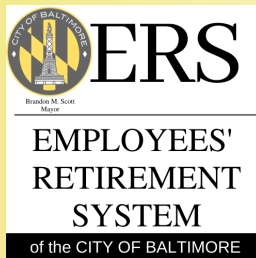


# City of Baltimore Employees' Retirement System

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## SUMMARY OF RETIREMENT BENEFITS for Class D Members



# **SUMMARY OF RETIREMENT BENEFITS**

AS OF JUNE 2023

# Introduction

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This ERS Summary of Retirement Benefits was designed to provide active and retired members and beneficiaries of the City of Baltimore Employees' Retirement System (ERS) with information about the many benefits and services offered by the ERS. Please note that this summary is intended solely for informational purposes, and is not a legally binding document.

The ERS Summary of Retirement Benefits explains the many components of the City's benefit plans, including retirement, disability and death benefits. Beginning on page 9, you will find information on membership credit, types of retirement, employee and employer contribution requirements, benefit payment options, formulas, as well as examples of benefit calculations.

Information on the retirement process starts on page 29, including a step-by-step checklist for both service and disability retirements.

For help with your retirement planning or for additional information:

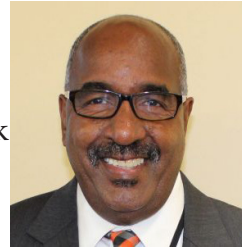
- Call ERS at (443) 984-3200
- Call RSP at (443) 984-3405
- Visit our office at 7 East Redwood Street — 13th Floor (ERS) or 11th Floor Retirement Savings Plan (RSP)
- Visit the ERS website — [www.bcers.org](http://www.bcers.org)
- Read the ERS Newsletter
- Refer to the ERS Comprehensive Annual Financial Reports and Articles 22 and 22A of the City of Baltimore Code. Available on the ERS website.

# Message from the Executive Director

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Dear Members, Retirees and Beneficiaries:

I am pleased to present the latest edition of the City of Baltimore Employees' Retirement System's Summary of Retirement Benefits book for Class D members. This handbook is designed to provide information about retirement benefits for those hired on or after July 1, 2014.



The information in this handbook will help you make informed decisions throughout your employment with the City as you plan for your future. While the information contained here provides a detailed overview of your retirement benefits, we offer many other ways for you to gain knowledge about your benefits. We provide regular retirement education webinars and one-on-one meetings with retirement analysts to help you understand your retirement benefits.

Our dedicated staff is here to support you. If you have any questions or would like to make an appointment to meet with an analyst and discuss your benefits, please do not hesitate to contact us.

We look forward to assisting you with all of your retirement needs.

Sincerely,

David A. Randall  
Executive Director

# Your Class D Retirement Plan

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## EMPLOYEES RETIREMENT SYSTEM (ERS)

The Employees' Retirement System (ERS) is a defined benefit plan that was established January 1, 1926 by City Ordinance. Regular full-time employees hired on or after July 1, 2014 in a benefits-eligible position with the City of Baltimore are eligible for mandatory membership enrollment in the Class D pension plan after completing one year of employment. Excluded from the ERS are: 1) uniformed Fire and Police Department personnel and elected City Officials who are covered under other City pension plans, specifically the Fire and Police and the Elected Officials' Retirement Systems; 2) employees of the Enoch Pratt Free Library and Baltimore City Public School System, who are in positions that require them to become members of the Maryland State Retirement System; and 3) employees of the Baltimore City Sheriff's Office. If you are a non-Hybrid member of the Retirement Savings Plan, you are not eligible for membership in the Class D plan.



All ERS-related administrative and benefit provisions are established by City ordinance, as contained in Articles 22 and 22A of the Baltimore City Code, and may be amended only by the Mayor and City Council. The plan provisions provide a contractual relationship for the membership, whereby benefits may not be diminished or impaired in any way except as permitted by law.

ERS, as a defined benefit plan, pays retirees, or their beneficiaries, a monthly benefit, as set out in detail in this Summary. These benefits are funded by employee contributions (5% of their annual base pay), City contributions, and investment earnings. The City's contributions are actuarially determined and vary from year to year, depending on ERS's investment earnings.

ERS is administered by a 9-member Board of Trustees. Serving on the ERS Board are:

- The Comptroller of the City
- The Director of Finance
- Two ERS members elected by the active ERS membership
- Two residents of Baltimore City, not employed by the City, appointed by the Mayor and confirmed by the City Council. One of these trustees must have commercial banking experience.
- Two residents of Baltimore City or a surrounding county, recommended by the President of the City Council, appointed by the Mayor and confirmed by the City Council. Both of these trustees must have at least 5 years of institutional investment, insurance,

# Your Class D Retirement Plan

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taxation accounting or finance experience.

- One ERS retiree elected by the retired ERS membership

## **RETIREMENT SAVINGS PLAN (RSP)**

Established on July 1, 2014, the Retirement Savings Plan of the City of Baltimore (“RSP”) is a 401(a) defined contribution plan in which a retirement investment account is created for each participant. The participant is able to direct the investment of the employer’s contributions into their account. All RSP-related administrative provisions are contained in Articles 22 and 22A of the Baltimore City Code. They may be amended only by the Mayor and Baltimore City Council.



The RSP is administered by a 13-member Board of Trustees. Serving on the RSP Board are:

- The Director of Finance or the Director’s designated representative, who must either be the Deputy Director of Finance or the Budget Director
- The City Comptroller or the Comptroller’s designated representative, who must be a Deputy Comptroller
- The Director of Human Resources
- The City Labor Commissioner
- Two representatives of the Baltimore City Public School System who are designated by the Chief Executive Officer of the Baltimore City Public School System
- The President of AFSCME Local 44 or the President’s designated representative
- The President of the City Union of Baltimore (CUB) or the President’s designated representative.
- The President of the Managerial and Professional Society of Baltimore (MAPS) or the President’s designated representative.
- A representative jointly designated by the Baltimore Fire Officer’s Association and Baltimore City Lodge #3 of the Fraternal Order of Police
- Two Mayoral appointees, who must be residents and registered voters of the City of Baltimore and have at least ten years of relevant institutional investment experience
- A representative appointee to be designated by the City Council President

Supporting and executing the Board’s actions and policies are an Executive Director and professional staff who manage daily operations.

# Your Class D Retirement Plan

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The RSP plan is the mandatory retirement plan for most civilian employees hired on or after July 1, 2014. Those employees may choose to participate in the RSP only (non-Hybrid membership) or in both the RSP and ERS (Hybrid membership). New employees must choose between non-Hybrid or Hybrid membership within their first 150 days of employment. If an employee does not choose, they will become a Hybrid member of the RSP by default.

Non-Hybrid members:

- Participate in RSP only, with contributions starting 6 months after hire date
- Contribute 5% of earnable compensation to their RSP accounts
- City contributes 4% of earnable compensation to their RSP accounts
- City contributes up to an additional 1% of earnable compensation to the accounts of non-hybrid members who also actively contribute to the City of Baltimore Deferred Compensation Program

Hybrid members:

- Participate in ERS and RSP, with contributions starting one year after hire date
- Contribute 5% of earnable compensation to their ERS accounts
- Do not contribute to their RSP accounts
- City contributes 1.5%-3% of earnable compensation to their RSP accounts based on ERS Class D funding status. This contribution begins one year after hire date.

**NOTE:** This Summary is focused on the Class D component of the RSP Hybrid option. Hybrid members also participate in a 401(a) defined contribution plan. Additional information is available on the ERS website or by contacting ERS.

## **DEFERRED COMPENSATION PLAN**

Baltimore City also offers a 457(b) Deferred Compensation Plan (DCP) to all employees. Unlike the RSP, participation in the DCP is optional, and not mandatory. DCP participation is open to any City employee who is eligible for retirement benefits, regardless of the primary retirement plan to which the employee contributes. This includes members of ERS, RSP, EOS and Fire and Police Retirement. The DCP gives City employees and elected officials the ability to save additional money for retirement. DCP participants may contribute pre-tax (Traditional) and/or post-tax (Roth) and have the ability to choose how their contributions are invested. There is an additional contribution by the City up to 1% for non-Hybrid members. DCP members may start, stop, increase or decrease their contributions at any time. The DCP is administered by the RSP Board. City employees who are eligible for retirement benefits may enroll in the DCP immediately upon hire or at any time while an active employee.

# Your Class D Retirement Plan

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## **RETIREE BENEFITS TRUST (OPEB)**

The Retiree Benefits Trust (also known as the “Other Postemployment Benefits Trust” or “OPEB”) is a fund to help pay for health insurance coverage for City employees during retirement. OPEB was established November 1, 2006. The ERS Board oversees the investment of OPEB funds and pays OPEB expenses. Day-to-day operations of retirement funds and OPEB are handled by the ERS Executive Director and staff.



# Class D plan overview

<b>Membership class</b>	<ul style="list-style-type: none"> <li>Class D (individuals hired on or after July 1, 2014)</li> </ul>
<b>Membership eligibility</b>	<p>Based on:</p> <ul style="list-style-type: none"> <li>Regular full-time employment status in a benefit-eligible position with the City of Baltimore and other City agencies including but not limited to: <ul style="list-style-type: none"> <li>-Baltimore Convention Center</li> <li>-Non-uniformed employees of the Fire and Police Departments</li> <li>-Certain employees of the Baltimore City Public School System and Enoch Pratt Free Library</li> </ul> </li> <li>A one-year waiting period after beginning employment **See note</li> </ul>
<b>Service retirement eligibility</b>	<ul style="list-style-type: none"> <li>Earlier of 30 years of service credit or age 65 with 5 years of service credit</li> </ul>
<b>Disability retirement eligibility</b>	<ul style="list-style-type: none"> <li>Line-of-duty disability retirement– immediate eligibility upon membership</li> <li>Non-line-of-duty disability retirement – with five years of service credit</li> <li>Dismemberment disability retirement- immediate eligibility upon membership</li> </ul>
<b>How to earn membership service credit</b>	<ul style="list-style-type: none"> <li>Employment as a regular full-time City employee in a benefit-eligible position</li> <li>Transferring service credit</li> <li>Purchasing additional service credit, including purchase of first year of employment as a regular full-time employee in a benefit-eligible position</li> <li>Serving in the military</li> </ul>
<b>Vesting eligibility</b>	<ul style="list-style-type: none"> <li>10 years of service credit (prior to age 55); 5 years of service (age 55 or older)</li> </ul>

\*\*Note: Employees of the Baltimore City Sheriff's Office are not eligible for ERS or RSP membership.

# Class D plan overview

<b>Types of benefits</b>	<ul style="list-style-type: none"> <li>• Service retirement               <ul style="list-style-type: none"> <li>-Normal (unreduced benefits)</li> <li>-Early (reduced benefits)</li> </ul> </li> <li>• Disability               <ul style="list-style-type: none"> <li>-Accidental (line-of-duty)</li> <li>-Ordinary (non-line-of-duty)</li> </ul> </li> <li>• Death               <ul style="list-style-type: none"> <li>-Accidental death (line-of-duty)</li> <li>-Ordinary death (non-line-of-duty)</li> </ul> </li> </ul>
<b>Retirement benefit calculation</b>	Based on: <ul style="list-style-type: none"> <li>• Average final compensation (AFC)</li> <li>• Years of service credit</li> <li>• Age</li> </ul>
<b>Retirement benefit payment options</b>	<ul style="list-style-type: none"> <li>• Maximum allowance option (default)</li> <li>• Reserve guarantee option</li> <li>• 100% survivorship option</li> <li>• 50% survivorship option</li> <li>• 100% “pop-up” survivorship option</li> <li>• 50% “pop-up” survivorship option</li> </ul>
<b>Service retirement process</b>	<ul style="list-style-type: none"> <li>• Submission of application packet and required documents either in person or by mail within 30-90 days if expected retirement date</li> <li>• Estimation of benefits</li> <li>• Verification of all documents</li> </ul>
<b>Refund of contributions</b>	<ul style="list-style-type: none"> <li>• Non-vested members (contributions plus 3% interest)</li> </ul>
<b>Cash Out</b>	<ul style="list-style-type: none"> <li>• Available for qualified vested members with a benefits value of \$12,500 or less</li> </ul>
<b>Annual cost of living adjustment (COLA)</b>	<ul style="list-style-type: none"> <li>• Retired members (January 1 after 18 months in retirement)</li> <li>• Under age 65-1.5%</li> <li>• Age 65 and older 2%</li> </ul>
<b>Webinars offered</b>	<ul style="list-style-type: none"> <li>• Retirement Savings- Know your Plan</li> </ul>

# Class D membership

## Membership Class

**Class D** – Covers individuals hired on or after July 1, 2014.

## Membership eligibility

Membership eligibility starts after one year of employment as a regular full-time or part-time employee in a benefit-eligible position. The one-year waiting period is mandatory.

Retirement benefits are based on:

- Membership Class
- Employment status
- Age
- Service Credit
- Average final compensation
- Type of termination

## Three ways to earn membership service credit

### 1. Being a regular full-time or part-time employee of the City or a covered City agency in a benefit-eligible position

For Class D members, ERS membership eligibility begins on the anniversary date after which the employee began work as a regular full or part-time employee of the City of Baltimore in a benefit-eligible position. An employee whose job classification requires more than 1,000 hours of work in a fiscal year will receive credit for one year of service.

If the job classification requires not less than 500 and not more than 1,000 hours of work in a fiscal year, an employee will receive credit for ½ year of service. If the job classification requires less than 500 hours of work in the fiscal year, the employee does not receive service credit. Contractual and temporary employees of the City, and City employees in non-benefit-eligible positions, are not eligible for retirement benefits.

### 2. Transferring service credit

An employee may transfer accumulated or earned service credit into ERS from the State of Maryland retirement system or any city (including Baltimore City), county or municipal retirement system within the State of Maryland if there is no break in service between prior employment and employment with the City of Baltimore.

The request for transfer of service credit must be made within one (1) year of becoming a member of ERS.

# Class D membership

## 3. Purchasing additional service credit

Under certain circumstances, an employee may purchase service credit for any other employment within Baltimore City. In addition, an employee may purchase service credit for his/her first year of City employment (prior to ERS membership). The cost for purchasing service credit is calculated as follows: the employee's annual salary at the time of purchase times the contribution rate at the time of purchase times the number of years or part of a year to be purchased. The purchase must be made in a single payment. The contribution rate is subject to change every July 1.

## Missing Time

Members who are "out of pay status" (not receiving regular pay) at any time during a single fiscal year will have missing time.

If a member receives no pay, they will receive no service credit for that pay period of missing time. If a member receives pay, and no employee contribution is made, the member will receive service credit with an employee contribution deficiency that must be recovered by ERS.

## Military service credit

You may receive up to three years of service credit for military service served prior to starting City employment if you:

- Have 20 years of membership service, regardless of age, or
- Are at least age 62 with 10 years of membership service

# Membership benefits

## Three types of retirement benefits

### 1. Service retirement benefits

#### Normal Retirement (unreduced benefits)

Normal service retirement is based on membership class, service credit and age.

As a Class D member, you are eligible for normal service retirement benefits if you:

- Have 30 years of membership service credit, or
- Are at least age 65 with five years of service credit

#### Early Retirement (reduced benefits)

Class D members may retire as early as age 55 with at least 5 years of membership service credit. If you retire early, your retirement benefits are reduced approximately 6.7% per year for each of the first 5 years of retirement between the ages of 60-65 (maximum reduction of 1/3) and an additional 3.3% per year for each year of retirement between the ages of 55-60 (maximum additional reduction of 1/6). The maximum total reduction is 50%. (Note: The reduction is prorated for a partial year of early retirement.)

#### EXAMPLE

If you are age 55 and would have been entitled to an annual retirement benefit of \$25,000 under retirement rules, your benefit would be reduced as follows:

$\$25,000 \times 6.7\% \times 5$  (the number of years of retirement between ages 60-65) =

\$8,375; plus

$\$25,000 \times 3.3\% \times 5$  (the number of years of retirement between ages 55 and 60) =

\$4,125

In this example, your annual retirement benefit would be reduced to \$12,500

# Membership benefits

## Vesting eligibility

Depending on your years of service credit, you are entitled to certain benefits, even if you leave City employment. This is referred to as “vesting.”

Class D members are vested after 10 years of service credit prior to reaching age 55, or after 5 years of service credit after reaching age 55 (if they have not elected early retirement). These class members are entitled to unreduced benefits at age 65, and to reduced benefits at age 55.

If you leave City employment before you are vested, you will receive a refund of your employee contributions (with interest). If you leave City employment after you are vested, but before you are eligible for normal retirement, your benefit is deferred until you reach normal retirement age (or early retirement age, if you choose).

### **DEFERRED VESTED MEMBERS**

You may elect a lump-sum cash-out instead of a monthly retirement allowance if the cash-out amount is \$12,500 or less. A member who receives a lump-sum cash-out is not entitled to any other retirement benefits from ERS or the City, and cannot transfer the service to another pension system.

## **2. Disability Retirement Eligibility**

Regardless of your membership class, you are eligible for:

**Line-of-duty disability retirement benefits** – immediately when you become an ERS member

**Dismemberment disability retirement** – immediately when you become an ERS member

**Non-line-of-duty disability benefits** – after five years of service credit

### **Disability Retirement Benefits**

If you are no longer able to do your job due to illness or injury, you may be eligible for disability retirement benefits. Your eligibility will be determined by an independent hearing examiner.

#### **1. Non-Line-of-Duty Disability Retirement Benefit**

To be eligible for a non-line-of-duty disability benefit, you must have at least 5 years of ERS service credit, you must be mentally or physically incapacitated for the further

# Membership benefits

performance of your job, and the incapacity is likely to be permanent. You must apply for non-line-of-duty disability benefits within 1 year after leaving City employment.

If the hearing examiner determines that you are eligible for non-line-of-duty disability benefits, you are entitled to an annual benefit of the greater of 15% of your average final compensation (the average of your highest 3 annual salaries), or your accrued service retirement benefit, with no reduction for early retirement and regardless of your age or years of service.

## **2. Line-of-Duty Disability Retirement Benefit**

To be eligible for a line-of-duty disability benefit:

- You must be permanently incapacitated from the further performance of your job classification,
- Your incapacity must be due to the 50% impairment of any one, or 25% impairment of any two, of the following: speech, sight, neck, back, vital bodily organ, central nervous system, arm, leg, shoulder, hearing, or mental incapacity for which you have been awarded a disability under Social Security,
- You must have sustained the impairment as the result of an on-the-job accident, and
- Your disability must be independent of any preexisting physical or medical conditions.

You must apply for line-of-duty disability retirement benefits within 1 year after leaving City employment and within 5 years of the accident resulting in your impairment.

If the hearing examiner determines that you are eligible for line-of-duty disability benefits, you are entitled to an annual benefit of 66 2/3% of your average final compensation (the average of your highest 3 annual salaries).

## **3. Dismemberment Disability Retirement Benefits**

If you suffer the loss of both hands, both feet or both eyes, or a combination of a hand and foot, a hand and eye, or foot and eye, as the result of an on-the-job accident, you are entitled to a dismemberment disability benefit. You must apply for dismemberment disability benefits within 1 year after leaving City employment and within 5 years of the accident resulting in the dismemberment.

If the hearing examiner determines that you are entitled to a dismemberment disability benefit, you will receive 100% of your annual final compensation (the average of your highest 3 annual salaries).

# Membership benefits

## Workers' Compensation

Workers' Compensation provides financial protection for workers while they are on the job. If you are hurt or disabled while you are on the job, you may be entitled to financial support. Workers' Compensation benefits vary depending on the situation.

ERS' disability process is separate from the determination of disability made by the Workers' Compensation Commission or from the termination of your City employment made by your department regarding your illness or injury.

ERS will verify any Workers' Compensation benefit you received within the last five years for the same injury claimed on your disability retirement.

If you receive a Workers' Compensation benefit for the same injury for which you were granted a disability retirement benefit in the previous five (5) years, the amount of the Workers' Compensation benefit (minus doctor and lawyer's fees) is offset against your disability retirement. The offset is calculated based on life expectancy.

EXAMPLE: Worker's Compensation computation after offset

Age at disability retirement	40 years
Annuity factor (life expectancy)	14.2347 years
Annual pension	\$25,000
Worker's Compensation benefit	\$8,500
Doctor's fees	\$1,500
Lawyer's fees	\$2,000
\$8,500	Worker's Compensation benefit
-\$1,500	Doctor's fees
-\$2,000	Lawyer's fees
\$5,000	Amount to be offset
÷ 14.237	Annuity factor (life expectancy)
\$351.25	Annual offset
\$25,000	Annual pension
-\$351.25	Annual offset
\$24,648.75	New annual disability benefit



# Membership benefits

## 3. Death benefits

Death benefits provide financial compensation to your survivors should you die before retirement or termination of employment. Death benefits may be paid depending on the circumstances of death (line-of-duty or non-line of duty) and your eligibility for retirement, as follows:

### 1. Non-Line-of-Duty Death Benefits (Ordinary death)

If you die while a City employee, but not in the course of your job, your beneficiaries are entitled to a non-line-of-duty death benefit. The amount of the benefit and to whom it is payable depend on your age and years of service credit.

If at the time of your death you are eligible for normal or early retirement (or would have been eligible within 90 days of your death), your beneficiary is entitled to a 100% survivorship benefit (see 100% Survivorship Benefit, page 21). This is a continuing benefit paid to your designated beneficiary for his/her lifetime, provided that your designated beneficiary is your spouse to whom you were married for 5 years, or if your designated beneficiary is one of your surviving parents. If you have no designated beneficiary, the benefit is payable to your surviving spouse, if you were married for at least 5 years. If your designated beneficiary is neither your spouse nor your parent, and that beneficiary predeceases you, the benefit is payable to your surviving spouse, if you were married for 5 years. The other payment options are set out in greater detail on pages 20-23.

If at the time of your death you have at least 20 years of service credit, and you are not yet eligible for retirement, your beneficiary is entitled to a 40% survivorship benefit, which equals 40% of your retirement benefit as if you had retired at normal retirement age and elected the maximum retirement allowance (see Maximum Retirement Allowance, page 20). This benefit is payable only to your surviving spouse (for life or until remarriage prior to age 70) if you were married at least 1 year, or to your minor children (until age 22 if they are enrolled in school).

If you do not qualify for either of these survivorship benefits, but you have acquired at least 1 year of service credit, your designated beneficiary will receive a lump sum equal to your employee contributions (plus interest) and 50% of your current annual compensation or average final compensation (the average of your highest 3 annual salaries), whichever is greater. If you do not have a designated beneficiary or if your designated beneficiary predeceases you, the benefit is payable to your surviving spouse. If you have no surviving designated beneficiary or surviving spouse, the benefit is payable to your

# Membership benefits

children, in equal shares. If you have no surviving designated beneficiary, spouse or children, the benefit is payable to your surviving parents, in equal shares. If you have no surviving designated beneficiary, spouse, children or parents, the benefit is payable to your estate.

The Active Death Beneficiary Designation Form (Specific Designation Form) allows you to name any person(s) you want to receive the death benefit. You must file a new Specific Designation Form if you want to change beneficiaries or if a named beneficiary dies. The Specific Designation Form remains in effect until it is replaced. The filing of a Specific Designation Form revokes any prior designation.

## **2. Line-of-Duty Death Benefits (Accidental death)**

If you die in the course of your job as a City employee, and an independent hearing examiner determines that your death is the direct result of an on-the-job accident, you are eligible for a line-of-duty death benefit.

The line-of-duty benefit consists of two parts. First, your employee contributions (plus interest) will be paid to your designated beneficiary. If you have no designated beneficiary, or if your designated beneficiary predeceases you, your employee contributions are payable to your surviving spouse. If you have no surviving designated beneficiary or surviving spouse, your employee contributions are payable to your children, in equal shares. If you have no surviving designated beneficiary, spouse, or children, your employee contributions are payable to your surviving parents, in equal shares. If you have no surviving designated beneficiary, spouse, children or parents, your employee contributions are payable to your estate.

# Additional membership benefits

## **Life Insurance Benefits**

You may be entitled to a life insurance benefit based on your union affiliation and enrollment in Optional Life Insurance. This benefit is unrelated to any retirement benefit payable by ERS. Contact the Office of Employee Benefits of the Department of Human Resources for additional information.

# Benefit calculations and options

## Retirement benefit calculation

Your retirement benefit is calculated based on 1.0% of your average final compensation (AFC) multiplied by your years of credited service. If you retire at age 62 with 20 years of service credit, your retirement benefit is calculated based on 1.1% of your AFC multiplied by years of credited service.

### Average Final Compensation (AFC)

Average final compensation (AFC) is the average annual earnable compensation on January 1 for three successive years of service during which earnable compensation was highest or, if less than three years, the average during the total service period. AFC is based on the member's earnable compensation that includes the employee's regular authorized salary. It does not include overtime pay, hazardous duty pay, pay for conversion of leave or other fringe benefits.

## Six service retirement benefit payment options

You may choose from six service retirement benefit payment options that will suit different family circumstances. The maximum allowance option provides the highest benefit amount to the member, while other options provide lower amount to member and increased amount to the beneficiary. The member may change their chosen retirement option within 30 days after retirement.

### 1. Maximum allowance option

Under this option, the beneficiary may receive 40% of the member's retirement benefit upon the member's death. The beneficiary may only be: 1) the eligible spouse, to whom the retired member was married for at least one year before the member's retirement date (to continue for life or until remarriage prior to age 70); or 2) minor children who are under age 18, or who are under age 22, if they are students. The eligible spouse or minor children are eligible for health insurance coverage.

#### EXAMPLE

Maximum retirement benefit (unreduced) - \$1,000 monthly

Your benefit - \$1,000 monthly (no reduction)

Benefit to eligible beneficiary after your death - \$400 monthly

# Benefit calculations and options

## 2. Reserve guarantee option

The reserve guarantee benefit permanently reduces the member's lifetime benefit to provide for a lump-sum payment to the beneficiary. The lump-sum payment is determined based upon the life expectancy of the member. The member may change the beneficiary at any time or have multiple beneficiaries. However, if the member lives beyond the total years that is equivalent to the actuarial value of the annuity, there will be no remaining balance for the designated beneficiary. The beneficiary is not eligible for health insurance coverage.

### EXAMPLE

Maximum retirement benefit – \$1,000 monthly (unreduced)

Your reserve guarantee benefit – \$860 monthly (reduced)

Expected lifetime benefits – \$113,520

#### **If you die four years after retirement**

12 payments a year x 4 years = 48 benefit payments

48 (payments) x \$860 (monthly benefit) = \$41,280 (total benefits paid)

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\$ 113,520 Reserve guarantee lifetime benefit

– \$ 41,280 Total benefits paid

\$ 72,240 Payment to beneficiary

## 3. 100% survivorship option

This option permanently reduces the member's lifetime benefit to provide a monthly payment to the beneficiary. The reduction is based on the difference between the age of the beneficiary and the age of the member. Upon the death of the member, the eligible beneficiary will receive for life 100% of the member's retirement allowance, even if the beneficiary remarries. The member can change the beneficiary only within 30 days after retirement. The beneficiary is also eligible for health insurance coverage.

# Benefit calculations and options

## EXAMPLE

Maximum retirement benefit – \$1,000 monthly (unreduced)  
Your 100% survivorship benefit – \$820 monthly (reduced)  
Beneficiary's benefit – \$820 monthly

### 4. 50% survivorship option

This option permanently reduces the member's lifetime benefit to provide for a monthly payment to the beneficiary. The reduction is based on the difference between the age of the beneficiary and the age of the member. Upon the death of the member, the eligible beneficiary will receive for life 50% of the member's retirement benefit. The member can change the beneficiary only within 30 days after retirement. The beneficiary is also eligible for health insurance coverage.

## EXAMPLE

Maximum retirement benefit – \$1,000 monthly (unreduced)  
Your 50% survivorship option benefit – \$900 monthly (reduced)  
Beneficiary's benefit – \$450 monthly

### 5. 100% "pop-up" survivorship option

This option permanently reduces the member's lifetime benefit to provide for a monthly payment to the beneficiary. The reduction is based on the difference between the age of the beneficiary and the age of the member. Upon the death of the member, the eligible beneficiary will receive for life 100% of the member's retirement allowance. The member can change the beneficiary only within 30 days after retirement. If the beneficiary dies before the member, the member's benefit increases to the maximum retirement allowance and a new beneficiary cannot be designated. The beneficiary is also eligible for health insurance coverage.

# Benefit calculations and options

## EXAMPLE

Maximum retirement benefit – \$1,000 monthly (unreduced) Your 100% pop-up benefit – \$770 monthly (reduced)  
Beneficiary's benefit – \$770 monthly  
If beneficiary predeceases you, your benefit – \$1,000 monthly

## 6. 50% “pop-up” survivorship option

This option permanently reduces the member's lifetime benefit to provide for a monthly payment to the beneficiary. The reduction is based on the difference between the age of the beneficiary and the age of the member. Upon the death of the member, the eligible beneficiary will receive for life 50% of the member's retirement allowance. The member can change the beneficiary only within 30 days after retirement. If the beneficiary dies ahead of the member, the member's benefit increases to the maximum retirement allowance and a new beneficiary cannot be designated. The beneficiary is eligible for health insurance coverage.

## EXAMPLE

Maximum retirement benefit – \$1,000 monthly (unreduced)  
Your 50% pop-up benefit – \$870 monthly (reduced)  
Beneficiary's benefit – \$435 monthly  
If beneficiary predeceases you, your benefit – \$1,000 monthly

# Plans at a Glance



03

## About the Plans

Plan Type	Hybrid Membership	Non-Hybrid Membership
ERS Defined Benefit Plan (ERS Class D) (mandatory election option)	<p><b>Formula:</b> 1% x your years of pension service x your average final compensation. This formula may vary for participants who meet certain age and years-of-service requirements.</p> <p><b>Contribution requirement:</b> You must contribute 5% of your base salary, starting after you have completed one year of service.</p>	N/A
401(a) Defined Contribution Plan (mandatory election option)	Generally, your employer contributes 3% of your earnable compensation after you have completed one year of service. This contribution can be reduced to 1.5% of your base salary based on the funding status of the ERS.	You must contribute 5% of your earnable compensation commencing after 180 days of service. Your employer will contribute 4% of your earnable compensation.
457(b) Deferred Compensation Plan (DCP) (voluntary election option)	The minimum contribution is \$10 per pay period, not to exceed \$20,500 this calendar year for those under age 50. For those 50 and older, the maximum contribution is \$27,000.	<p>The minimum contribution is \$10 per pay period, not to exceed \$20,500 this calendar year for those under age 50. For those 50 and older, the maximum contribution is \$27,000.</p> <p>Your employer matches 50% of any contributions you make that do not exceed 2% of your earnable compensation per pay period. Note: If you elect this option, this means that the additional employer match could bring the total employer contribution to 5%.</p>
<p>Special 457(b) Catch-Up Provision: In the three calendar years prior to normal retirement age, you may be able to contribute up to twice the annual contribution limit to the 457(b) DCP (\$41,000 this calendar year).</p>		



# Plans at a Glance



04

## About vesting

Vesting	Hybrid Membership	Non-Hybrid Membership
ERS Defined Benefit Plan (ERS Class D)	You are vested after 10 years of credited service or upon satisfying the eligibility criteria for early retirement or normal retirement.	N/A  Note: If you are rehired after having a vested benefit with another City of Baltimore retirement system, you are automatically enrolled in the 401(a) as a Non-Hybrid participant.
401(a) Defined Contribution Plan	You become 100% vested: <ul style="list-style-type: none"> <li>- after 5 years of eligible vesting service</li> <li>- if you reach normal retirement age (age 65) and are still employed, or</li> <li>- upon disability or death while an active employee</li> </ul>	You are always 100% vested in the portion of your 401(a) account balance attributable to your own contributions and gains or losses on those contributions.  You become 100% vested in the portion of your 401(a) account balance attributable to employer contributions and gains or losses on those contributions: <ul style="list-style-type: none"> <li>- after 5 years of eligible vesting service</li> <li>- if you reach normal retirement age (age 65) and are still employed, or</li> <li>- upon disability or death while an active employee</li> </ul>
457(b) Deferred Compensation Plan	You are always 100% vested.	

# Plans at a Glance



05

## About distributions

Distributions	Hybrid Membership	Non-Hybrid Membership
While employed	No loans or in-service withdrawals are permitted.	
After separation from service and before you are vested	<p>If you separate from service before you are vested in your defined benefit component, you will receive the contributions you made to the ERS plus interest in a lump-sum distribution.</p> <p>The 401(a) employer subaccount is forfeited in its entirety unless you return to employment within 30 days of termination.</p>	<p>The portion of your 401(a) account balance attributable to your own contributions and gains or losses remains vested.</p> <p>The portion of your 401(a) account balance attributable to employer contributions and gains or losses is forfeited in its entirety unless you return to employment with 30 days of termination.</p>
After separation from service and fully vested	<p>The timing of ERS defined benefit plan distributions:</p> <ul style="list-style-type: none"> <li>- If you separate from service after you are vested but before you are eligible for early retirement, you may receive a deferred vested benefit at a later date</li> <li>- If you separate from service after you are eligible for early or normal retirement, you may receive an immediate benefit</li> </ul> <p>The following 401(a) distribution options are available:</p> <ul style="list-style-type: none"> <li>- Leave your account with the Plan to continue to receive the same low-cost solutions and personal service</li> <li>- Receive your account balance as a lump sum or in installments, or convert your account balances to an annuity</li> <li>- Move your account balance to an individual retirement account (IRA) or another qualified employer plan</li> </ul>	<p>The following 401(a) distribution options are available:</p> <ul style="list-style-type: none"> <li>- Leave your account(s) with the Plan to continue to receive the same low-cost solutions and personal service</li> <li>- Receive your vested account balance as a lump sum or in installments, or convert your account balances to an annuity</li> <li>- Move your account balance to an individual retirement account (IRA) or another qualified employer plan</li> </ul>

# Refund, cash-out and COLA

## Refund and cash-out

If you terminate employment with the City of Baltimore prior to qualifying for retirement, you are entitled to receive a refund of your contributions to the fund, plus interest.

If you leave City employment prior to qualifying for immediate retirement benefits, you may elect to receive a lump-sum cash payout if the present value of the total retirement benefit is \$12,500 or less. If you elect to receive a lump-sum cash payout, you are no longer eligible to receive any City retirement benefits.

### EXAMPLE

Average final compensation – \$25,000

Years of Service	Age at termination			
	35	40	45	50
10	\$2,121.72	\$3,210.50	\$4,881.42	\$7,485.84
15	\$2,633.07	\$3,984.28	\$6,057.89	\$9,290.01
20	\$3,510.76	\$5,312.38	\$8,077.19	n/a

## Annual cost of living adjustment (COLA)

Retirees and beneficiaries receive an annual cost-of-living adjustment (COLA). The amount of the COLA is the greater of 1.5% or the amount of the COLA awarded by Fire and Police Retirement System of the City of Baltimore.

Retirees and beneficiaries receive their COLA on the January 1 following the June 30 in which they have been receiving benefit payments for at least 12 consecutive months. For example, a member who retires prior to June 30, 2021, will receive a COLA beginning January 1, 2023.

# Retirement Process

## Service retirement

The service retirement application process is designed to be easy and efficient. After you submit your application, a benefits analyst will advise you of the benefits you are entitled to, make sure your application is complete, let you know if you need to submit additional documents, and explain all of your retirement options.

### 30/90 days advance notice required

When you are ready to retire, you must file your retirement application with the ERS office no more than 90 days and no less than 30 days in advance in order to avoid a gap between your last paycheck as an active employee and your first retirement check. You have 30 days after your retirement date to change your option for payment and your beneficiary; after 30 days, your form of payment and beneficiary become permanent and cannot be changed. (If you elect the Reserve Guarantee Option, you may change your beneficiary at any time.)

### Application process for service retirement

You can file your application for retirement benefits:

- In person. To do so, call (443) 984-3200 to make an appointment with an ERS benefit analyst to learn about your retirement benefits. You can file an application during your appointment.
- By mail. You can request an application by calling (443) 984-3200, or you can download an application from our website at [www.bcers.org](http://www.bcers.org). Send the completed application to:
  - Employees' Retirement System
  - 7 East Redwood Street – 13th Floor Baltimore, MD 21202
- ERS must have copies of these documents in order to process your application for retirement benefits:
  - ◇ Birth certificates for yourself, your spouse (if you are married), minor children and any other beneficiary. If birth certificates are not available, then you must present two other acceptable documents, such as a baptismal certificate, passport or visa, marriage license, or insurance policy
  - ◇ A court order changing your name, if your present name is different from the name on your birth certificate
  - ◇ Marriage license(s) or certificate(s)
  - ◇ Any divorce decrees, settlement agreements, or separation agreements
  - ◇ Your spouse's Social Security number (if you are married)

# Retirement Process

- ◇ Military separation papers (Form DD214 or equivalent) to receive credit for military service
- ◇ Employment date information for any prior employment with Baltimore City, Baltimore County, State of Maryland and/or any of its political subdivisions

## Verification process

After you submit your retirement application form, a Benefit Analyst will start the verification process by requesting from your department the following items:

1. Signed salary verification memo
2. Last day in pay status
3. Cut-off ticket issued from your department
4. Validation of your three highest consecutive-year salaries (as of January 1 each year)

If your retirement application is completed in full and the information you provided is verified as correct, within 30 days you will be placed on the retirement payroll. The effective date of retirement must be the first day of the month.

## Disability retirement

Your eligibility for disability retirement benefits will be determined by an independent hearing examiner hired by Baltimore City.

The disability process can take from three to six months. Because of the long process, it is very important that you file a disability application before you have used all of your paid leave. If your leave time runs out before your disability application has been approved, you may temporarily lose your health care and prescription coverage paid by the City until you begin receiving a disability benefit, if eligible. If you file an application for a disability benefit and later are able to return to work, you can withdraw your disability application with no penalty.

## Application process for disability retirement

You can file your application for disability retirement:

- In person. To do so, call (443) 984-3200 to make an appointment with an ERS benefit analyst to learn about your retirement benefits. You can file an application during your appointment.
- By mail. You can request an application by calling (443) 984-3200, or you can download an application from our website at [www.bcercs.org](http://www.bcercs.org). Send the completed application to:

# Retirement Process

## Employees' Retirement System

7 East Redwood Street – 13th Floor Baltimore, MD 21202

The application must be filed no later than one year following your last day of City employment. You must also file a doctor's report of disability (ERS form 25).

- ERS staff will gather all medical and other pertinent records regarding your disability.
- ERS staff will schedule you for a no-cost examination by a physician chosen by the City who will evaluate your disability.
- The hearing examiner will schedule a hearing of your claim. The hearing is an adversarial proceeding. You may have an attorney represent you at the hearing.
- If you claim a line-of-duty injury, the hearing examiner must determine that you are incapacitated and unable to perform your job as the result of an injury in the line of duty and that your disability is likely to be permanent. Or, if you claim a non-line-of-duty illness or disability, the hearing examiner must determine that you are incapacitated for the performance of duty and that your disability is likely to be permanent. The hearing examiner's decision is in writing
- ERS staff will notify you and your department of the decision of the hearing examiner.
- If the hearing examiner denies your claim, you are entitled to appeal the decision to the Circuit Court for Baltimore City. If the City disagrees with the decision of the hearing examiner, the City may appeal the decision to the Circuit Court of Baltimore City. The appeal must be filed within 30 days after you receive the hearing examiner's decision.
- If the hearing examiner finds that you are eligible for disability benefits, you will be advised of the benefits payable under the various options that provide survivorship benefits. You must then select your benefit option so that you may be placed on the retirement payroll.

# Retirement Education and other Resources

## Retirement seminars

A comfortable retirement involves planning. Nearly every month, the ERS offers two retirement seminar series that provides information to help you plan for a financially healthy future.

Retirement Educational Seminars are designed for employees who have worked at least one year or up to 10 years with the City of Baltimore. These seminars cover:

- ERS enrollment
- Purchasing service
- Getting credit for military time
- Disability retirement eligibility
- Beneficiary designation
- Membership service credit
- Health insurance changes
- Death/survivorship benefits
- Retirement savings options
- Deferred compensation

Retirement Ready Seminars are for those people who are nearing retirement and who have over 10 years of City employment. These seminars cover:

- Benefit options and retirement eligibility
- Death/survivorship benefits
- Benefit estimates
- Health care coverage upon retirement
- Social Security benefits
- Living wills, and power-of-attorney
- Estate planning

## Double-dipping policy

After you retire, if you decide to return to work with the City of Baltimore or a City agency in any position (even part-time), your retirement benefits will stop. The only exception is if you work as a contractual employee. You must promptly notify the ERS of your reemployment. You must repay all retirement benefits you received while reemployed. If you are a vested Class D member and return to City employment, you return to Class D immediately and retain your prior service credit, regardless of the length of your absence. If you are a non-vested Class D member and return to City employment the following rules apply:

# Retirement Education and other Resources

- If you return to City employment within 180 days, you return to Class D immediately; and
  - if you did not take a refund of your contributions before employment, you retain your prior service credit.
  - if you took a refund of your contributions before employment, you do not retain your prior service credit unless you buy it back under the rules for purchasing the first year of service.
- If you return to City employment after 180 days, you return to Class D after one year of reemployment; and
  - if you did not take a refund of your contributions before employment, you retain your prior service credit.
  - if you took a refund of your contributions before employment, you do not retain your prior service credit unless you buy it back under the rules for purchasing the first year of service.

However, as a retired City employee, you may be re-employed by the City on a contractual basis and still receive your retirement benefits if:

- Your requesting agency establishes a need for your services and you have the qualifications necessary to satisfy the requirements of the services to be rendered;
- You have been retired for at least 90 calendar days before beginning service; and
- You enter into a contractual agreement with the Mayor and City Council of Baltimore wherein the contract:
  - Stipulates a time period not to exceed one year and only up to 1,200 paid work hours per contract year
  - Is contingent on funds being available
  - Is approved by the Board of Estimates

Rate determination can be no more than the difference between the maximum salary which you would have received based upon your qualifications if you were employed full-time by the City in the classification at the time of the contract and your maximum City retirement benefit. To determine the maximum hourly rate, the dollar value of the difference is to be divided by the 1,200 work hours allowed per contract year.



# Retirement Education and other Resources

## CONTACT US

7 E. Redwood Street  
11th, 12th, and 13th Floor  
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contacters@bcers.org  
M-F 8 a.m. - 4:30 p.m.