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| <b>FROM</b> | <b>NAME &amp; TITLE</b>          | Henry J. Raymond, Director <i>HJR Raymond</i>   |
|             | <b>AGENCY NAME &amp; ADDRESS</b> | Department of Finance<br>Room 454, City Hall (396-4940)   |
|             | <b>SUBJECT</b>                   | <b>City Council Bill #16-0634 – Employees’ Retirement System<br/>And Elected Officials’ Retirement System</b> |

CITY of  
**BALTIMORE**  
**MEMO**



**TO** The Honorable President and Members of the  
City Council  
Room 400, City Hall  
Attention: Natawna Austin

**DATE:** May 10, 2016

Dear Mr. President and City Council members:

The Finance Department submits the following response to City Council Bill 16-0634. The bill modifies several provisions of Article 22 of the Baltimore City Code that governs the Employees’ Retirement System and the Elected Officials’ Retirement System by removing obsolete material and provides for certain clarifications to the remaining provisions.

**Bill Synopsis**

The bill includes: 1) changes to the assumed interest rate for the plans investments; 2) changes to the mortality tables to reflect present trends; 3) changes the frequency of actuarial experience studies; 4) clarifies the definition of a “covered employee”; 5) modifies the administration of death benefits for surviving spouses; 6) extends the death benefits for surviving children; 7) provides for the distribution of small balances (under \$1,000); 8) modifies the authority of the ERS/EOS Board over staff; and 9) eliminates outdated provisions to provide greater clarity of the existing Article 22.

The Finance Department concurs with the proposed changes with the exception of item 8, modification of the authority of the ERS/EOS Board over staff. Regarding this proposed change, the Finance Department defers to the Department of Human Resources’ position.

**Fiscal Impact**

The primary fiscal impact of the proposed changes is related to items 1, 2 and 3, above. The projected increase from Fiscal 2016 to Fiscal 2017 is estimated at \$10.6 million. The increases for Fiscal 2018 and Fiscal 2019 will be dependent upon investment returns, mortality trends and employment trends. For example, if Fiscal 2018 actual interest returns are less than projected returns the City’s required contribution will be greater.

**Recommended Position**

The Finance Department supports the legislation with amendments to remove the provisions related to item 8. The Finance Department defers to the Department of Human Resources regarding item 8.

*Fav w/ Amend,  
refers to HR*

