



FROM	NAME & TITLE	N. Anthony Calhoun, Executive Director 	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Fire and Police Employees' Retirement System 7 E. Redwood Street, 18 <sup>th</sup> Floor		
	SUBJECT	<b>City Council Bill 13-0274 – Supplemental Savings Plan</b>		

DATE: October 17, 2013

TO

The Honorable President and Members  
of the Baltimore City Council  
Attn: Karen Randle, Executive Secretary  
Room 409, City Hall  
100 N. Holliday Street  
Baltimore, Maryland 21202

**Re: City Council Bill 13-0274 – Supplemental Savings Plan**

Dear Mr. President and City Council Members:

The purpose of City Council Bill 13-0274 is to establish a supplemental defined contribution plan for the benefit of civilian employees employed or reemployed by the City on or after January 1, 2014. Under the new plan, civilian City employees will remain covered by the existing ERS with an average final compensation capped at \$40,000. Employees earning under \$40,000 will not participate in the supplemental plan. Employees earning over \$40,000 will be required to make a contribution to the supplemental plan equal to 5% of pay over \$40,000 which will be matched by a City contribution of 80% of the mandatory contribution. The City also will match up to 50% of voluntary employee contributions to the Deferred Compensation Plan up to 1% of pay over \$40,000.

Employees will vest in their City contributions after 5 years of employment and will be allowed to direct investment of their vested contributions among various investment options offered by the City. Employees or their beneficiaries will be eligible to receive a lump-sum distribution of employees' defined contribution accounts upon retirement, disability, or death. Membership in the supplemental plan would become a condition of employment for employees initially employed or re-hired by the City on or after January 1, 2014. The Supplemental Savings Plan will be administered by the Employees' Retirement System Board of Trustees.

Ethics rules established by City Council Ordinance 11-566 prohibit the Fire and Police Employees' Retirement System (F&P) Board of Trustees and its staff from doing business with a "City Benefit Plan" and from being employed by, or having a financial interest in, any person or entity doing business with a City Benefit Plan. Under that Ordinance "City Benefit Plan" is defined as any plan or trust administered by the F&P Board, the Board of Trustees of the City's Deferred Compensation Plan or the Board of Trustees of the City's Employees' Retirement System. City Council Bill 13-0274 proposes to expand the definition of "City Benefit Plan" to include the

new City Supplemental Savings Plan, thus extending the ethics restrictions for members and staff of the F&P Board of Trustees.

At their meeting of October 15, 2013, the F&P Board of Trustees reviewed CC Bill 13-0274. The F&P Board resolved to take no position regarding the establishment of the new City Supplemental Savings Plan and found the Bill's expansion of the ethics provisions of the F&P law to be administratively workable.

The Bill's provisions are expected to have no cost impact on the F&P plan.

I will be available to provide testimony at the hearing scheduled for CC Bill 13-0274. Please call me at 410.497.7929 if you would like additional information.

cc: Sheila Wyche, Mayor's Office of Government Relations (via email)