

May 31, 2012

Mr. Thomas P. Taneyhill  
Executive Director  
Fire and Police Employees' Retirement System  
7 E. Redwood Street, 20<sup>th</sup> Floor  
Baltimore, Maryland 21202

**Re: *Actuarial Impact on Fire and Police Employees' Retirement System***

Dear Tom:

As requested, we are writing to provide an actuarial cost estimate for a proposed change in the Fire and Police Employees' Retirement System to provide spousal benefit protection to members who die while performing qualified military service, to expand options for rolling over money when a member leaves the system and to provide for increases in the 415 limits.

Changes in federal tax laws, including the PPA, required certain changes to the System's ordinances. One of the changes provided more lenience in interpreting the code's rules surrounding the timing of plan distributions. Another change expanded the options available to those rolling over money from the System. While a third change required the System to provide a death benefit to those who die during qualified military service as if they had been reemployed the day prior to death.

The Retirement System ordinance is also being amended to allow for the recognition of annual cost-of-living increases in the Internal Revenue Code §415 dollar limits, should they apply to any members in retirement status. The ordinance goes on to provide that these increased limits be taken into consideration on an annual basis after a member retires. Since there are no members currently receiving benefits that are restricted by these limits, the change would not produce a cost impact.

We do not believe that any of these provisions is expected to have an impact on the cost of the Retirement System.

Please call if you have any questions or comments.

Sincerely,  
Cheiron



Fiona E. Liston, FSA, EA  
Principal Consulting Actuary