

CITY OF BALTIMORE
ORDINANCE _____
Council Bill 15-0514

Introduced by: The Council President
At the request of: The Administration (Fire and Police Employees' Retirement System)
Introduced and read first time: April 20, 2015
Assigned to: Taxation, Finance and Economic Development Committee
Committee Report: Favorable
Council action: Adopted
Read second time: June 8, 2015

AN ORDINANCE CONCERNING

Fire and Police Employees' Retirement System – Benefit Payments

FOR the purpose of amending the provisions relating to the payments of benefits; amending certain administrative provisions to reflect current actuarial and accounting practices; correcting, clarifying, and conforming related provisions; providing for a special effective date; and generally relating to the Fire and Police Employees' Retirement System of the City of Baltimore.

BY repealing

Article 22 - Retirement Systems
Section(s) 30(13a) and 33(n) and (r)
Baltimore City Code
(Edition 2000)

BY repealing and reordaining, with amendments

Article 22 - Retirement Systems
Section(s) 30(18) and 33(i), (j), (o), and (p)
Baltimore City Code
(Edition 2000)

BY adding

Article 22 - Retirement Systems
Section(s) 34.1
Baltimore City Code
(Edition 2000)

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

Baltimore City Code

Article 22. Retirement Systems

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.
Underlining indicates matter added to the bill by amendment.
~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from existing law by amendment.

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Subtitle – Fire and Police Employees’ Retirement System

§ 30. Definitions.

[(13a) All retirement allowances or other benefits which are calculated on an annual basis shall be payable for each day in a year in such periodic installments as may be determined from time to time by the Board of Estimates to be in conformance with prevailing payment practices for active municipal employees and such daily allowances shall be computed by dividing the annual allowance by 365.]

(18) “Actuarial equivalent”, for purposes of determining the amount of an optional retirement benefit under this subtitle, means a benefit of equivalent value when calculated using [regular interest for actuarial equivalent purposes] ANNUITY FACTORS DERIVED FROM:

(i) REGULAR INTEREST ESTABLISHED UNDER § 30(9) OF THIS ARTICLE; and

(ii) [the UP-84 mortality table set forward 1 year, except that in the case of disability retirements under this subtitle, the table is set forward 7 years] MORTALITY ASSUMPTIONS ADOPTED BY THE BOARD OF TRUSTEES AS PART OF THE RETIREMENT SYSTEM’S PERIODIC EXPERIENCE STUDY CONDUCTED UNDER § 33(O) OF THIS ARTICLE.

§ 33. Administration.

(i) *Actuarial data.*

The Board of Trustees shall keep in convenient form [such] ALL data [as shall be] necessary for actuarial valuation of the various funds of the Retirement System, [and] for [checking] CERTIFYING the experience of the [system] RETIREMENT SYSTEM, AND FOR ESTABLISHING ASSUMPTIONS AND ACTUARIAL FACTORS, FOR THE RETIREMENT SYSTEM.

(j) *Records.*

The Board of Trustees shall keep a record of all its proceedings, [which] AND THAT RECORD shall be open to public inspection.

(J-1) *COMPREHENSIVE ANNUAL FINANCIAL REPORT.*

(1) [It] THE BOARD OF TRUSTEES shall publish [annually on or before May 1] a COMPREHENSIVE ANNUAL FINANCIAL report [showing the fiscal transactions] THAT:

(i) COMPRISES FINANCIAL STATEMENTS AND OTHER SUPPLEMENTARY INVESTMENT AND ACTUARIAL INFORMATION of the Retirement System for the FISCAL year ending on the preceding [December 31] JUNE 30, [the amount of the accumulated cash and securities of the system, and the last balance sheet showing the financial condition of the system by means of an actuarial valuation of the assets and liabilities of the Retirement System]; AND

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(II) HAS BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR DISCLOSURE OF PENSION INFORMATION ESTABLISHED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD.

(2) The Board OF TRUSTEES shall submit [said] THIS report to:

- (I) the Mayor;
- (II) THE BOARD OF ESTIMATES;
- (III) THE FINANCE DIRECTOR;
- (IV) THE POLICE COMMISSIONER; AND
- (V) THE CHIEF OF THE FIRE DEPARTMENT.

[, and shall furnish copies thereof to the heads of the various departments for their use and the use of the members employed therein.]

[(n) *Tables.*]

[Immediately after the establishment of the Retirement System the actuary shall make such investigation of the mortality, service and compensation experience of the members of the system as he shall recommend and the Board of Trustees shall authorize, and on the basis of such investigation, he shall recommend for adoption by the Board of Trustees, such tables and such rates as are required in subsection (o)(1), (2), and (3) of this section. The rates to be certified for members who are less than 25 years of age shall not be greater than the rate for age 25. The Board of Trustees shall adopt tables and certify rates, and as soon as practicable thereafter, the actuary shall make a valuation based on such tables and rates of the assets and liabilities of the funds created by this subtitle.]

(o) [*Investigations*] *EXPERIENCE STUDY; ADOPTION OF ACTUARIAL ASSUMPTIONS AND TABLES.*

(1) [In the year 1964, and at] AT least once in each [5-year] 3-YEAR period [thereafter], the actuary shall [make an actuarial investigation into] CONDUCT AN EXPERIENCE STUDY OF the mortality, service, and compensation experience of the members and beneficiaries of the Retirement System TO DETERMINE THE PROPER VALUATION OF THE RETIREMENT SYSTEM'S LIABILITY. [, and shall make a valuation of the assets and liabilities of the funds of the system and taking]

(2) TAKING into account the result of [such investigation and valuation] THE EXPERIENCE STUDY, the Board of Trustees shall ADOPT AND CERTIFY FOR THE RETIREMENT SYSTEM:

- (i) [(1) adopt for the Retirement System such] THE ACTUARIAL mortality, service, COMPENSATION, and other [tables as shall be deemed necessary] ASSUMPTIONS NEEDED TO DETERMINE THE ANNUAL CONTRIBUTION BY THE CITY TO THE RETIREMENT SYSTEM; AND

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1 (ii) [(2) certify the rates of contribution payable by members under the provisions
2 of this subtitle, and provide, with respect to Class B members of the
3 Employees' Retirement System of the City of Baltimore, for amortization of
4 the difference between the total amount contributed under the Class B
5 membership and the amount which would have been contributed had they
6 been Class A members. Provided, however, that any such Class B members
7 may waive the payment of any or all such adjustment contributions, in which
8 case upon retirement any retirement allowance to which he may be entitled
9 shall be reduced by the actuarial equivalent of such payments which have not
10 been made, with interest to date of retirement. The total annuity that would
11 have been made payable to the beneficiary had he not waived payment of the
12 difference between the Class A and Class B contributions shall be used in
13 determining the amount of the supplemental pension payable under
14 § 34(b)(6);] THE ANNUITY FACTORS NEEDED TO DETERMINE ACTUARIAL
15 EQUIVALENTS FOR CALCULATING BENEFITS.

16 (3) TABLES LISTING THE ANNUITY FACTORS CERTIFIED UNDER THIS SUBSECTION SHALL BE
17 MADE AVAILABLE TO THE MEMBERSHIP THROUGH THE RETIREMENT SYSTEM'S
18 WEBSITE.

19 [(3) certify the rates of contribution payable by the City of Baltimore on account
20 of members at various ages.]

21 (p) *Annual valuation.*

22 (1) [On the basis of such tables] BASED ON THE ASSUMPTIONS [as the] ADOPTED BY THE
23 Board of Trustees [shall adopt] AND ON THE RATE OF REGULAR INTEREST
24 ESTABLISHED UNDER § 30(9) OF THIS ARTICLE, the actuary shall [make] CONDUCT an
25 annual valuation of the assets and liabilities [of the funds] of the [system created by
26 this subtitle] RETIREMENT SYSTEM, USING GENERALLY ACCEPTED COSTING
27 METHODOLOGY.

28 (2) TAKING INTO ACCOUNT THE VALUATION CONDUCTED BY THE ACTUARY, THE BOARD
29 OF TRUSTEES SHALL ADOPT A VALUATION OF THE ASSETS AND LIABILITIES OF THE
30 RETIREMENT SYSTEM AND, ON THAT BASIS, SHALL CERTIFY TO THE DIRECTOR OF
31 FINANCE, ON OR BEFORE THE DATE MANDATED BY § 36(F) OF THIS ARTICLE, THE
32 AMOUNT OF THE ANNUAL CONTRIBUTION FROM THE CITY OF BALTIMORE TO
33 ADEQUATELY FUND THE RETIREMENT SYSTEM.

34 [(r) *Actuarial funding method.*]

35 [Effective with the year beginning July 1, 1988, the Retirement System shall be funded
36 using the projected unit credit cost method.]

37 **§ 34.1. BENEFIT PAYMENTS.**

38 (A) *MONTHLY PAYMENTS.*

39 UNLESS OTHERWISE PROVIDED, ALL RETIREMENT ALLOWANCES OR OTHER BENEFITS PAID
40 BY THIS SYSTEM SHALL BE PAID MONTHLY.

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1 (B) *RETIREMENT ALLOWANCES.*

2 UNLESS OTHERWISE PROVIDED, RETIREMENTS FOR ALL MEMBERS AND BENEFICIARIES OF
3 THIS SYSTEM TAKE EFFECT ON THE 1ST DAY OF A CALENDAR MONTH AND SHALL BE PAID
4 ON THE 15TH DAY OF THAT CALENDAR MONTH.

5 (C) *DEATH AND SURVIVORSHIP BENEFITS.*

6 (1) DEATH AND SURVIVORSHIP BENEFITS FOR BENEFICIARIES PAYABLE UNDER THIS
7 SUBTITLE TAKE EFFECT ON THE 1ST DAY OF THE CALENDAR MONTH FOLLOWING THE
8 MONTH IN WHICH THE MEMBER DIES AND SHALL BE PAID ON THE 15TH DAY OF THAT
9 CALENDAR MONTH.

10 (2) FOR THE CALENDAR MONTH IN WHICH THE DEATH OF A RETIRED MEMBER OR
11 BENEFICIARY OCCURS, THIS SYSTEM SHALL OWE AND PAY THE ENTIRE MONTHLY
12 ALLOWANCE DUE TO A RETIRED MEMBER OR BENEFICIARY.

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

16 **SECTION 3. AND BE IT FURTHER ORDAINED,** That Article 22, § 34.1, as enacted by this
17 Ordinance, takes effect January 1, 2016, by applying the following transitional rules:

18 (a) The last regularly scheduled bi-weekly check to F&P retirees and beneficiaries who
19 commence retirement on or before December 18, 2015, shall be paid on December
20 31, 2015.

21 (b) F&P members may not commence retirement during the period of December 19,
22 2015, through December 31, 2015.

23 (c) All existing F&P retirees and beneficiaries receiving benefits as of December 31,
24 2015, and all new F&P retirees and beneficiaries who commence receipt of benefits
25 on January 1, 2016, shall receive a monthly F&P retirement allowance payable on
26 January 15, 2016.

27 (d) Effective for F&P retirees or beneficiaries who die on or after January 1, 2016, F&P
28 shall owe and pay the entire monthly allowance due to deceased retirees and
29 beneficiaries for the calendar month in which the death occurs.

30 **SECTION 4. AND BE IT FURTHER ORDAINED,** That, except as provided in Section 3 of this
31 Ordinance, this Ordinance takes effect on the date it is enacted.

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Certified as duly passed this _____ day of _____, 20__

President, Baltimore City Council

Certified as duly delivered to Her Honor, the Mayor,
this _____ day of _____, 20__

Chief Clerk

Approved this _____ day of _____, 20__

Mayor, Baltimore City