AN ACT to:

(1) amend the Retirement Savings Plan to add installments as a distribution option;
(2) make certain clarifying and technical amendments; and
(3) generally amend the law relating to the Retirement Savings Plan.

By amending:
Montgomery County Code
Chapter 33, Personnel and Human Resources
Section 33-120
Sec. 1. Section 33-120 is amended as follows:

33-120. Distribution of Benefit.

* * *

(f) Distribution methods. The Chief Administrative Officer must pay, at the request of the participant or the designated beneficiary, a participant's account balances in the retirement savings plan upon retirement, disability retirement, death, or separation from County service.

(1) Normal method of distribution. Unless the participant elects an optional method, the normal method of distribution must be a lump sum distribution.


(A) A participant may elect, subject to the conditions of this paragraph, to have the entire account balances used to buy an annuity payable in one of the following actuarially equivalent methods:

[(A)] (i) [A joint and survivor annuity.] A joint and survivor annuity [as used in this Section means an annuity] payable for the life of the participant, with a survivor's annuity payable for the life of the participant's spouse or domestic partner in an amount at least equal to one-half of the amount of the annuity payable during the joint lives of the participant and the participant's spouse or domestic partner.

[(B)] (ii) A single life annuity payable for the lifetime of the participant.
[(C)] (iii) A period certain annuity in which a certain number of payments are guaranteed regardless of when the participant dies.

[(3)] (B) [Annuity contract.] If benefits under the retirement savings plan are payable as an annuity [under any method other than the lump sum method], the Board must use the account balances of the participant to buy an annuity contract from an insurance company authorized to do business in the State. The contract must provide for payment in the method chosen by the participant.

(3) Optional method of distribution - Installments. A participant may elect to have the entire account balances paid in installments on a monthly or annual basis over a period selected by the participant, subject to applicable restrictions in the Internal Revenue Code and its corresponding regulations.

* * *

Approved:

George L. Leventhal, President, County Council  
6/27/06  
Date

Approved:

Douglas M. Duncan, County Executive  
7/16/08  
Date
This is a correct copy of Council action

Linda M. Lauer, Clerk of the Council    7/10/06