COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

1. clarify the non-service connected disability retirement benefit for participants in certain deferred retirement option plans;
2. require certain participants in the Employees' Retirement System and Retirement Savings Plan to properly complete and submit a certain application to obtain a refund of certain contributions;
3. require the County to follow certain rules regarding the refund of certain contributions to the Employees' Retirement System and Retirement Savings Plan made by participants who do not properly complete and submit an application for a refund of the contributions;
4. authorize certain participants in the Employees' Retirement System to pay for the purchase of certain service credits by transferring funds from certain deferred compensation accounts; and
5. generally amend the law regarding retirement plans for County employees.

By amending
Montgomery County Code
Chapter 33, Personnel and Human Resources

The County Council for Montgomery County, Maryland approves the following Act:
Sec. 1. Sections 33-38A, 33-39, 33-41, 33-45, 33-113, and 33-120 are amended as follows:

33-38A. Deferred Retirement Option Plans.

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(b) DROP Plan for Group G members.

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(7) Disability retirement.

(A) A member may apply for disability retirement prior to the termination of the member's participation in the DROP Plan.

(B) A member who is determined to be] If the [[County]] Chief Administrative Officer determines that a DROP participant is eligible for a service-connected disability retirement, the participant must elect to receive either:

[(A)] (i) the retirement benefit under subsection (6)(C) and the DROP Plan payoff; or

[(B)] (ii) the service-connected disability retirement benefit that the member would have received if he member had continued as an active employee and not elected to participate in the DROP Plan.

(C) A member who elects to receive a service-connected disability retirement must not receive the DROP Plan payoff.

(D) If the [[County]] Chief Administrative Officer determines that a DROP participant is eligible for a non-
service connected disability retirement, the participant must receive:

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

(ii) the DROP account balance.

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33-39. Member contributions and credited interest.

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(c) Return of member contributions.

(1) Refund after employee’s separation.

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

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

(C) If a member who is separated from County service does not properly complete and submit an application for a
refund, the County must refund the contributions with
credited interest under the minimum distribution
requirements of the Internal Revenue Code and
corresponding regulations.

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33-41. Credited service.

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

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

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

(B) the member agrees to pay an additional payment of at
least [six and one-half (6 ½) percent per annum is
assessed to date of full payment] 6 ½% per year until the
purchase is complete.

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

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

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

* * *

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

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

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

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

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

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

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

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33-113. Definitions.
Participant's contribution account means the portion of a participant's account balances in the retirement savings plan that is attributable to participant contributions, including contributions picked up by the County, and any gains or losses attributable to those contributions.


Benefit distribution date.

(3) (A) If a participant's County employment ends before the participant has a vested interest in the County contributions and the participant properly completes and submits an application for distribution of the participant's contributions contribution account, the participant County must [receive a distribution of] distribute the participant's contribution account [contributions with credited interest] participant's contribution account as soon as administratively feasible [after separation from County service].
(B) If a participant does not properly complete and submit an application for a distribution, the County must distribute the [[contributions with credited interest]] participant's contribution account under the time limits described in this Section.

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

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Sec. 2. Expedited Effective Date.

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

Approved:

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

Date

Approved:

Douglas M. Duncan, County Executive  7/6/06

Date
This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

7/10/06
Date