

**CITY OF BALTIMORE**  
**ORDINANCE \_\_\_\_\_**  
**Council Bill 07-0601**

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Introduced by: The Council President  
At the request of: The Administration (Employees' Retirement System)  
Introduced and read first time: February 26, 2007  
Assigned to: Taxation and Finance Committee

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Committee Report: Favorable  
Council action: Adopted  
Read second time: April 23, 2007

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**AN ORDINANCE CONCERNING**

**Employees' and Elected Officials' Retirement Systems –  
Post-Retirement Benefit Increases**

1  
2  
3 FOR the purpose of altering the process under which the frequency of the distribution of  
4 retirement benefits is determined; requiring retirement dates to be on a certain day of the  
5 month; recodifying certain provisions dealing with member contributions; consolidating and  
6 altering the accounting procedures for certain funds; providing for a sunset date for certain  
7 existing post-retirement benefit provisions; altering certain retirement payment options;  
8 altering certain post-retirement increases to periodic benefits; authorizing the Board, under  
9 certain circumstances, to serve in a fiduciary capacity for other City trust funds; making the  
10 provisions of this Ordinance severable; correcting, clarifying, and conforming certain  
11 language; and generally relating to the administration of retirement benefits.

12 BY renumbering

13 Article 22 - Retirement Systems  
14 Section 8(a)(1) through (4)  
15 to be  
16 Section 6(a)(15)(i) through (iv)  
17 Baltimore City Code  
18 (Edition 2000)

19 BY repealing and reordaining, with amendments

20 Article 22 - Retirement Systems  
21 Sections 1(13a), 5(a), 5(r), 6(a)(1<sup>st</sup> par.), 6(a)(15),  
22 6(c)(3), 6(e)(3), 8, 9(m)(7), 17(1<sup>st</sup> par.), and 17A(12)  
23 Baltimore City Code  
24 (Edition 2000)

**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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1 BY repealing  
2 Article 22 - Retirement Systems  
3 Sections 1(23) and 3(f)  
4 Baltimore City Code  
5 (Edition 2000)

6 BY adding  
7 Article 22 - Retirement Systems  
8 Section 17.1  
9 Baltimore City Code  
10 (Edition 2000)

11 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That  
12 Article 22, § 8(a)(1) through (4) be renumbered to be Article 22, § 6(a)(15)(i) through (iv).

13 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the Laws of Baltimore City read as  
14 follows:

15 **Baltimore City Code**

16 **Article 22. Retirement Systems**

17 **Subtitle – Employees’ Retirement System**

18 **§ 1. Definitions.**

19 (13a) (i) All retirement allowances or other benefits [which] THAT are calculated on an  
20 annual basis shall be payable for each [day] MONTH in a year. [in such]  
21 PAYMENTS SHALL BE MADE IN periodic installments, as [may be] determined from  
22 time to time by the Board of [Estimates] TRUSTEES [to be in conformance with  
23 prevailing payment practices for active municipal employees], and [such] THE  
24 [daily] MONTHLY allowance shall be computed by dividing the annual allowance  
25 by [365] 12.

26 (ii) ALL RETIREMENT DATES FOR ALL CLASS A, B, AND C MEMBERS SHALL FALL ON  
27 THE 1<sup>ST</sup> OF A MONTH.

28 [(23) “Early retirement date” shall be for all Class C members the 1<sup>st</sup> day next following said  
29 member’s having acquired 30 years of service, or the 1<sup>st</sup> day next following said  
30 member’s attaining age 60, provided the member has acquired 5 years of service.]

31 **§ 3. Membership.**

32 [(f) *Retirement.*

33 The services of any employee, except an elected or appointed official whose term is fixed  
34 by law, who attains or has attained the age of 70, and who is not a member of this system

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1 shall terminate forthwith. Any member in service who has attained the age of 70, shall  
2 be retired forthwith or on the 1<sup>st</sup> day of the calendar month next succeeding that in which  
3 the said member shall have attained the age of 70 years. However, if the member is an  
4 elected or appointed official whose term is fixed by law, he may remain in service as a  
5 contributing member, subject to the provisions of § 8(a), until he is not reelected or  
6 reappointed.]

### 7 § 5. Administration; Board of Trustees.

#### 8 (a) *Responsibility vested in Board.*

9 (1) The general administration and the responsibility for the proper operation of the  
10 Retirement System and for making effective the provisions of this subtitle, subject to  
11 the provisions contained in § 5, § 6, and § 9 of this subtitle, are [hereby] vested in a  
12 Board of Trustees, which shall be organized immediately after 3 of the trustees  
13 provided for in this section have qualified and taken the oath of office.

14 (2) (i) AT THE WRITTEN REQUEST OF THE FINANCE DIRECTOR AND ON A MAJORITY VOTE  
15 OF THE BOARD'S MEMBERS, THE BOARD MAY SERVE IN A FIDUCIARY CAPACITY  
16 FOR OTHER CITY TRUST FUNDS.

17 (ii) THE BOARD MAY NOT UNREASONABLY WITHHOLD THE APPROVAL REQUIRED BY  
18 SUBPARAGRAPH (i) OF THIS PARAGRAPH.

19 (ii) FOR EACH CITY TRUST FUND THAT THE BOARD SERVES UNDER THIS PARAGRAPH  
20 (2), A MEMORANDUM OF UNDERSTANDING BETWEEN THE BOARD AND THE  
21 DIRECTOR OF FINANCE MUST BE EXECUTED AND APPROVED BY THE BOARD OF  
22 ESTIMATES.

#### 23 (r) *Indemnification of persons serving in fiduciary capacity.*

##### 24 (1) *Authorized.*

25 The City shall indemnify every person who is made, or is threatened to be made, a  
26 party to any action, suit, or proceeding, including administrative and investigative  
27 proceedings, by reasons of his OR HER service in a fiduciary capacity to the  
28 Employees' Retirement System of Baltimore City, in accordance with and subject to  
29 the conditions [stated in] OF this section.

##### 30 (2) *"Service in a fiduciary capacity" defined.*

31 (i) [The term] IN THIS SECTION, "service in a fiduciary capacity"[, as used in this  
32 section,] means:

33 (A) the exercise of any authority, [or] control, or [any] policy-making  
34 function, including acts of commission or omission, concerning the  
35 management or administration of the Employees' Retirement System of  
36 Baltimore City, [or]

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1 (B) the exercise of any authority, [or] control, or [any] policy-making  
2 function, including acts of commission or omission, concerning the  
3 management or disposition of the assets of the [system] SYSTEM, OR

4 (C) THE EXERCISE OF ANY AUTHORITY, CONTROL, OR POLICY-MAKING  
5 FUNCTION, INCLUDING ACTS OF COMMISSION OR OMISSION, CONCERNING  
6 THE MANAGEMENT OR ADMINISTRATION OF ANY OTHER CITY TRUST FUND  
7 FOR WHICH THE BOARD SERVES AS A FIDUCIARY UNDER SUBSECTION (A)(2)  
8 OF THIS SECTION.

9 (II) [It] THE TERM includes:

10 (A) membership on the Board of Trustees of the Employees' Retirement  
11 System of Baltimore City,

12 (B) membership on the advisory investment committee, [and]

13 (C) service as Administrator or Deputy Administrator of the Employees'  
14 Retirement System, [or]

15 (D) SERVICE as a staff member engaged in policy-making functions in the  
16 performance of HER OR his duties and responsibilities[;], and

17 (E) [it includes] SERVICE AS the Director of Finance, the custodian of the  
18 assets of the Employees' Retirement System of Baltimore City as named  
19 in the Baltimore City Charter.

20 (3) *Included expenses.*

21 If, with respect to a civil, administrative, or investigative action, suit, or proceeding,  
22 the person acted in good faith and in a manner he OR SHE reasonably believed to be in  
23 or not opposed to the best interest of the Employees' Retirement System of Baltimore  
24 City OR OF ANY CITY TRUST FUND FOR WHICH THE PERSON SERVES AS A FIDUCIARY  
25 UNDER SUBSECTION (A)(2) OF THIS SECTION, and, with respect to a criminal action,  
26 had no reasonable cause to believe his OR HER conduct was unlawful, then  
27 indemnification shall be against those expenses, including reasonable attorneys' fees,  
28 judgments, fines, and accounts paid in settlement [which] THAT were actually and  
29 reasonably incurred by [him] THE PERSON in connection with the proceeding.

30 (4) *Effect of termination of any suit or proceeding.*

31 The termination of any suit or proceeding, in any manner, does not[,] of itself[,]  
32 create a presumption that the person did not act in good faith and in a manner he OR  
33 SHE reasonably believed to be in or not opposed to the best interest of the  
34 Employees' Retirement System OR OF ANY CITY TRUST FUND FOR WHICH THE PERSON  
35 SERVES AS A FIDUCIARY UNDER SUBSECTION (A)(2) OF THIS SECTION, and with respect  
36 to a criminal action or proceeding, had reasonable cause to believe that his OR HER  
37 conduct was unlawful.

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1           (5) *Exceptions to indemnification.*

2           Indemnification may not be made:

3                   (i) with respect to any suit, claim, or matter as to which the person was adjudged  
4                   to be liable for gross negligence or willful misconduct in the performance of  
5                   his OR HER duty to the Employees' Retirement System OR TO ANY CITY TRUST  
6                   FUND FOR WHICH THE PERSON SERVES AS A FIDUCIARY UNDER SUBSECTION  
7                   (A)(2) OF THIS SECTION; [or]

8                   (ii) for an independent contractor furnishing services to the Employees'  
9                   Retirement System; or

10                  (iii) with respect to any matter occurring prior to June 1, 1978.

11           (6) *Insurance provided.*

12           The City shall provide insurance for every person eligible for indemnification under  
13           this section against any liability asserted against HER OR him or incurred by HER OR  
14           him arising out of [his] THE PERSON'S status as fiduciary. The City may provide  
15           self-insurance for this purpose, in whole or in part, under terms and conditions  
16           satisfactory to the Board of Estimates. If the City fails to provide adequate insurance  
17           coverage, or if the City fails to provide indemnification [pursuant to] UNDER this  
18           section, a fiduciary [shall] IS NOT [be] required to pay amounts attributable to the  
19           liability described in this section by reason of the failure of the City to provide the  
20           indemnification, and the City [shall be held] IS LIABLE [therefor] FOR THOSE AMOUNTS.

21           [The] IN SUITS OR OTHER ACTIONS BROUGHT AGAINST THE CITY, THE City may assert  
22           the defense of governmental immunity[,], or any other defense available to the City[,]  
23           in suits or other actions brought against the City].

24           (7) *City Solicitor.*

25           The sole and final determination of eligibility of a person for indemnification with  
26           respect to a particular action, suit, or proceeding, and the approval of the  
27           reasonableness of all fees, expenses, and settlements, is vested in the City Solicitor.

28   **§ 6. Benefits for Class A and Class B members.**

29           (a) *Service retirement benefits for any Class A or Class B member who was an employee on*  
30           *or after June 29, 1989.*

31           Any Class A or Class B member in service may retire upon [his] written application to  
32           the Board of Trustees, [setting forth at what time] IF APPLICATION SPECIFIES THE DATE ON  
33           WHICH THE MEMBER DESIRES TO BE RETIRED, WHICH DATE MUST BE THE 1<sup>ST</sup> DAY OF A  
34           MONTH AND not less than 30 days nor more than 90 days [subsequent to the execution  
35           and] FOLLOWING THE filing [thereof,] OF THE APPLICATION [he desires to be retired],  
36           [provided that the said member at the time] AND IF, ON THE DATE SO SPECIFIED [for his  
37           retirement], THE MEMBER shall have attained [the] age [of] 60 and acquired at least 5  
38           years of service or shall have acquired 30 years of service, regardless of age, [and]

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1 [notwithstanding that] EVEN IF, during [such] THE APPLICATION period [of notification],  
2 [he may have] THE MEMBER HAS separated from service.

3 . . .  
4 (15) [*Annuity Savings Fund*] MEMBER CONTRIBUTIONS.

5 (i) [The Annuity Savings Fund shall be a fund in which shall be accumulated  
6 contributions from the compensation of members to provide for their annuities.]  
7 Effective with the 1<sup>st</sup> full payroll period commencing closest to January 1, 1978,  
8 the contributions by a Class A or Class B member to the Retirement System shall  
9 equal 5% of [his] THE MEMBER’S earnable compensation, [such] THESE  
10 contributions to continue throughout [such] THE member’s entire period of  
11 service, subject to the provisions in [§ 8(a)(2)] SUBPARAGRAPH (II) OF THIS  
12 PARAGRAPH (15). [Provided, however, that] HOWEVER, a male member in the  
13 system prior to July 1, 1973, who is contributing at a rate of contribution [which]  
14 THAT is less than 5% shall continue to contribute at his present rate; and  
15 [provided, further, that] a female member in the system prior to July 1, 1973, shall  
16 contribute at a rate of contribution in effect prior to July 1, 1973, for a male  
17 member of corresponding age at the time of entrance into the system, unless  
18 [said] THAT rate exceeds 5%, in which event her contribution shall equal 5% of  
19 her earnable compensation. “Earnable compensation” [shall be as] HAS THE  
20 MEANING defined in § 1(11) of this subtitle.

21 Beginning July 1, 1992, the preceding paragraph shall read by substituting “4%”  
22 for “5%”.

23 (ii) The Board of Trustees, through its Retirement Systems’ administrator, shall  
24 certify to the Department of Finance, and the Department of Finance shall cause  
25 to be deducted from the salary of each Class A or Class B member on each and  
26 every payroll period, the percentage of contribution [as] provided for in  
27 [§ 8(a)(1)] SUBPARAGRAPH (i) OF THIS PARAGRAPH (15), and[ such] THESE  
28 deductions shall be paid into [said Annuity Savings] THE RETIREMENT SYSTEM  
29 Fund, and shall be credited, together with regular interest [thereon], to the  
30 individual account of the member from whose compensation [said] THE  
31 deductions were made. However, deductions shall not be made from the  
32 compensation of a Class A or Class B member who has attained [the] age [of] 60  
33 and has completed 35 years of service. No deductions [shall] MAY be made from  
34 the earnable compensation of a [member’s] MEMBER WHO IS either entering or  
35 leaving service AND [who] has worked less than a full payroll period.

36 (iii) The deductions provided for [herein] IN THIS PARAGRAPH (15) shall be made  
37 notwithstanding that the minimum compensation provided for by law for any  
38 Class A or Class B member [shall be] IS reduced thereby. Every member [shall  
39 be] IS deemed to consent and agree to the deductions made and provided for  
40 [herein], and [a] THE MEMBER’S receipt of [his] THE MEMBER’S full salary or  
41 compensation, and payment of THAT salary or compensation, less [said] THESE  
42 deduction, [shall be] ARE a full and complete discharge and acquittance of all  
43 claims and demands whatsoever for the services rendered by [such] THE person  
44 during the period covered by [such] THE payment, except as to the benefits  
45 provided under this subtitle.

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1 (iv) [The] A MEMBER'S accumulated contributions [of a member] THAT ARE  
2 withdrawn by [him] THE MEMBER, or paid to [his] THE MEMBER'S estate or [to his]  
3 designated beneficiary in event of [his], death as provided in this subtitle, shall be  
4 paid from the [Annuity Savings] RETIREMENT SYSTEM Fund. [Upon retirement of  
5 a member his accumulated contributions shall be transferred from the Annuity  
6 Savings Fund to the Annuity Reserve Fund.]

7 (v) Any member who, with the Board of Trustees' approval [may have] deposited,  
8 prior to December 1, 1975, voluntary excess contributions in the [Annuity  
9 Savings Fund] RETIREMENT SYSTEM FUND, by a single payment or by an  
10 increased rate of contribution to purchase an additional annuity, [shall be] IS  
11 entitled [upon] ON retirement, to receive an additional annuity for [such] THOSE  
12 voluntary excess contributions. Any Class A or Class B member who, with the  
13 Board of Trustees' approval, is depositing, on December 1, 1975, voluntary  
14 excess contributions in the [Annuity Savings] RETIREMENT SYSTEM Fund, by an  
15 increased rate of contribution, may continue to contribute the same approved  
16 amount, without the right to increase or decrease [such] THAT amount[,] after  
17 December 1, 1975. After December 1, 1975, the Board of Trustees shall neither  
18 accept nor approve any requests from any member to deposit excess voluntary  
19 contributions in a lump-sum payment or periodic payments. At any time prior to  
20 retirement, any member who deposited voluntary excess contributions in the  
21 [Annuity Savings] RETIREMENT SYSTEM Fund, upon written application, shall be  
22 refunded [such] THOSE excess voluntary contributions.

23 (vi) However, if a Class A or Class B member exercises HER OR his option to become  
24 a Class C member under [the provisions of] § 9 of this subtitle, [then he] THE  
25 MEMBER shall elect in his OR HER notice of intent to either withdraw his OR HER  
26 excess voluntary contributions[,] or [else] permit them to remain in the  
27 Retirement System together with [his] THE MEMBER'S mandatory contributions,  
28 without any further right to withdraw [said] THOSE excess voluntary contributions  
29 prior to retirement, except [upon] ON leaving City employment. [Upon] ON  
30 becoming a Class C member, [said] THE Class A or Class B member shall  
31 discontinue making any further voluntary excess contributions to the Retirement  
32 System.

33 (c) *Non-line-of-duty disability retirement benefit for any Class A or Class B member who*  
34 *was an employee on or after June 29, 1989.*

35 (3) *Effective date of non-line-of-duty disability retirement.*

36 A non-line-of-duty disability retirement under this subsection takes effect as follows:

- 37
- 38 (i) if the member applied for disability retirement before terminating City  
39 employment, the retirement is effective as of the [first] 1<sup>ST</sup> day OF THE MONTH  
40 IMMEDIATELY following the member's last day of City employment; and
- 41 (ii) if the member applied for disability retirement after terminating City  
42 employment, the retirement is effective AS OF THE 1<sup>ST</sup> DAY OF A MONTH THAT  
43 FALLS AT LEAST 30 days after the date on which the Board received a  
44 completed application.

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1 (e) *Line-of-duty disability benefit.*

2 (3) *Effective date of line-of-duty disability retirement.*

3 A line-of-duty disability retirement under this subsection takes effect as follows:

4 (i) if the member applied for disability retirement before terminating City  
5 employment, the retirement is effective as of the [first] 1<sup>ST</sup> day OF THE MONTH  
6 IMMEDIATELY following the member's last day of City employment; and

7 (ii) if the member applied for disability retirement after terminating City  
8 employment, the retirement is effective AS OF THE 1<sup>ST</sup> DAY OF A MONTH THAT  
9 FALLS AT LEAST 30 days after the date on which the Board received a  
10 completed application.

11 **§ 8. Method of financing.**

12 (A) *Assets TO MEET OBLIGATIONS.*

13 All of the assets of the Retirement System shall be credited [according to the purpose for  
14 which they are held to 1 of 4 funds, namely, the Annuity Savings Fund, the Annuity  
15 Reserve Fund, the Pension Accumulation Fund and the Pension Reserve Fund] TOWARD  
16 MEETING THE AGGREGATE OBLIGATIONS OF THE RETIREMENT SYSTEM.

17 [(b) *Annuity Reserve Fund.*]

18 [The Annuity Reserve Fund shall be the fund from which shall be paid all annuities as  
19 provided in this subtitle. Should a beneficiary retired on account of disability be restored  
20 to active service with a compensation not less than his average final compensation at the  
21 time of his last retirement, the balance of his annuity reserve shall be transferred from the  
22 Annuity Reserve Fund to the Annuity Savings Fund and credited to his individual  
23 account therein.]

24 [(c) *Pension Accumulation Fund.*]

25 (B) *RETIREMENT SYSTEM FUND.*

26 (1) The [Pension Accumulation Fund] RETIREMENT SYSTEM shall [be the] MAINTAIN A  
27 fund in which shall be accumulated all reserves for the payment of all pensions and  
28 other benefits payable from contributions made by the City of Baltimore and from  
29 which shall be paid all pensions and other benefits on account of members with prior  
30 service credit and lump sum death benefits for all members payable from the [said]  
31 THOSE contributions.

32 (2) Contributions BY THE CITY BALTIMORE to [and payments from] the [Pension  
33 Accumulation] RETIREMENT SYSTEM Fund shall be made as follows:

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- 1 (i) [(2)] On the basis of regular interest and of such mortality and other tables as  
2 [shall be] ARE adopted by the Board of Trustees, the actuary engaged by the  
3 Board shall make a valuation to determine the required contribution by the  
4 City of Baltimore for the [Pension Accumulation] RETIREMENT SYSTEM Fund.
- 5 (ii) The actuary shall determine FOR EACH MEMBER a normal cost [for each  
6 member which] THAT is equal to the amount of annual contribution as a  
7 constant percentage of compensation [which] THAT is necessary to provide  
8 [his] THE MEMBER'S benefit, if [such] THE contributions had been made  
9 annually from [his] THE MEMBER'S date of entry into the system, together with  
10 any other service credit acquired under any provisions of this subtitle and  
11 under Division II of the State Personnel and Pension Article, to the member's  
12 date of retirement. The total amounts so determined shall be known as  
13 "normal cost contribution."
- 14 (iii) [(3)] An accrued liability shall be calculated for each member equal to the  
15 accumulation of the annual normal cost contribution, AS described in  
16 [paragraph (2) above] SUBPARAGRAPH (II) OF THIS PARAGRAPH (2), from the  
17 date of entry into the system, together with any other service credit acquired  
18 under any provisions of this subtitle and under Division II of the State  
19 Personnel and Pension Article, to the valuation date on the basis of the  
20 actuarial assumptions adopted by the Board of Trustees.
- 21 (iv) The accrued liability computed [in] UNDER [the preceding] SUBPARAGRAPH  
22 (III) OF THIS paragraph (2) shall be added to the reserve for retirement benefits  
23 payable to retired members from the [Pension Accumulation] RETIREMENT  
24 SYSTEM Fund to obtain the total accrued liability.
- 25 (v) The assets of the [Pension Accumulation] RETIREMENT SYSTEM Fund shall be  
26 applied against the total accrued liability, computed [above] for all members,  
27 retirees, and beneficiaries, to determine the amount of unfunded accrued  
28 liability. An accrued liability contribution shall be determined as the amount  
29 [which is] sufficient to meet regular interest on the unfunded accrued liability,  
30 and to amortize the principal of [such] THE unfunded accrued liability over the  
31 period of time determined by the Board of Trustees.
- 32 (vi) [(4)] The required contribution by the City of Baltimore shall be the sum of  
33 the normal cost and accrued liability contribution determined [above;] IN  
34 ACCORDANCE WITH THIS PARAGRAPH. [provided, however, that the] THE  
35 aggregate payment by the City of Baltimore shall be, [sufficient] when  
36 combined with the amount in the [fund] RETIREMENT SYSTEM FUND,  
37 SUFFICIENT to provide the pensions and other benefits payable out of the  
38 [fund] FUND during the year then current.
- 39 (vii) [(5)] The accrued liability contribution shall be discontinued as soon as the  
40 accumulated reserve in the [Pension Accumulation] RETIREMENT SYSTEM  
41 Fund [shall equal] EQUALS the present value, as actuarially computed and  
42 approved by the Board of Trustees, of the total liability of [such fund] THE  
43 FUND, less the present value, computed on the basis of the normal  
44 contribution rate then in force, of the prospective normal contributions to be  
45 received on account of persons who are at that time members.

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1 [(6) Upon the retirement of a member not entitled to credit for prior service, an  
2 amount equal to his pension reserve shall be transferred from the Pension  
3 Accumulation Fund to the Pension Reserve Fund.]

4 [(d) *Pension Reserve Fund.*]

5 [The Pension Reserve Fund shall be the fund from which shall be paid the pension to  
6 members not entitled to credit for prior service and benefits in lieu thereof. Should such  
7 a beneficiary retired on account of disability be restored to active service with a  
8 compensation not less than his average final compensation at the time of his last  
9 retirement the pension reserve thereon shall be transferred from the Pension Reserve  
10 Fund to the Pension Accumulation Fund. Should the pension of such a disability  
11 beneficiary be reduced as a result of an increase in his earning capacity, the amount of  
12 the annual reduction in his pension shall be paid annually into the Pension Accumulation  
13 Fund during the period of such reduction.]

14 (c) [(e)] *Certification of appropriation.*

15 On or before [the April] JANUARY 1 of each year, the Board of Trustees shall certify to  
16 the Board of Estimates the amount of the appropriation necessary to pay to the [various  
17 funds of the] Retirement System the amounts payable by the City of Baltimore, as  
18 enumerated in this article, for the fiscal year beginning on July 1 of the succeeding year.  
19 [and items] ITEMS of appropriation providing [such] THOSE amounts shall be included in  
20 the Ordinance of Estimates.

21 **§ 9. Class C membership.**

22 (m) *Method of payment.*

23 (7) *Election to receive lump-sum payment.*

24 (A) Any Class C member or former Class C member who has ceased all permanent  
25 full-time and permanent part-time employment with the City may elect to receive  
26 the present value of the member's total pension benefit, in a single lump-sum  
27 payment, if:

28 (i) the member is entitled to:

- 29 1. a normal service retirement benefit under § 9(e) of this article;
- 30 2. an early service retirement benefit under § 9(f) of this article; or
- 31 3. a deferred vested benefit under § 9(l); and

32 (ii) the present value of the total pension benefit is [\$10,000 or less] NO MORE  
33 THAN THE LUMP-SUM CASHOUT LIMIT.

34 (B) FOR PURPOSES OF THIS PARAGRAPH, "LUMP-SUM CASHOUT LIMIT" MEANS THE  
35 GREATER OF:

36 (i) \$12,500; OR

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1 (II) AN AMOUNT THAT IS CALCULATED BY THE SYSTEM'S ACTUARY TO REFLECT  
2 ANY INCREASES IN THE AVERAGE SALARY OF ACTIVE MEMBERS AND THAT  
3 IS APPROVED BY THE BOARD OF TRUSTEES.

4 (C) [(B)] A member who receives a lump-sum payment under this paragraph (7)  
5 ceases to be entitled to any other benefits from this system.

6 (D) [(C)] A Class C member entitled to receive both a disability or dismemberment  
7 benefit and 1 of the 3 service benefits listed in paragraph (7)(A) of this  
8 subsection, may waive his or her rights to the disability or dismemberment  
9 benefits and elect to receive a lump-sum payment under this paragraph.

10 (E) [(D)] The present value of the benefit payable under this paragraph (7) shall be  
11 calculated as of the date the member ceases all permanent full-time and  
12 permanent part-time employment with the City, using actuarial assumptions as of  
13 that date approved by the Board of Trustees pursuant to the recommendation of  
14 the system's actuary.

15 **§ 17. Post-retirement benefit increases [to certain retirees and beneficiaries] BEFORE JULY**  
16 **1, 2007.**

17 THIS SECTION APPLIES ONLY TO POST-RETIREMENT BENEFIT INCREASES DETERMINED BEFORE  
18 JULY 1, 2007. Each retired member or beneficiary (Classes A, B, and C) who is receiving  
19 periodic benefits [pursuant to the provisions of] FROM the Retirement System may be eligible  
20 for an increase in the amount of [such] THOSE periodic benefits, subject to the following  
21 provisions.

22 **§ 17.1. POST-RETIREMENT BENEFIT INCREASES ON OR AFTER JULY 1, 2007.**

23 (A) *SCOPE.*

24 THIS SECTION APPLIES TO RETIREMENT BENEFIT INCREASES DETERMINED ON OR AFTER  
25 JULY 1, 2007.

26 (B) *"SINGLE-PREMIUM PAID-UP ANNUITY" DEFINED..*

27 IN THIS SECTION, "SINGLE-PREMIUM PAID-UP ANNUITY" MEANS THE ACTUARIALLY  
28 DETERMINED VALUE OF A PAYMENT STREAM FOR THE LIFE OF A RETIREE.

29 (C) *ELIGIBILITY.*

30 (1) AS OF JUNE 30, 2007, AND EACH SUCCEEDING JUNE 30, A MEMBER OR BENEFICIARY  
31 THAT HAS BEEN ON THE RETIREMENT SYSTEM PAYROLL FOR THE PURPOSE OF  
32 RECEIVING PERIODIC BENEFIT PAYMENTS FOR A PERIOD OF NOT LESS THAN 12  
33 CONSECUTIVE MONTHS SHALL RECEIVE A POST-RETIREMENT BENEFIT INCREASE  
34 BEGINNING IN JANUARY OF THE FOLLOWING YEAR.

35 (2) FOR PURPOSES OF THIS SECTION, A BENEFICIARY OF A DECEASED MEMBER IS DEEMED  
36 TO HAVE BEEN ON THE RETIREMENT SYSTEM PAYROLL FROM THE DATE THE DECEASED  
37 MEMBER ORIGINALLY JOINED THE PAYROLL.

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1 (3) A BENEFICIARY OF A FORMER RETIRED MEMBER IS ELIGIBLE TO RECEIVE ANY  
2 PERCENTAGE INCREASE UNDER THIS SECTION THAT THE RETIRED MEMBER WAS  
3 ELIGIBLE TO RECEIVE.

4 (D) *AMOUNT OF BENEFIT INCREASE.*

5 (1) *"CPI LIMIT" DEFINED.*

6 "CPI LIMIT" MEANS THE PERCENTAGE CHANGE IN THE CONSUMER PRICE INDEX FOR  
7 ALL URBAN CONSUMERS (CPI-U) FOR THE U.S. CITY AVERAGE FOR ALL ITEMS,  
8 1982-84=100, FOR A FISCAL YEAR ENDING JUNE 30.

9 (2) *CALCULATION.*

10 AS OF JANUARY 1, 2008, AND EACH SUBSEQUENT JANUARY 1, AN ELIGIBLE RETIREE  
11 OR BENEFICIARY SHALL RECEIVE AN INCREASE IN PERIODIC BENEFITS, WHICH SHALL  
12 BE CALCULATED AS THE SUM OF:

13 (I) A GUARANTEED INCREASE OF 1.5%; AND

14 (II) AN EARNINGS INCREASE DETERMINED UNDER PARAGRAPH (3) OF THIS  
15 SUBSECTION.

16 (3) *EARNINGS INCREASE ACCOUNT.*

17 (I) THE BOARD OF TRUSTEES SHALL ESTABLISH A BOOKKEEPING ACCOUNT ENTITLED  
18 THE EARNINGS INCREASE ACCOUNT FOR THE SOLE PURPOSE OF DETERMINING  
19 WHETHER AN EARNINGS INCREASE IS PAYABLE.

20 (II) THE ESTABLISHMENT OF THE EARNINGS INCREASE ACCOUNT NEITHER REQUIRES  
21 NOR ALLOWS FOR THE SEGREGATION OF ANY RETIREMENT SYSTEM ASSETS.

22  
23 (III)(A) IF THE ACTUARY ENGAGED BY THE BOARD DETERMINES THAT THERE IS A  
24 BALANCE IN THE EARNINGS INCREASE ACCOUNT AS OF THE PRECEDING JUNE  
25 30, THAT BALANCE SHALL BE ALLOCATED TO PROVIDE AN EARNINGS INCREASE  
26 TO ELIGIBLE RETIRED MEMBERS AND BENEFICIARIES, EFFECTIVE AS OF THE  
27 FOLLOWING JANUARY 1.

28 (B) THE EARNINGS INCREASE SHALL BE CALCULATED AS A PERCENTAGE INCREASE  
29 THAT CAN BE PROVIDED BY THE BALANCE IN THE EARNINGS INCREASE  
30 ACCOUNT SUFFICIENT TO FUND A SINGLE-PREMIUM PAID-UP ANNUITY, USING  
31 REGULAR INTEREST AFTER COMMENCEMENT OF BENEFITS FOR VALUATION  
32 PURPOSES ON THE JUNE 30 PRECEDING THE EFFECTIVE DATE OF THE INCREASE.

33 (C) THE PERCENTAGE INCREASE CALCULATED UNDER SUBPARAGRAPH (III)(B) OF  
34 THIS PARAGRAPH (3) MAY NOT EXCEED AN AMOUNT THAT, WHEN ADDED TO  
35 THE GUARANTEED INCREASE PROVIDED UNDER PARAGRAPH (2)(I) OF THIS  
36 SUBSECTION, EXCEEDS THE CPI LIMIT.

37 (IV) AS OF JANUARY 1, 2008, AND EACH SUBSEQUENT JANUARY 1, ANY BALANCE IN  
38 THE EARNINGS INCREASE ACCOUNT RESULTING FROM THE CPI LIMIT AS OF THE

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1 PRECEDING JUNE 30 SHALL BE CARRIED FORWARD IN THE ACCOUNT TO THE NEXT  
2 JUNE 30 BY CREDITING THE BALANCE WITH THE AVERAGE ANNUAL MARKET  
3 VALUE ASSET RATE OF RETURN, AS DETERMINED UNDER SUBSECTION (E)(1)(I) OF  
4 THIS SECTION.

5 (E) *EARNINGS INCREASE ACCOUNT TRANSFERS.*

6 (1) AS OF JULY 1, 2007 AND EACH SUBSEQUENT JULY 1, A TRANSFER TO THE EARNINGS  
7 INCREASE ACCOUNT WILL BE MADE IN THE AMOUNT OF THE POSITIVE DIFFERENCE  
8 BETWEEN:

9 (i) 100% OF THE DOLLAR-WEIGHTED AVERAGE INVESTMENT RETURN ON THE  
10 MARKET VALUE OF ASSETS CALCULATED FOR A FISCAL YEAR ENDING JUNE 30,  
11 UP TO THE REGULAR INTEREST BEFORE BENEFITS COMMENCE, BASED ON THE  
12 PORTION OF ASSETS ATTRIBUTABLE TO MEET THE OBLIGATION FOR  
13 PARTICIPANTS IN PAY STATUS; AND

14 (ii) THE REGULAR INTEREST AFTER BENEFIT PAYMENTS COMMENCE, ON THE  
15 PORTION OF ASSETS ATTRIBUTABLE TO MEET THE OBLIGATION FOR  
16 PARTICIPANTS IN PAY STATUS.

17 (2) (i) IN THIS PARAGRAPH (2), "NORMAL COST" MEANS THE AMOUNT DETERMINED  
18 ANNUALLY BY THE ACTUARY FOR THE FUNDING OF BENEFITS EARNED DURING A  
19 PLAN YEAR IN ACCORDANCE WITH THE FUNDING METHOD IN EFFECT. IF AN  
20 AGGREGATE COST METHOD IS IN EFFECT, THE CALCULATION WILL USE THE ENTRY-  
21 AGE NORMAL COST FUNDING METHOD.

22 (ii) MARKET VALUE OF ASSETS ATTRIBUTABLE TO MEET THE OBLIGATION FOR  
23 PARTICIPANTS IN PAY STATUS SHALL BE DETERMINED AS OF JUNE 30 TO BE EQUAL  
24 TO THE PRODUCT OF:

25 (A) THE RATIO OF PRESENT VALUE OF BENEFITS FOR PARTICIPANTS IN PAY  
26 STATUS OVER THE PRESENT VALUE OF BENEFITS FOR ALL PARTICIPANT  
27 BENEFITS; AND

28 (B) THE SUM OF:

29 1. THE MARKET VALUE OF ASSETS ATTRIBUTABLE TO PARTICIPANTS  
30 NOT IN PAY; AND

31 2. THE PRESENT VALUE OF FUTURE NORMAL COST.

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1 (F) *ADMINISTRATION OF BENEFIT INCREASES.*

2 (1) THE GUARANTEED BENEFIT INCREASE PROVIDED BY SUBSECTION (D)(2)(I) OF THIS  
3 SECTION MAY NOT BE LESS THAN ANY CORRESPONDING GUARANTEED POST-  
4 RETIREMENT BENEFIT INCREASE PROVIDED BY THE FIRE AND POLICE EMPLOYEES  
5 RETIREMENT SYSTEM TO ITS MEMBERS.

6 (2) ANY BENEFIT INCREASE PROVIDED UNDER THIS SECTION SHALL BE FUNDED AS A  
7 SINGLE-PREMIUM PAID-UP ANNUITY.

8 (3) IT IS INTENDED THAT ANY BENEFIT INCREASE CONTINUE FOR THE LIFETIME OF THE  
9 ELIGIBLE MEMBER AND ANY BENEFICIARY, CONSISTENT WITH ANY OPTION ELECTED  
10 UNDER § 6 OR § 9 OF THIS ARTICLE.

11 (4) THE GUARANTEED BENEFIT INCREASE PROVIDED BY SUBSECTION (D)(2)(I) OF THIS  
12 SECTION IS EFFECTIVE AS OF EACH JANUARY 1, REGARDLESS OF THE INVESTMENT  
13 PERFORMANCE OF THE RETIREMENT SYSTEM'S INVESTMENT FUNDS.

14 (5) THE POST-RETIREMENT BENEFIT INCREASE PROVIDED BY THIS SECTION SHALL BE  
15 PAYABLE IN THE SAME FORM AS POST-RETIREMENT BENEFIT PAYMENTS BEING  
16 RECEIVED BY THE ELIGIBLE PERSON.

17 (6) EACH ELIGIBLE PERSON SHALL RECEIVE AN EQUAL PERCENTAGE ADDITIONAL  
18 INCREASE.

19 **Subtitle – Elected Officials' Retirement System**

20 **§ 17A. Definitions.**

21 (12) All retirement allowances or other benefits [which] THAT are calculated on an annual  
22 basis shall be payable for each [day] MONTH in a year. [in such] PAYMENTS SHALL BE  
23 MADE IN periodic installments, as [may be] determined from time to time by the Board of  
24 [Estimates] TRUSTEES [to be in conformance with prevailing payment practices for active  
25 municipal employees], and [such daily] THE MONTHLY allowance shall be computed by  
26 dividing the annual allowance by [365] 12.

27 **SECTION 3. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance  
28 are not law and may not be considered to have been enacted as a part of this or any prior  
29 Ordinance.

30 **SECTION 4. AND BE IT FURTHER ORDAINED,** That:

31 (a) Using the determination of the market value of the Retirement System Fund as of June  
32 30, 2005:

33 (1) the portion of assets dedicated for special investments in the Paid-Up-Benefit  
34 Fund shall be offset by any non-positive value held in the Contingency Reserve  
35 Fund;

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1 (2) of the net balance derived under item (1) of this subsection, \$13.3 million shall be  
2 used [to determine] FOR a one-time increase in the periodic benefit payments for  
3 members in pay status as of June 30, 2006;

4 (3) the percent of the increase under paragraph (2) of this subsection shall be the  
5 percentage that can be provided by the balance to fund a single-premium paid-up  
6 annuity, using regular interest that is used for valuation purposes on the June 30  
7 preceding the effective date of the increase; and

8 (4) after deductions for items (1) and (2) of this subsection, the net balance of the  
9 portion of assets dedicated for special investments in the Paid-Up Benefit Fund  
10 shall be released into the Retirement System Fund.

11 (b) Following these adjustments, the Paid-Up-Benefit fund and the Contingency Reserve  
12 Fund shall cease to exist.

13 **SECTION 5. AND BE IT FURTHER ORDAINED,** That if any provision of this Ordinance or the  
14 application of it to any person or circumstance is held invalid for any reason in a court of  
15 competent jurisdiction, the invalidity does not affect any other provisions of this Ordinance or  
16 any other application of it that can be given effect without the invalid provision or application,  
17 and, for this purpose, the provisions of this Ordinance are declared severable.

18 **SECTION 6. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it  
19 is enacted.

Certified as duly passed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
President, Baltimore City Council

Certified as duly delivered to His Honor, the Mayor,

this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Chief Clerk

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Mayor, Baltimore City