

**CITY OF BALTIMORE
COUNCIL BILL 09-0348
(First Reader)**

Introduced by: The Council President
At the request of: The Administration (Department of Finance)
Introduced and read first time: June 8, 2009
Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Fire and Police Employees' Retirement System, Labor Commissioner, Department of Finance

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Fire and Police Employees' Retirement System – Benefits – Post-Retirement Increases**

3 FOR the purpose of amending provisions of the Fire and Police Employees' Retirement System
4 law pertaining to post-retirement increases; modifying certain System interest rate
5 assumptions; discontinuing the utilization of certain existing System accounting reserves;
6 providing for a special effective date; and generally relating to the Fire and Police
7 Employees' Retirement System of the City of Baltimore.

8 BY repealing and reordaining, with amendments

9 Article 22 - Retirement Systems
10 Section(s) 30(9) and 36A(intro)
11 Baltimore City Code
12 (Edition 2000)

13 BY adding

14 Article 22 - Retirement Systems
15 Section(s) 36A(h) and (i)
16 Baltimore City Code
17 (Edition 2000)

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

20 **Baltimore City Code**

21 **Article 22. Retirement Systems**

22 **Subtitle – Fire and Police Employees' Retirement System**

23 **§ 30. Definitions.**

24 In this subtitle, unless a different meaning is plainly required by the context, the following
25 words and phrases have the meanings indicated:

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

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1 (9) ["Regular interest" for the Annuity Savings Fund shall mean interest at 5½% per annum
2 compounded annually. "Regular interest" for the Annuity Reserve Fund and the Pension
3 Reserve Fund shall mean interest at 7% per annum compounded annually. For valuation
4 purposes, regular interest shall mean 8¼% prior to commencement of benefit payments
5 and 6-8/10% after commencement of benefit payments. "Regular interest" for the
6 purposes of determining actuarial equivalents shall mean interest at 5% per annum
7 compounded annually.] "REGULAR INTEREST" MEANS INTEREST COMPOUNDED
8 ANNUALLY FOR THE RESERVES AND ITEMS LISTED AT THE FOLLOWING RATES:

9 (I) THE ANNUITY SAVINGS RESERVE: 5.5%.

10 (II) FOR VALUATION PURPOSES:

11 (A) BEFORE COMMENCEMENT OF BENEFIT PAYMENTS 8.25%.

12 (B) AFTER COMMENCEMENT OF BENEFIT PAYMENTS 6.8%.

13 (III) FOR DETERMINING ACTUARIAL EQUIVALENTS: 5.0%.

14 **§ 36A. Post-retirement benefit increases to certain retirees and beneficiaries.**

15 [Each] BEGINNING JUNE 30, 1983, AND ENDING JUNE 30, 2008, EACH retired member or
16 beneficiary who is receiving periodic benefits under the provisions of the Retirement System
17 is eligible for an increase in the amount of those periodic benefits subject to the following
18 provisions.

19 (H) *TRANSFER OF ASSETS AND LIABILITIES.*

20 (1) THE ASSETS OF THE PAID-UP BENEFIT FUND AND THE CONTINGENCY RESERVE FUND
21 SHALL BE TRANSFERRED TO THE GENERAL ASSET ACCOUNT.

22 (2) THE POST-RETIREMENT BENEFIT LIABILITIES OF THE PAID-UP BENEFIT FUND SHALL BE
23 TRANSFERRED TO THE PENSION RESERVE.

24 (3) FOLLOWING THESE TRANSFERS, THE PAID-UP BENEFIT FUND AND THE CONTINGENCY
25 RESERVE FUND SHALL BE DISCONTINUED.

26 (I) *GUARANTEE OF POST-RETIREMENT INCREASES.*

27 EFFECTIVE JUNE 30, 2009, ALL POST-RETIREMENT BENEFIT INCREASES PAYABLE UNDER
28 THIS § 36A BECOME THE OBLIGATION OF THE CITY OF BALTIMORE AND ARE GUARANTEED
29 UNDER THE PROVISIONS OF § 37 OF THIS SUBTITLE.
30

31 **SECTION 2. AND BE IT FURTHER ORDAINED,** That it is the intention of the City of Baltimore
32 to examine the feasibility of establishing post-retirement increase provisions for the retired
33 members and beneficiaries of this System once the System attains and maintains a funded ratio
34 of 85% for a minimum of 3 consecutive years. The funded ratio is to be based on market value
35 and shall be determined by the System's actuary.

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1 **SECTION 3. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance
2 are not law and may not be considered to have been enacted as a part of this or any prior
3 Ordinance.

4 **SECTION 4. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the 30th day
5 after the date it is enacted.