245,980	3,651,919
5-Year Total			6,424,537	10,594,508	17,226,462

The County contribution requirement is projected to increase by three percent each year. The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2022.



**Projected County Contributions Based on Proposed Changes in Group E, F, G and J Plan Provisions
Based on Actuarial Valuation as of July 1, 2022
Combined Impact of Proposed Changes for Each Group**

	Projected County Contribution Requirement \$					Total (Groups E, J, F, G)
	Group E	Group J	Group F	Group G		
Baseline Results (Updated Baseline Group G)						
Fiscal Year 2024	\$ 3,269,384	\$ 183,742	\$ 10,512,916	\$ 26,315,333	\$	40,281,375
Fiscal Year 2025	3,367,466	189,254	10,828,303	27,104,793		41,489,816
Fiscal Year 2026	3,468,489	194,932	11,153,153	27,917,937		42,734,511
Fiscal Year 2027	3,572,544	200,780	11,487,747	28,755,475		44,016,546
Fiscal Year 2028	3,679,720	206,803	11,832,380	29,618,139		45,337,042
5-Year Total	17,357,603	975,511	55,814,499	139,711,677		213,859,290
	Group E - Scenario 6	Group J - Scenario 5	Group F - Scenario 6	Group G - Scenario 3		Total (Groups E, J, F, G)
Combined Results of Proposed Changes						
Fiscal Year 2024	\$ 5,009,237	\$ 438,242	\$ 14,702,803	\$ 29,560,016	\$	49,710,298
Fiscal Year 2025	5,159,514	451,389	15,143,887	30,446,816		51,201,606
Fiscal Year 2026	5,314,300	464,931	15,598,204	31,360,221		52,737,656
Fiscal Year 2027	5,473,729	478,879	16,066,150	32,301,028		54,319,786
Fiscal Year 2028	5,637,940	493,245	16,548,134	33,270,058		55,949,377
5-Year Total	26,594,720	2,326,686	78,059,178	156,938,139		263,918,723
Difference from Baseline/Updated Baseline						
Fiscal Year 2024	\$ 1,739,853	\$ 254,500	\$ 4,189,887	\$ 3,244,683	\$	9,428,923
Fiscal Year 2025	1,792,048	262,135	4,315,584	3,342,023		9,711,790
Fiscal Year 2026	1,845,811	269,999	4,445,051	3,442,284		10,003,145
Fiscal Year 2027	1,901,185	278,099	4,578,403	3,545,553		10,303,240
Fiscal Year 2028	1,958,220	286,442	4,715,754	3,651,919		10,612,335
5-Year Total	9,237,117	1,351,175	22,244,679	17,226,462		50,059,433



Data Summary
Actuarial Valuation as of July 1, 2022

	Valuation as of July 1, 2022							Total
	Non-Public Safety			Public Safety			GRIP	
	Group A	Group H	Group J	Group E	Group F	Group G		
Total All Plans								
Active Members								
Number	196	307	98	462	1,088	1,179	2,626	5,956
Average Age	59.9	60.2	49.4	42.0	39.7	39.0	48.5	45.5
Average Service	30.8	29.2	15.1	10.8	13.9	12.4	8.2	12.2
Average Pay	\$ 117,333	\$ 87,084	\$ 96,303	\$ 78,883	\$ 92,945	\$ 88,628	\$ 79,765	\$ 85,744
Total Base Payroll	\$ 22,997,228	\$ 26,734,796	\$ 9,437,676	\$ 36,443,733	\$ 101,124,671	\$ 104,492,525	\$ 209,462,325	\$ 510,692,954
Contribution Basis Payroll:								
For Normal Cost	\$ 20,913,131	\$ 24,272,587	\$ 8,777,375	\$ 34,837,396	\$ 97,557,764	\$ 100,986,538	\$ 200,743,962	\$ 488,088,753
For Amortization of Unfunded Liability	15,895,169	20,476,267	9,437,676	36,443,733	101,124,671	104,492,525	209,462,325	497,332,366
DRSP/DROP Members								
Number				39	111	67		217
Total Base Payroll				\$ 4,350,921	\$ 12,619,289	\$ 8,318,705		\$ 25,288,915
Total Benefits				2,465,016	8,606,995	5,160,583		16,232,594
Terminated Vested Members								
Number	22	29	5	27	46	21	576	726
Total Benefits	\$ 307,147	\$ 235,599	\$ 49,340	\$ 427,390	\$ 525,176	\$ 204,581		\$ 1,749,233
Retired Members and Beneficiaries								
Number							10	6,749
Total Benefits							\$ 165,456	\$ 296,187,312
Total Membership							3,212	13,648



Group E Proposed Changes

Following is a summary of the proposed changes for Group E included in this analysis:

- For the first proposal (Scenarios 1 and 2), effective July 1, 2024, the age at which the benefit changes would increase from SSNRA to age 70 as shown below.

Birth Date	Current	Scenarios 1 and 2
Before 1/1/1938	65	70
1/1/1938 to 12/31/1954	66	70
On or after 1/1/1955	67	70

- We have included two separate scenarios to illustrate the impact of the change in age at which the benefit reduces.
 - Scenario 1 illustrates the results of changing the age at which the benefit is reduced and assumes no change in the timing of retirements.
 - Scenario 2 reflects both a change in the benefit reduction age and a change in the timing of retirements due to the proposed benefit change. Because the proposal has an effective date of July 1, 2024, members may choose to delay retirement until after July 1, 2024 in order to have their benefits reduced at a later age. Therefore, modified lower retirement rates were assumed for plan years ending June 30, 2023 and June 30, 2024, and modified higher retirement rates were assumed for plan year ending June 30, 2025.
- For the second proposal (Scenario 3), the benefit accrual rate would be increased from 2.40 percent to 2.60 percent of Average Final Earnings (AFE) for the first 25 years of credited service, and increase from 2.00 percent to 2.25 percent of AFE for each year of credited service in excess of 25 years, to a maximum of 30 years (decreased from a maximum of 31 years), plus up to two years of sick leave credits. The benefit accrual rate after attainment of Social Security Normal Retirement Age (SSNRA) is 68.75 percent of the benefit accrual rate prior to SSNRA (31.25 percent reduction) for the first 25 years of service and is 82.50 percent of the benefit accrual rate prior to SSNRA (17.50 percent reduction) for each year of credited service in excess of 25 years, to a maximum of 30 years, for pay up to Social Security Covered Compensation (SSCC).

Please see the table below summarizing the change in benefit accrual rates.

Group E Rates	Pre-SSNRA		Post-SSNRA					
			Current Rates			Proposed Rates		
	Current Rates	Proposed Rates	Up to SSCC	Reduction	In Excess of SSCC	Up to SSCC	Reduction	In Excess of SSCC
Years of Service								
Up to 25	2.40%	2.60%	1.65%	31.25%	2.40%	1.78750%	31.25%	2.60%
25-31 (25-30 Proposed)	2.00%	2.25%	1.65%	17.50%	2.00%	1.85625%	17.50%	2.25%

Credit for sick leave service is granted in accordance with the accrual rates above.

Group E Proposed Changes (Continued)

- For the third proposal (Scenario 4), payment would be waived for up to 24 months of prior military service credit. The assumed increases in military service are projected to increase projected benefit amounts, but do not result in earlier eligibility for retirement benefits. At the direction of the County, we have assumed that 13 percent of Group E members would be eligible to receive 24 months of service credit for military service at no cost to the member.
 - Because some members with prior military service may have already purchased service credit for their prior military service, estimated cost may be lower than what is reflected in this analysis.
- Scenario 5 is the combined impact of Scenarios 1, 3 and 4 and assumes no change in the timing of retirements.
- Scenario 6 is the combined impact of Scenarios 2, 3 and 4 and assumes the modified retirement rates used for Scenario 2.

The proposed change in the benefit accrual rates would result in an increase in benefits for affected members. Increasing the benefit accrual rate would result in the following percent of Average Final Earnings (AFE) if retiring with 20 years of service, 25 years of service, 30 years of service and 31 years of service (for pay up to SSCC for post-SSNRA benefits) for Group E.

	Percentage of Average Final Earnings Based on Years of Service							
	Pre-SSNRA				Post-SSNRA			
	20	25	30	31	20	25	30	31
Current Rates Group E	48.000%	60.000%	70.000%	72.000%	33.000%	41.250%	49.500%	51.150%
New Rates Group E	52.000%	65.000%	76.250%	76.250%	35.750%	44.688%	53.969%	53.969%

Group J Proposed Changes

Following is a summary of the proposed changes for Group J included in this analysis:

- For the first proposal (Scenario 1), the benefit accrual rate would be increased from 2.40 percent to 2.50 percent of Average Final Earnings (AFE) for the first 25 years of credited service, and remain at 2.00 percent of AFE for each year of credited service in excess of 25 years, to a maximum of 30 years (decreased from a maximum of 31 years), plus up to two years of sick leave credits. The benefit accrual rate after attainment of Social Security Normal Retirement Age (SSNRA) is 68.75 percent of the benefit accrual rate prior to SSNRA (31.25 percent reduction) for the first 25 years of service and is 82.50 percent of the benefit accrual rate prior to SSNRA (17.50 percent reduction) for each year of credited service in excess of 25 years, to a maximum of 30 years, for pay up to Social Security Covered Compensation (SSCC).

Please see the following table summarizing the change in benefit accrual rates.

Group J Rates	Pre-SSNRA		Post-SSNRA					
			Current Rates			Proposed Rates		
	Current Rates	Proposed Rates	Up to SSCC	Reduction	In Excess of SSCC	Up to SSCC	Reduction	In Excess of SSCC
Up to 25	2.40%	2.50%	1.65%	31.25%	2.40%	1.71875%	31.25%	2.50%
25-31 (25-30 Proposed)	2.00%	2.00%	1.65%	17.50%	2.00%	1.65000%	17.50%	2.00%

Credit for sick leave service is granted in accordance with the accrual rates above.

The proposed change in the benefit accrual rates would result in an increase in benefits for affected members. Increasing the benefit accrual rate would result in the following percent of Average Final Earnings (AFE) if retiring with 20 years of service, 25 years of service, 30 years of service and 31 years of service (for pay up to SSCC for post-SSNRA benefits) for Group J.

	Percentage of Average Final Earnings Based on Years of Service							
	Pre-SSNRA				Post-SSNRA			
	20	25	30	31	20	25	30	31
Current Rates Group J	48.000%	60.000%	70.000%	72.000%	33.000%	41.250%	49.500%	51.150%
New Rates Group J	50.000%	62.500%	72.500%	72.500%	34.375%	42.969%	51.219%	51.219%

- For the second proposal (Scenarios 2 and 3), effective July 1, 2024, the age at which the benefit changes would increase from SSNRA to age 70 as shown below.

Birth Date	Current	Scenarios 2 and 3
Before 1/1/1938	65	70
1/1/1938 to 12/31/1954	66	70
On or after 1/1/1955	67	70

- We have included two separate scenarios to illustrate the impact of the change in age at which the benefit reduces.

Group J Proposed Changes (Continued)

- Scenario 2 illustrates the results of changing the age at which the benefit is reduced and assumes no change in the timing of retirements.
 - Scenario 3 reflects both a change in the benefit reduction age and a change in the timing of retirements due to the proposed benefit change. Because the proposal has an effective date of July 1, 2024, members may choose to delay retirement until after July 1, 2024 in order to have their benefits reduced at a later age. Therefore, modified lower retirement rates were assumed for plan years ending June 30, 2023 and June 30, 2024, and modified higher retirement rates were assumed for plan year ending June 30, 2025.
- Scenario 4 is the combined impact of Scenarios 1 and 2, and assumes no change in the timing of retirements.
 - Scenario 5 is the combined impact of Scenarios 1 and 3, and assumes the modified retirement rates used for Scenario 3.

Group F Proposed Changes

Following is a summary of the proposed changes for Group F included in this analysis:

- For the first proposal (Scenario 1), effective July 1, 2023, the DSRP eligibility requirement would be changed from age 46 with 25 years of service to eligibility for normal retirement (age 55 with 15 years of service or 25 years of service with no age requirement).
 - Retirement rates in Scenario 1 have been adjusted to reflect that some participants who first reach normal retirement eligibility at age 55 with at least 15 years and less than 25 years of service will enter DRSP earlier than they were assumed to retire under the current provisions (since these members could not previously participate in the DRSP).

Current DRSP Eligibility	Proposed DRSP Eligibility
Age 46 with 25 Years of Service	Age 55 with 15 Years of Service OR Any Age with 25 Years of Service (normal retirement eligibility conditions)

- The second proposal (Scenario 2) would increase the age at which the benefit changes for members who retire on or after July 1, 2023 from SSNRA to age 70 as shown below.

Birth Date	Age at Reduction of Group F Benefit	
	Current	Scenario 2
Before 1/1/1938	65	70
1/1/1938 to 12/31/1954	66	70
On or after 1/1/1955	67	70

- For the third proposal (Scenario 3 and Scenario 4), effective January 1, 2025, the benefit accrual rate would be increased from 2.40 percent to 2.60 percent of Average Final Earnings (AFE) for the first 25 years of credited service, and remain from 2.40 percent of AFE for each year of credited service in excess of 25 years, to a maximum of 34 years (decreased from a maximum of 36 years), including sick leave credits. The benefit accrual rate after attainment of Social Security Normal Retirement Age (SSNRA) is 68.75 percent of the benefit accrual rate prior to SSNRA (31.25 percent reduction) for each year of credited service, to a maximum of 34 years, for pay up to Social Security Covered Compensation (SSCC).
 - Scenario 3 illustrates the results of changing the benefit accrual rates and assumes no change in the timing of retirements.
 - Scenario 4 reflects both a change in the benefit accrual rates and a change in the timing of retirements due to the proposed benefit change. Because the proposal has an effective date of January 1, 2025, members may choose to delay retirement until after January 1, 2025 in order to receive a benefit (at a later age) based on a higher benefit accrual rate. Therefore, modified lower retirement rates were assumed for plan years ending June 30, 2023 and June 30, 2024, and modified higher retirement rates were assumed for plan year ending June 30, 2025.

Group F Proposed Changes (Continued)

Please see the table below summarizing the change in benefit accrual rates.

Group F Rates	Pre-SSNRA		Post-SSNRA					
			Current Rates			Proposed Rates		
	Current Rates	Proposed Rates	Up to SSCC	Reduction	In Excess of SSCC	Up to SSCC	Reduction	In Excess of SSCC
Years of Service								
Up to 25	2.40%	2.60%	1.65%	31.25%	2.40%	1.78750%	31.25%	2.60%
25-36 (25-34 Proposed)	2.40%	2.40%	1.65%	31.25%	2.40%	1.65000%	31.25%	2.40%

Credit for sick leave service is granted in accordance with the accrual rates above.

- Scenario 5 is the combined impact of Scenarios 1, 2 and 3 and assumes no change in the timing of retirements.
- Scenario 6 is the combined impact of Scenarios 1, 2 and 4 and assumes the modified retirement rates used for Scenario 4.

The proposed change in the benefit accrual rates would result in an increase in benefits for affected members. Increasing the benefit accrual rate would result in the following percent of Average Final Earnings (AFE) if retiring with 25 years of service, 30 years of service, 34 years of service and 36 years of service (for pay up to SSCC for post-SSNRA benefits) for Group F.

	Percentage of Average Final Earnings Based on Years of Service							
	Pre-SSNRA				Post-SSNRA			
	25	30	34	36	25	30	34	36
Current Rates Group F	60.000%	72.000%	81.600%	86.400%	41.250%	49.500%	56.100%	59.400%
New Rates Group F	65.000%	77.000%	86.600%	86.600%	44.688%	52.938%	59.538%	59.538%

Group G Proposed Changes

Following is a summary of the proposed changes for Group G included in this analysis:

- The current Cost-of-Living adjustment (COLA) on retiree benefits is based on the change in Consumer Price Index (CPI).
 - For members enrolled prior to July 1, 1978, the COLA is unlimited
 - For members enrolled on or after July 1, 1978 and retired prior to March 1, 2000, the COLA is equal to 60 percent of the change in CPI, limited to 5.0 percent (unless disabled or over age 65, then no maximum).
 - For members enrolled on or after July 1, 1978 and retire on or after March 1, 2000, the COLA on the benefit attributable to pre-July 1, 2011 service is equal 100 percent of the change in CPI up to 3.0 percent and 60 percent of increase in excess of 3.0 percent up to a total adjustment of 7.5 percent (unless disabled or over age 65, then no maximum)
 - The COLA on the benefit attributable to post-July 1, 2011 service is equal 100 percent of the change in CPI up to 2.5 percent.
- The first proposal (Scenario 1), effective December 31, 2023, would cap the total increase for members enrolled on or after July 1, 1978 and retired on or after March 1, 2000 at 5.0 percent (compared to the current cap of 7.5 percent) and apply this same provision to the benefit attributable to post-July 1, 2011 service (instead of capping the increase at 2.5 percent).
 - The COLA assumptions would change as follows:

	Current	Scenario 1	Change
Enrolled prior to 7/1/1978	2.50%	2.50%	0.00%
Enrolled on or after 7/1/1978 and retired prior to 3/1/2000	1.50%	1.50%	0.00%
Enrolled on or after 7/1/1978 and retire on or after 3/1/2000	2.50%	2.45%	-0.05%
Benefits attributable to service after 7/1/2011	2.20%	2.45%	0.25%

- In order to review the COLA assumption, we performed a simulation of inflation assuming that inflation is normally distributed with a mean return equal to the current inflation assumption of 2.50 percent and a standard deviation of 1.49 percent (used in the most recent experience study). We then determined a simulated COLA increase based on simulated inflation and applying the COLA provisions under the current and proposed provisions.
- The COLA cap change is assumed to affect both current and future benefit recipients who enrolled on or after July 1, 1978 and retired (or retire) on or after March 1, 2000.
- For the second proposal (Scenario 2), effective July 1, 2023, the benefit accrual rate would be increased from 2.50 percent to 2.60 percent of Average final Earnings (AFE) for the first 20 years of credited service, increased from 2.00 percent to 2.60 of AFE for each year of credited service in excess of 20 years, but less than 25 years, and decreased from 2.00 percent to 1.25 percent of AFE for each year of credited service in excess of 25 years, to a maximum of 31 years, plus sick leave credits. The benefit accrual rate after attainment of Social Security Normal Retirement Age (SSNRA) is 68.75 percent of the benefit accrual rate prior to SSNRA for pay up to Social Security Covered Compensation (SSCC).

Group G Proposed Changes (Continued)

Please see the table below summarizing the change in benefit accrual rates.

Group G Rates	Pre-SSNRA		Post-SSNRA					
			Current Rates			Proposed Rates		
	Current Rates	Proposed Rates	Up to SSCC	Reduction	In Excess of SSCC	Up to SSCC	Reduction	In Excess of SSCC
Years of Service								
Up to 20	2.50%	2.60%	1.71875%	31.25%	2.50%	1.78750%	31.25%	2.60%
20-25	2.00%	2.60%	1.37500%	31.25%	2.00%	1.78750%	31.25%	2.60%
25-31	2.00%	1.25%	1.37500%	31.25%	2.00%	0.85938%	31.25%	1.25%
Sick Leave	5.00%	5.00%	3.43750%	31.25%	5.00%	3.43750%	31.25%	5.00%

- Scenario 3 is the combined impact of Scenarios 1 and 2.

The proposed change in the benefit accrual rates would result in an increase in benefits for affected members. Increasing the benefit accrual rate would result in the following percent of Average Final Earnings (AFE) if retiring with 20 years of service, 25 years of service, 27.5 years of service and 30 years of service (for pay up to SSCC for post-SSNRA benefits) for Group G.

	Percentage of Average Final Earnings Based on Years of Service							
	Pre-SSNRA				Post-SSNRA			
	20	25	27.5	30	20	25	27.5	30
Current Rates Group G	50.000%	60.000%	65.000%	70.000%	34.375%	41.250%	44.688%	48.125%
New Rates Group G	52.000%	65.000%	68.125%	71.250%	35.750%	44.688%	46.836%	48.984%

The estimated cost impact is measured based on an updated baseline scenario.

- The updated baseline is based on the following recently passed legislation.
 - The benefit accrual rate is 5.00 percent of Average Final Earnings (AFE) from retirement to Social Security Normal Retirement Age (SSNRA) and 3.4375 percent of AFE after attainment of SSNRA for each year of sick leave credits. The benefit accrual rate after attainment of SSNRA is 68.75 percent of benefit accrual rate prior to SSNRA for pay up to SSCC.

Retirement Rates

Age	Groups E and J			Group F			
	Under 25 Years of Service	25 Years of Service and Over	First DROP Eligibility (Group E Only)	Under 25 Years of Service	25 Years of Service	Service and Over	Scenarios 1 and 5 Under 25 Years of Service*
Under 42	3.50%	3.50%		2.50%	10.00%	10.00%	2.50%
42	3.50%	3.50%		2.50%	10.00%	10.00%	2.50%
43	3.50%	3.50%		2.50%	10.00%	10.00%	2.50%
44	3.50%	3.50%		2.50%	10.00%	10.00%	2.50%
45	3.50%	8.00%		2.50%	10.00%	10.00%	2.50%
46	3.50%	8.00%	18.00%	3.00%	10.00%	10.00%	3.00%
47	3.50%	8.00%	18.00%	4.00%	10.00%	10.00%	4.00%
48	3.50%	8.00%	18.00%	4.00%	10.00%	10.00%	4.00%
49	5.00%	20.00%	30.00%	4.00%	10.00%	10.00%	4.00%
50	7.50%	20.00%	30.00%	8.00%	18.00%	18.00%	8.00%
51	7.50%	20.00%	30.00%	8.00%	18.00%	18.00%	8.00%
52	7.50%	20.00%	30.00%	8.00%	18.00%	18.00%	8.00%
53	7.50%	20.00%	30.00%	8.00%	20.00%	20.00%	8.00%
54	7.50%	20.00%	30.00%	12.00%	20.00%	20.00%	12.00%
55	15.00%	30.00%	25.00%	12.00%	50.00%	35.00%	36.00%
56	15.00%	30.00%	25.00%	12.00%	50.00%	35.00%	36.00%
57	15.00%	30.00%	25.00%	15.00%	50.00%	35.00%	45.00%
58	15.00%	30.00%	25.00%	15.00%	50.00%	35.00%	45.00%
59	15.00%	30.00%	25.00%	15.00%	50.00%	35.00%	45.00%
60	15.00%	30.00%	50.00%	20.00%	65.00%	50.00%	60.00%
61	15.00%	30.00%	50.00%	20.00%	65.00%	50.00%	60.00%
62	15.00%	30.00%	50.00%	20.00%	65.00%	50.00%	60.00%
63	15.00%	30.00%	50.00%	25.00%	65.00%	50.00%	25.00%
64	15.00%	30.00%	50.00%	25.00%	65.00%	50.00%	25.00%
65	50.00%	50.00%	85.00%	100.00%	100.00%	100.00%	100.00%
66	50.00%	50.00%	85.00%				
67	50.00%	50.00%	85.00%				
68	50.00%	50.00%	85.00%				
69	50.00%	50.00%	85.00%				
70	100.00%	100.00%	100.00%				

* Modified rates for Group F in scenarios 1 and 5 (DRSP eligibility scenarios) only apply for fiscal year ending June 30, 2024. For subsequent years, the rates used for scenarios 1 and 5 are tripled for members first reaching retirement eligibility at age 55 with less than 25 years of service.

For Group E, under scenarios 2 and 6, and for Group J, under scenarios 3 and 5, (benefits reduce at age 70), the retirement rates are decreased by 50% from the current rate used in the actuarial valuation for fiscal years ending June 30, 2023 and June 30, 2024. Additionally, the retirement rates are increased by 185% for fiscal year ending June 30, 2025.

For Group F, Under Scenarios 4 and 6 (benefit accrual rate change), the retirement rates are decreased by 80% from the current rate used in the actuarial valuation for fiscal years ending June 30, 2023 and June 30, 2024. Additionally, the retirement rates are increased by 185% for fiscal year ending June 30, 2025.



Benefit Provisions as of July 1, 2022

1. Social Security Wage Base

For any particular year, the maximum amount of earnings creditable for benefit computation purposes under the Old Age, Survivors and Disabilities Insurance Program established by the Federal Social Security Act.

Year	Social Security Taxable Wage Base
2011	\$106,800
2012	\$110,100
2013	\$113,700
2014	\$117,000
2015	\$118,500
2016	\$118,500
2017	\$127,200
2018	\$128,400
2019	\$132,900
2020	\$137,700
2021	\$142,800
2022	\$147,000

2. Social Security Maximum Compensation Level

The maximum dollar amount of earnings upon which Social Security benefits are based, assuming: (1) an employee's annual compensation is at least as great as the taxable wage base each year, for a 35-year period through the year in which the employee attains Social Security Retirement Age, (2) the employee remained in covered employment during each calendar year, and (3) the taxable wage base stays level from date of retirement to Social Security Retirement Age.

Following are the 2022 Covered Compensation levels published by the Internal Revenue Service for select ages.

Calendar Year of Birth	Calendar Year of Social Security Retirement Age	2022 Covered Compensation Table II
1955	2022	\$91,884
1956	2023	94,800
1957	2024	97,620
1958	2025	100,356
1959	2026	103,032

3. Social Security Retirement Age

Age 65 for employees born prior to January 1, 1938.

Age 66 for employees born on or after January 1, 1938, and prior to January 1, 1955.

Age 67 for employees born on or after January 1, 1955.



4. Regular Earnings

Gross pay for actual hours worked, excluding overtime.

Imputed Compensation for FY2010 only (effective July 1, 2009):

- Regular earnings for a Group A, E, J or H member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.5% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

5. Benefits

A. Normal Retirement Date:

Age and Service Requirement:

Group E, J: Age 55 and 15 years of credited service, or age 46 and 25 years of credited service.

Group F: Age 55 and 15 years of credited service, or 25 years of credited service (effective July 1, 2008; previously, age 55 and 15 years of credited service, or age 46 and 25 years of credited service).

Group G: Age 55 and 15 years of credited service, or any age with 20 years of credited service (effective July 1, 2007; previously age 55 and 15 years of credited service, or any age with 25 years of credited service).

B. Benefit Amount:

1. Optional non-integrated plan: All groups other than Group E, J, F or G – 2 percent of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.

Group E, J: 2.4 percent of average final earnings for each of the first 25 years of credited service, plus 2 percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credit in excess of 25 years is credited at 2 percent of average final earnings.

Group F: 2.4 percent of average final earnings for each year of credited service, up to a maximum of 36 years, plus sick leave credits.

Group G: 2.5 percent of average final earnings for each of the first 20 years of credited service, plus 2 percent of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits (effective July 1, 2007; previously 2 percent of average final earnings for each of the first 20 years of credited service, plus 3 percent of average final earnings for each year of credited service from 21st year through 24th year, plus 8 percent of average final earnings for the 25th year of credited service, plus 2 percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits).



2. Integrated plans:

a. From date of retirement to Social Security Retirement Age:

Group E, J: 2.4 percent of average final earnings for each of the first 25 years of credited service, plus 2 percent of average final earnings for each year of credited service more than 25 years up to a maximum of 31 years, plus sick leave credits.

Group F: 2.4 percent of average final earnings multiplied by years of credited service, up to a maximum of 36 years of service including sick leave credits. (Effective 7/1/2008; previously 2.4 percent of average final earnings for each year of credited service, up to a maximum of 30 years, plus sick leave credits. Sick leave credit in excess of 30 years is credited at 2 percent of average final earnings).

Group G: 2.5 percent of average final earnings for each of the first 20 years of credited service, plus 2 percent of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits (effective 7/1/2007; previously 2 percent of average final earnings for each of the first 20 years of credited service, plus 3 percent of average final earnings for each year of credited service from 21st year through 24th year, plus 8 percent of average final earnings for the 25th year of credited service, plus 2 percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits).

b. From attainment of Social Security Retirement Age:

Group E, J: 1.25 percent (effective 7/1/2009: 1.65 percent) of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 31 years plus sick leave credits, plus 2.4 percent of average final earnings above Social Security maximum covered compensation for each of the first 25 years, and 2 percent of average final earnings above Social Security maximum covered compensation for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credits used for years in excess of 25 years is credited at 2 percent of average final earnings above Social Security maximum covered compensation.

Group F: 1.65 percent of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 36 years including sick leave credits and 2.4 percent of average final earnings above Social Security maximum covered compensation for each year of credited service up to a maximum of 36 years including sick leave credits. (Effective 7/1/2008; previously 1.65 percent of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years, plus 1.25 percent of average final earnings up to Social Security maximum covered compensation for each year of credited service in excess of 30 years, plus sick leave credits, and 2.4 percent of average final earnings above Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years, plus sick leave credits. Sick leave credits used for years in excess of 30 years is credited at 2 percent of average final earnings above Social Security maximum covered compensation).

Group G: 1.71875 percent of average final earnings up to Social Security maximum covered compensation (2.5 percent of average final earnings above Social Security maximum covered compensation) for each of the first 20 years of credited service, plus 1.375 percent of average final earnings up to Social Security maximum covered compensation (2 percent of average final earnings above Social Security maximum covered compensation) for each year of credited service after 20 years up to maximum of 31 years, plus sick leave credits.

6. Post-Retirement Increases

Optional non-integrated plan: Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Optional integrated plan: Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Mandatory integrated plan:

- Participants who enrolled on or after July 1, 1978, and retired before November 1, 2001 – Annual adjustment to the benefit equal to 60 percent of CPI increase, limited to 5 percent. However, if over age 65 or disabled, then the maximum limit of 5 percent does not apply.
- Participants who enrolled on or after July 1, 1978, and retired on or after November 1, 2001 – Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area up to 3 percent, plus 60 percent of any change in Consumer Price Index greater than 3 percent, not to exceed a total of 7.5 percent for years and months of credited service before July 1, 2011. The maximum 7.5 percent does not apply to disability retirees or retirees over age 65 for years of service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Following are the recent COLA increases granted July 1.

COLA Granted July 1	100% of CPI, pre 7/1/2011 service	100% of CPI, capped at 2.5%, post 7/1/2011 service	60% of CPI
2020	-0.088%	-0.088%	-0.053%
2021	3.797%	2.500%	2.278%
2022	7.518%	2.500%	4.511%

Disability Benefits:

For a disability occurring after June 30, 2011, as determined by the Disability Review Panel, any post-retirement adjustment of the disability retirement benefit will not exceed 2.5 percent.

Sick Leave:

For purposes of applying any post-retirement adjustment, any sick leave will be credited as years and months of service as of the date of retirement. For participants who retire after July 1, 2011, any post-retirement adjustment will not exceed 2.5 percent on any sick leave credited as years and months of service.

DRSP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DRSP exit is subject to the 2.5 percent post-retirement adjustment limit.

DROP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DROP exit is subject to the 2.5 percent post-retirement adjustment limit.

Transferred Service:

For purposes of applying any post-retirement adjustment, any transferred service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to transfer service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5 percent on the transferred service.

Purchased Service:

For purposes of applying any post-retirement adjustment, any purchased service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to purchase service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5 percent on the purchased service.

7. Deferred Retirement Option Plan (DROP) for Group E (effective 7/1/2015)

A. Eligibility for DROP entry:

Any group E and J uniformed correctional officers or sworn deputy sheriffs who are at least 55 years old and have at least 15 years of credited service or have attained age 46 and 25 years of credited service may participate in the DROP plan.

B. Exit from DROP:

The first day of any month not to exceed 36 months.

C. The DROP account is:

- A member-directed account outside the System's usual investment.
- Credited with the investment gains and losses of the chosen investments.
- Credited with the monthly benefits that the member would have received if the member had retired at DROP entry.

Upon exit from DROP, the member can receive the DROP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DROP monthly benefit:

The amount the participant would have received at DROP entry with post-retirement increases for the period in DROP.

E. Disability while in DROP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they exited DROP and their DROP account.

Service Connected Disability: The member can elect (i) their DROP account and the post-DROP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DROP.

F. Death while in DROP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DROP entry with post-retirement increases plus the DROP account or (ii) the death benefit calculated as if the member had never entered DROP.

G. Member Contributions:

Members do not contribute while in DROP.

8. Discontinued Retirement Service Program (DRSP) for Group F (effective 7/1/2008)

A. Eligibility for DRSP entry:

Any group F member who has attained age 46 and 25 years of credited service may participate in the DRSP plan.

B. Exit from DRSP:

The first day of any month not to exceed 36 months.

C. The DRSP account is:

- A member-directed account outside the System's usual investment.
- Credited with the investment gains and losses of the chosen investments.
- Credited with the monthly benefits that the member would have received if the member had retired at DRSP entry.

Upon exit from DRSP, the member can receive the DRSP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DRSP monthly benefit:

The amount the participant would have received at DRSP entry with post-retirement increases for the period in DRSP.

E. Disability while in DRSP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they exited DRSP and their DRSP account.

Service Connected Disability: The member can elect (i) their DRSP account and the post-DRSP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DRSP.

F. Death while in DRSP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DRSP entry with post-retirement increases plus the DRSP account or (ii) the death benefit calculated as if the member had never entered DRSP.

G. Member Contributions:

Members do not contribute while in DRSP.

9. Deferred Retirement Option Plan (DROP) for Group G

A. Eligibility for DROP entry:

Any group G member who has met the age and service requirements for a normal retirement may participate in the DROP plan (*effective 7/1/2007; previously only Group G members with at least 25 years of credited service*).

B. Exit from DROP:

The first day of any month not to exceed 36 months.

C. The DROP account collects:

- The member's contributions while in DROP.
- The monthly benefits that the member would have received if the member had retired at DROP entry.
- 7.5 percent interest on the amount in the account at the beginning of each calendar quarter (8.25 percent interest for members enrolled in DROP before July 1, 2013).

Upon exit from DROP, the member can receive the DROP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DROP monthly benefit:

The amount the participant would have received at DROP entry with post-retirement increases for the period in DROP.

E. Disability while in DROP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they entered DROP and their DROP account.

Service Connected Disability: The member can elect (i) their DROP account and the post-DROP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DROP.

F. Death while in DROP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DROP entry with post-retirement increases plus the DROP account or (ii) the death benefit calculated as if the member had never entered DROP.