

**CITY OF BALTIMORE**  
**ORDINANCE \_\_\_\_\_**  
**Council Bill 13-0248**

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Introduced by: The Council President  
At the request of: The Administration (Employees' and Elected Officials' Retirement Systems)  
Introduced and read first time: July 15, 2013  
Assigned to: Taxation, Finance and Economic Development Committee  
Committee Report: Favorable with amendments  
Council action: Adopted  
Read second time: December 5, 2013

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**AN ORDINANCE CONCERNING**

**Employees' and Elected Officials' Retirement Systems –  
Actuarial Funding Method and Clarifications**

FOR the purpose of changing the actuarial method used to fund the Employees' and Elected Officials' Retirement Systems; clarifying the due dates for the City's contributions to the Employees' and Elected Officials' Retirement Systems; clarifying certain provisions of the Employees' Retirement System that relate to deferred vested pension benefits; providing that, if the Employees' Retirement System or the Elected Officials' Retirement System is terminated, members of the terminated system become immediately vested in their accrued benefits, to the extent those benefits are funded; providing for a special effective date; and generally relating to the funding and operation of the Employees' and Elected Officials' Retirement Systems.

BY repealing and reordaining, with amendments  
Article 22 - Retirement Systems  
Section(s) 5(s), 8(c), 9(l), and 24(b) and (c)  
Baltimore City Code  
(Edition 2000)

BY adding  
Article 22 - Retirement Systems  
Section(s) 9(u) and 22(p)  
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 – Employees’ Retirement System**

**§ 5. Administration; Board of Trustees.**

(s) *Actuarial funding method.*

Effective retroactively with the year beginning July 1, 1988, AND THROUGH THE YEAR ENDING JUNE 30, 2013, the Retirement System shall be funded by using the projected unit credit cost method. EFFECTIVE RETROACTIVELY WITH THE YEAR BEGINNING JULY 1, 2013, THE RETIREMENT SYSTEM SHALL BE FUNDED BY USING THE ENTRY AGE NORMAL COST METHOD.

**§ 8. Method of financing.**

(c) *Certification of appropriation.*

- (1) On or before January 1 of each year, the Board of Trustees shall certify to the Board of Estimates the amount of the appropriation necessary to pay to the Retirement System the amounts payable by the City of Baltimore, as enumerated in this article, for the fiscal year beginning on THE ENSUING July 1 [of the succeeding year].
- (2) THE AMOUNT SO CERTIFIED IS DUE TO THE SYSTEM ON JULY 1 OF THE FISCAL YEAR, AND [Items of appropriation providing those amounts] APPROPRIATIONS FOR THAT AMOUNT shall be included in the Ordinance of Estimates FOR THAT FISCAL YEAR.

**§ 9. Class C membership.**

(l) *Deferred vested pension benefits on termination of employment.*

(1) (I) [Should a] THIS PARAGRAPH (1) APPLIES TO ANY Class C member [leave the] WHO LEAVES CITY employ [of the City]:

- A. BEFORE ATTAINING AGE 55 AND after acquiring 10 years of service[,]; OR
- B. AFTER ATTAINING AGE 55 AND ACQUIRING 5 YEARS OF SERVICE, BUT WITHOUT HAVING ELECTED AN IMMEDIATE EARLY RETIREMENT BENEFIT UNDER § 9(F).

(II) [such member shall be] A MEMBER DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (1) IS entitled to receive a maximum deferred vested pension benefit (payable in accordance with the provisions of normal retirement contained in § 9(m) and subject to the offset provisions of normal retirement contained in § 9(e)) to commence on the member’s normal retirement date of age 65, calculated in accordance with the following rules:

- A. [(i)] The pension shall be determined under § 9(e) based on the member’s average final compensation and years of service (and fractions thereof) as of the date [he] THE MEMBER ceased being an employee.

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1 B. [(ii)] The offset of the Primary Social Security Benefit will be calculated  
2 on the assumption that the member would have continued to receive, until  
3 [his] THE MEMBER'S normal retirement date[,] OF age 65, compensation at  
4 the rate in effect at the time [of his termination of employment] THE  
5 MEMBER CEASED BEING AN EMPLOYEE.

6 C. [(iii)] [A] THE member [who terminates employment with the City after  
7 acquiring 10 years of service, but before attaining age 55,] may [upon  
8 attaining age 55] elect to have payment of [his] THIS benefit commence at  
9 any time [thereafter] AFTER THE MEMBER HAS ATTAINED AGE 55. [Such]  
10 THE benefit shall be actuarially reduced in accordance with the same rules  
11 applicable for early retirement benefits under [§ 9(f)(1)(iii)] § 9(F)(2), if its  
12 commencement precedes the member's normal retirement date.

13 D. [(iv)] [Should said] IF THE member [die] DIES before [the attainment of]  
14 ATTAINING age 65 AND BEFORE THE BENEFIT COMMENCES, then no benefits  
15 ARE PAYABLE, with the exception of the return of the member's  
16 accumulated contributions, if any[, shall be payable].

17 (2) (i) [Should a] THIS PARAGRAPH (2) APPLIES TO ANY Class C [member's] MEMBER:

18 A. WHOSE regular permanent position with the City [be] IS eliminated BEFORE  
19 ATTAINING AGE 55 AND after acquiring 5 years of service[.]; or

20 B. [should any member] WHO WAS appointed for a fixed term AND, EITHER  
21 VOLUNTARILY OR OTHERWISE, WAS not [be] reappointed, ~~either voluntarily~~  
22 ~~or otherwise,~~ BEFORE ATTAINING AGE 55 AND after [the member has  
23 acquired] ACQUIRING 5 years of service[.].

24 (ii) [such member shall be] A MEMBER DESCRIBED IN SUBPARAGRAPH (i) OF THIS  
25 PARAGRAPH (2) IS entitled to a pension payable in accordance with the provisions  
26 of § 9(m) and subject to the offset provisions of normal retirement contained in  
27 § 9(e) to commence on the member's normal retirement date of age 65, calculated  
28 as follows:

29 A. [(I)] The pension shall be determined under § 9(e) based on the member's  
30 average final compensation and years of service (and fractions thereof) as  
31 of the date [he] THE MEMBER ceased being an employee.

32 B. [(ii)] The offset of the Primary Social Security Benefit will be calculated  
33 on the assumption that the member would have continued to receive until  
34 [his] THE MEMBER'S normal retirement date[,] OF age 65, compensation at  
35 the rate in effect at the time [of his termination of employment] THE  
36 MEMBER CEASED BEING AN EMPLOYEE.

37 C. [(iii)] [A] THE member [described in § 9(l)(2) herein,] may [upon attaining  
38 age 55] elect to have payment of [his] THIS benefit commence at any time  
39 [thereafter] AFTER THE MEMBER HAS ATTAINED AGE 55. [Such] THE  
40 benefit shall be actuarially reduced in accordance with the same rules

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1 applicable for early retirement benefits under [§ 9(f)(1)(iii)] § 9(F)(2), if  
2 its commencement precedes the member’s normal retirement date.

3 D. [(iv)] [Should said] IF THE member [die] DIES before [the attainment of]  
4 ATTAINING age 65 AND BEFORE THE BENEFIT COMMENCES, then no benefits  
5 ARE PAYABLE, with the exception of the return of the member’s  
6 accumulated contributions, if any[, shall be payable].

7 (U) VESTING ON SYSTEM TERMINATION.

8 NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, ON THE EFFECTIVE DATE OF  
9 A TERMINATION OR PARTIAL TERMINATION OF THIS SYSTEM, AS DETERMINED UNDER  
10 APPLICABLE INTERNAL REVENUE SERVICE REGULATIONS AND RULINGS, ALL AFFECTED  
11 MEMBERS WHO ARE NOT ALREADY VESTED IN THEIR ACCRUED BENEFITS BECOME  
12 IMMEDIATELY VESTED IN THOSE BENEFITS, TO THE EXTENT THE BENEFITS ARE FUNDED.

13 **Subtitle – Elected Officials’ Retirement System**

14 **§ 22. Benefits.**

15 (P) VESTING ON SYSTEM TERMINATION.

16 NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, ON THE EFFECTIVE DATE OF  
17 A TERMINATION OR PARTIAL TERMINATION OF THIS SYSTEM, AS DETERMINED UNDER  
18 APPLICABLE INTERNAL REVENUE SERVICE REGULATIONS AND RULINGS, ALL AFFECTED  
19 MEMBERS WHO ARE NOT ALREADY VESTED IN THEIR ACCRUED BENEFITS BECOME  
20 IMMEDIATELY VESTED IN THOSE BENEFITS, TO THE EXTENT THE BENEFITS ARE FUNDED.

21 **§ 24. Method of financing.**

22 (b) *City contributions.*

23 (1) (I) On the basis of regular interest and of the mortality and other tables and  
24 assumptions adopted by the Board of Trustees, the actuary engaged by the Board  
25 shall make a valuation to determine the required contribution by the City of  
26 Baltimore for the System.

27 (II) [The] THROUGH THE YEAR ENDING JUNE 30, 2014, THE normal cost and accrued  
28 liability shall be determined by the projected unit credit cost method. EFFECTIVE  
29 WITH THE YEAR BEGINNING JULY 1, 2014, THE NORMAL COST AND ACCRUED  
30 LIABILITY SHALL BE DETERMINED BY THE ENTRY AGE NORMAL COST METHOD.

31 (c) *Certification of Appropriation.*

32 (1) On or before January 1 of each year, the Board of Trustees shall certify to the Board  
33 of Estimates the amount of the appropriation necessary to pay to this Retirement  
34 System the amounts payable by the City of Baltimore, as enumerated in this article,  
35 for the fiscal year beginning on THE ENSUING July 1 [of the succeeding year].

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1 (2) THE AMOUNT SO CERTIFIED IS DUE TO THE SYSTEM ON JULY 1 OF THE FISCAL YEAR,  
2 AND [Items of appropriation providing such amounts] APPROPRIATIONS FOR THAT  
3 AMOUNT shall be included in the Ordinance of Estimates FOR THAT FISCAL YEAR.

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

7 **SECTION 3. AND BE IT FURTHER ORDAINED**, That this Ordinance takes effect on ~~the 30<sup>th</sup> day~~  
8 ~~after~~ the date it is enacted.

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\_\_

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Mayor, Baltimore City