AN ORDINANCE CONCERNING

Employees' and Elected Officials' Retirement Systems –
Actuarial Funding Method and Clarifications

FOR the purpose of changing the actuarial method used to fund the Employees' and Elected
Officials' Retirement Systems; clarifying the due dates for the City’s contributions to the
Employees’ and Elected Officials’ Retirement Systems; clarifying certain provisions of the
Employees’ Retirement System that relate to deferred vested pension benefits; providing that,
if the Employees’ Retirement System or the Elected Officials' Retirement System is
terminated, members of the terminated system become immediately vested in their accrued
benefits, to the extent those benefits are funded; providing for a special effective date; and
generally relating to the funding and operation of the Employees’ and Elected Officials’
Retirement Systems.

BY repealing and reordering, with amendments

1. Article 22 - Retirement Systems
2. Section(s) 5(s), 8(c), 9(l), and 24(b) and (c)

BY adding

1. Article 22 - Retirement Systems
2. Section(s) 9(u) and 22(p)

SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That the
Laws of Baltimore City read as follows:

Baltimore City Code

Article 22. Retirement Systems

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.
Underlining indicates matter added to the bill by amendment.
Strikeout indicates matter stricken from the bill by amendment.
Council Bill 13-0248

Subtitle – Employees’ Retirement System

§ 5. Administration; Board of Trustees.

(s) Actuarial funding method.

Effective retroactively with the year beginning July 1, 1988, AND THROUGH THE YEAR ENDING JUNE 30, 2013, the Retirement System shall be funded by using the projected unit credit cost method. EFFECTIVE RETROACTIVELY WITH THE YEAR BEGINNING JULY 1, 2013, THE RETIREMENT SYSTEM SHALL BE FUNDED BY USING THE ENTRY AGE NORMAL COST METHOD.


(c) Certification of appropriation.

(1) On or before January 1 of each year, the Board of Trustees shall certify to the Board of Estimates the amount of the appropriation necessary to pay to the Retirement System the amounts payable by the City of Baltimore, as enumerated in this article, for the fiscal year beginning on THE ENSUING July 1 (of the succeeding year).

(2) THE AMOUNT SO CERTIFIED IS DUE TO THE SYSTEM ON JULY 1 OF THE FISCAL YEAR, AND [Items of appropriation providing those amounts] APPROPRIATIONS FOR THAT AMOUNT shall be included in the Ordinance of Estimates FOR THAT FISCAL YEAR.

§ 9. Class C membership.

(I) Deferred vested pension benefits on termination of employment.

(1) (I) [Should a] THIS PARAGRAPH (I) APPLIES TO ANY Class C member [leave the] WHO LEAVES CITY employ [of the City]:

A. BEFORE ATTAINING AGE 55 AND after acquiring 10 years of service[;] OR

B. AFTER ATTAINING AGE 55 AND ACQUIRING 5 YEARS OF SERVICE, BUT WITHOUT HAVING ELECTED AN IMMEDIATE EARLY RETIREMENT BENEFIT UNDER § 9(F).

(II) [such member shall be] A MEMBER DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (I) IS entitled to receive a maximum deferred vested pension benefit (payable in accordance with the provisions of normal retirement contained in § 9(m) and subject to the offset provisions of normal retirement contained in § 9(e)) to commence on the member’s normal retirement date of age 65, calculated in accordance with the following rules:

A. [(i)] The pension shall be determined under § 9(e) based on the member’s average final compensation and years of service (and fractions thereof) as of the date [he] THE MEMBER ceased being an employee.
B. [(ii)] The offset of the Primary Social Security Benefit will be calculated on the assumption that the member would have continued to receive, until [his] THE MEMBER'S normal retirement date[,] of age 65, compensation at the rate in effect at the time [of his termination of employment] THE MEMBER CEASED BEING AN EMPLOYEE.

C. [(iii)] [A] THE member [who terminates employment with the City after acquiring 10 years of service, but before attaining age 55] may [upon attaining age 55] elect to have payment of [his] THIS benefit commence at any time [thereafter] AFTER THE MEMBER HAS ATTAINED AGE 55. [Such] THE benefit shall be actuarially reduced in accordance with the same rules applicable for early retirement benefits under [(§ 9(f)(1)(iii)] § 9(f)(2), if its commencement precedes the member's normal retirement date.

D. [(iv)] [Should said] IF THE member [die] DIES before [the attainment of] ATTAINING age 65 AND BEFORE THE BENEFIT COMMENCES, then no benefits ARE PAYABLE, with the exception of the return of the member's accumulated contributions, if any[, shall be payable].

(2) (i) [Should a] THIS PARAGRAPH (2) APPLIES TO ANY Class C [member's] MEMBER:

A. WHOSE regular permanent position with the City [be] IS eliminated BEFORE ATTAINING AGE 55 AND after acquiring 5 years of service[.]; or

B. [should any member] WHO WAS appointed for a fixed term AND, EITHER VOLUNTARILY OR OTHERWISE, WAS not [be] reappointed; either voluntarily or otherwise; BEFORE ATTAINING AGE 55 AND after [the member has acquired] ACQUIRING 5 years of service[.].

(II) [such member shall be] A MEMBER DESCRIBED IN SUBPARAGRAPH (i) OF THIS PARAGRAPH (2) IS entitled to a pension payable in accordance with the provisions of § 9(m) and subject to the offset provisions of normal retirement contained in § 9(e) to commence on the member's normal retirement date of age 65, calculated as follows:

A. [(I)] The pension shall be determined under § 9(e) based on the member's average final compensation and years of service (and fractions thereof) as of the date [he] THE MEMBER ceased being an employee.

B. [(ii)] The offset of the Primary Social Security Benefit will be calculated on the assumption that the member would have continued to receive until [his] THE MEMBER'S normal retirement date[,] of age 65, compensation at the rate in effect at the time [of his termination of employment] THE MEMBER CEASED BEING AN EMPLOYEE.

C. [(iii)] [A] THE member [described in § 9(l)(2) herein,] may [upon attaining age 55] elect to have payment of [his] THIS benefit commence at any time [thereafter] AFTER THE MEMBER HAS ATTAINED AGE 55. [Such] THE benefit shall be actuarially reduced in accordance with the same rules
applicable for early retirement benefits under [§ 9(f)(1)(iii) § 9(f)(2)], if
its commencement precedes the member's normal retirement date.

D. [(iv)] [(Should said] IF THE member [die] DIES before [the attainment of]
ATTAINING age 65 AND BEFORE THE benefit COMMENCES, then no benefits
ARE PAYABLE, with the exception of the return of the member’s
accumulated contributions, if any[, shall be payable].

(U) VESTING ON SYSTEM TERMINATION.

NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, ON THE EFFECTIVE DATE OF
A TERMINATION OR PARTIAL TERMINATION OF THIS SYSTEM, AS DETERMINED UNDER
APPLICABLE INTERNAL REVENUE SERVICE REGULATIONS AND RULINGS, ALL AFFECTED
MEMBERS WHO ARE NOT ALREADY VESTED IN THEIR ACCRUED BENEFITS BECOME
IMMEDIATELY VESTED IN THOSE BENEFITS, TO THE EXTENT THE BENEFITS ARE FUNDED.

Subtitle – Elected Officials’ Retirement System

§ 22. Benefits.

(P) VESTING ON SYSTEM TERMINATION.

NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, ON THE EFFECTIVE DATE OF
A TERMINATION OR PARTIAL TERMINATION OF THIS SYSTEM, AS DETERMINED UNDER
APPLICABLE INTERNAL REVENUE SERVICE REGULATIONS AND RULINGS, ALL AFFECTED
MEMBERS WHO ARE NOT ALREADY VESTED IN THEIR ACCRUED BENEFITS BECOME
IMMEDIATELY VESTED IN THOSE BENEFITS, TO THE EXTENT THE BENEFITS ARE FUNDED.

§ 24. Method of financing.

(b) City contributions.

(1) (i) On the basis of regular interest and of the mortality and other tables and
assumptions adopted by the Board of Trustees, the actuary engaged by the Board
shall make a valuation to determine the required contribution by the City of
Baltimore for the System.

(ii) [The] THROUGH THE YEAR ENDING JUNE 30, 2014, THE normal cost and accrued
liability shall be determined by the projected unit credit cost method. EFFECTIVE
WITH THE YEAR BEGINNING JULY 1, 2014, THE NORMAL COST AND ACCRUED
LIABILITY SHALL BE DETERMINED BY THE ENTRY AGE NORMAL COST METHOD.

(c) Certification of Appropriation.

(1) On or before January 1 of each year, the Board of Trustees shall certify to the Board
of Estimates the amount of the appropriation necessary to pay to this Retirement
System the amounts payable by the City of Baltimore, as enumerated in this article,
for the fiscal year beginning on THE ENSUING July 1 [of the succeeding year].
(2) The amount so certified is due to the System on July 1 of the fiscal year, and [items of appropriation providing such amounts] Appropriations for that amount shall be included in the Ordinance of Estimates for that fiscal year.

Section 2. And be it further ordained, That the catchlines contained in this Ordinance are not law and may not be considered to have been enacted as a part of this or any prior Ordinance.

Section 3. And be it further ordained, That this Ordinance takes effect on the 30th day after the date it is enacted.

Dec 06 2013
Certified as duly passed this _____ day of _____, 20__

[Signature]
President, Baltimore City Council

Certified as duly delivered to Her Honor, the Mayor, this _____ day of _____, 20__

[Signature]
Chief Clerk

Dec 12
Approved this _____ day of _____, 20__

[Signature]
Mayor, Baltimore City

Approved For Form and Legal Sufficiency
This 6th Day of December 2013

[Signature]
Chief Solicitor

A TRUE COPY
Director of Finance