

*Roselyn H. Spencer*

FROM

NAME & TITLE	Roselyn H. Spencer, Executive Director and CIO
AGENCY NAME & ADDRESS	Employees' and Elected Officials' Retirement Systems 7 East Redwood Street, 12th Floor
SUBJECT	<b>City Council Bill 16-0740 -- Elected Officials' Retirement System and Employees' Retirement System</b>

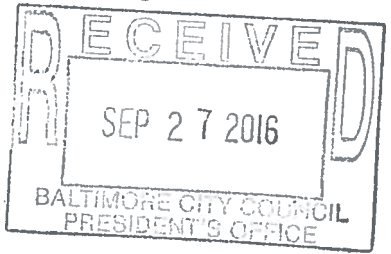
CITY OF  
BALTIMORE  
**MEMO**



TO

DATE: September 26, 2016

The Honorable President and Members of the  
Baltimore City Council  
Attn: Natawna B. Austin  
Room 409, City Hall



Dear Mr. President and City Council members:

On behalf of the Board of Trustees of the Employees' and Elected Officials' Retirement System (the "ERS/EOS Board"), I hereby submit the following response to City Council Bill 16-0740 (the "Bill"). The Bill amends several provisions of Article 22 of the Baltimore City Code pertaining to the Elected Officials' Retirement System of the City of Baltimore ("EOS") and the Employees' Retirement System of the City of Baltimore ("ERS"). A summary of the Bill and the recommendations of the ERS/EOS Board are as follows:

**Summary of the Bill's Provisions**

Joint ERS/EOS Provisions

Board Composition. Currently, the ERS/EOS Board consists of 7 trustees. The Bill adds 2 new trustees. One new trustee will be appointed by the Mayor from a recommendation made by the City Council President. The second new trustee is a representative designated jointly by ASCME Local 44 and the City Union Of Baltimore ("CUB").

EOS Provisions

1. Eligibility for Service Retirement Benefit. Under current law, an elected official can receive a service retirement benefit after leaving office at or after age 50 with at least 12 years of service, or at any age with at least 16 years of service. The Bill grandfathers incumbent elected officials in that provision. For new elected officials, the Bill provides that he or she can receive a service retirement benefit after leaving office at or after age 55 with at least 12 years of service.

2. Amount of Service Retirement Benefit. Under current law, the annual service retirement benefit equals 2.5% x annual compensation at retirement x years of service. For new elected officials, the Bill provides a cap on the service retirement benefit equal to 60% of annual compensation at retirement.

*Fav w/ comments*

3. Eligibility for Deferred Vested Benefit. Under current law, if an elected official leaves office before age 50 with at least 12 years of service, he or she can start receiving benefits at age 50. The Bill grandfathers incumbent elected officials in that provision. For new elected officials, the Bill provides that if he or she leaves office before age 55 with at least 12 years of service, benefits can start at age 55.

4. COLA's - Amount. Under current law, a retired elected official receives a COLA equal to the annual percentage increase in compensation for the position held by the retiree while a member. The Bill grandfathers incumbent elected officials in that provision. For new elected officials, the Bill provides a COLA equal to 1.5% until age 65, and 2.0% thereafter. This provision mirrors the other City retirement systems.

5. COLA's - Waiting Period. Under current law, the COLA is paid to an EOS retiree without a waiting period. The Bill imposes a waiting period for any EOS member retiring after February 1, 2017. The COLA becomes effective in the January after 12 months of EOS benefits have been paid. This provision also mirrors the other City retirement systems.

#### ERS Provisions

Clarifications. The Bill makes certain clarifying changes to ERS provisions concerning optional forms of payment.

#### ERS/EOS Board Recommendation

At a September 1, 2016 meeting, the ERS/EOS Board unanimously approved the Bill.

#### Estimated Cost

The Bill will not add any cost to the City. In fact, the EOS actuary calculates that it will result in cost savings to the City.

I would be pleased to answer any questions or provide additional information about City Council Bill 16-0740.

cc: Andrew Smullian, Deputy Mayor: Office of Government Relations and Labor  
Angela Gibson, Legislative Officer  
Henry J. Raymond, Director of Finance  
Larry Greene, Director, Office of Council Services  
Avery Aisenstark, Director, Legislative Reference  
David E. Ralph, Acting City Solicitor  
Deborah F. Moore-Carter, Labor Commissioner and ERS/EOS Board Chair  
The Honorable Joan M. Pratt, City Comptroller and ERS/EOS Board Vice-Chair  
Ian N. Berger, ERS/EOS General Counsel