


FROM	NAME & TITLE	Mary H. Talley, Director <i>Mary H. Talley</i>	CITY of BALTIMORE	
	AGENCY NAME & ADDRESS	Department of Human Resources 201 East Baltimore, Street, Suite 300 Baltimore, MD 21202		
	SUBJECT	City of Baltimore Council Bill 14-0457	MEMO	

TO The Honorable Bernard "Jack" Young
and Members of the Baltimore City Council
City Hall
100 N. Holliday Street, Room 406
Baltimore, Maryland 21202

RECEIVED
Date January 8, 2015
JAN - 9 2015
BALTIMORE CITY COUNCIL
PRESIDENT'S OFFICE

Re: City of Baltimore Council Bill 14-0457
Employees' Retirement System – Retirement Savings Plan Clarifications

The Department of Human Resources ("DHR") has reviewed City Council Bill 14-0457 Employees' Retirement System – Retirement Savings Plan – Clarifications (the "Bill"), which proposes several changes to Article 22 Employee Retirement System and Article 22A Retirement Savings Plan. Following are DHR's remarks relative to each of the proposed changes:

Article 22 – Employee Retirement Systems ("ERS")

- The Bill establishes that Class D ERS members who terminate employment before vesting and receive the value of their accumulated contributions before reemployment must purchase their prior City service to have it credited.
- A requirement that an employee's service must be terminated for more than 30 consecutive days before the reemployment rules apply was added to Section 9.2(1)(2) making it consistent with existing Class C reemployment rules.

DHR supports the proposed changes to Article 22.

Article 22A – Retirement Savings Plan ("RSP")

- The Bill adds language that specifically characterizes the RSP as a Profit Sharing Plan under Internal Revenue Code § 401(a).
- The Bill modifies The Board of Trustees as follows:
 - Expands the Board of Trustees from 12 to 14 members
 - Increases the number of voting members from 9 to 11
 - Adds three members representing the Baltimore City Public School System
 - Reduces the number of Mayoral appointees from 4 to 3
 - Increases from 5 to 6 the number of members constituting a quorum.
- Clarifies the formula used to determine the City's match of certain employee contributions to the Deferred Compensation Plan.

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- The Bill allows members to make investment elections for non-vested employer contributions.
- The Bill will make the account balance of a member who dies while performing “qualified military service” 100% vested as if the member died while an active employee of the City of Baltimore.

DHR supports the proposed changes to Article 22A.

DHR is pleased to provide further comment or clarification regarding its position on Council Bill 14-0457.

cc: The Honorable Stephanie Rawlings-Blake
Chief of Staff, Kaliopé Parthemos
Deputy Chief of Staff, Kim Morton
Director of Finance, Henry J. Raymond