


David A. Randall

FROM	NAME & TITLE	David A. Randall, Executive Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Employees', Elected Officials', Retirement Savings Plan Systems – 7 E. Redwood Street, 12 th floor		
	SUBJECT	City Council Bill 20-0603 – Retirement Savings Plan – Clarifications		

TO

DATE: October 7, 2020

The Honorable President and Members of the Baltimore City Council
 Attn: Natawna B. Austin, Executive Secretary
 Room 409, City Hall
 100 N. Holliday Street

Dear Mr. President and City Council Members:

City Council Bill 20-0603 was referred to the Retirement Savings Plan for comment. The Bill's stated purpose is to clarify various areas within Article 22A of the Baltimore City Code, as outlined in the attached Summary of Proposed Changes. The bill will clean up the language by making the terms and definitions more consistent by eliminating ambiguity. The bill will also strengthen the Board of Trustees that provide oversight of the RSP. Lastly, there are no proposed benefit changes or improvements so therefore, there are no costs to the City or to the Plan.

As the requesting agency for the proposed changes, the Retirement Savings Plan support City Council Bill 20-0603.

DAR/dsb

Attachment

CC: Henry Raymond, Board Chairman
 Nichelle Lashley, Deputy Director
 Matt Stegman
 Nina Themelis
 Dominic McAlily

Article 22A- Summary of Proposed Changes

Retirement Savings Plan

Introduction

There will be a bill to amend Article 22A in order to make changes that are needed to update and cure plan situations that have changed since the document was originally drafted

1. Article 22A is the document that governs the Retirement Savings Plan and also covers board membership for both the Retirement Savings Plan “RSP” and Deferred Compensation Plan “DCP”

Summary

Major Changes to Article 22A

Definition of Earnable Compensation- Update the document to include definitions for both earnable and earned compensation. Earnable Compensation (annual salary) would be for the Hybrid employer contribution. Earned compensation (pensionable earnings each payroll period) would be for Non-Hybrid contributions.

Definition of Employee- Add a section listing Enoch Pratt Free Library employees who are not eligible to participate in the Maryland State Retirement and Pension System as eligible to participate in the Retirement Savings Plan “RSP”. Add a section specifically excluding Baltimore Museum of Art and Walters Art Museum employees as eligible to participate in the RSP.

Exclusive Benefit – Update this section to allow mistaken employer contributions to be sent to the Plan after one year.

Board Composition- Update the Board Composition. Change the Board to thirteen members and give all members voting privileges. The Director of ERS would be removed as a voting member and the President or President’s designated representative of AFSCME, CUB, and MAPS would now be full voting members. The Trustee section would also be updated to reflect two Mayoral appointed trustees instead of three. Lastly, a section would be added to give the City Council President the ability to appoint one trustee position. The non-voting section would be removed.

Compensation; Expenses- Remove the stipend section

Plan Expenses- Update the definition to include the Unallocated Plan Asset “UPA” account instead of just the Forfeitures. The UPA account includes a revenue reimbursement bucket and the plan document should reflect that expenses could also be paid out of that account.

The reference to the Committee of the City of Baltimore Deferred Compensation Plan will be removed as this does not exist anymore.

Commencement of Participation- Update to have City employer contributions to begin at 12 months for the Hybrid plan to coincide with 12-month start date of employee contributions to ERS.

Service – Update to clarify the definition of service time and how previous plan service time applies to the RSP. Add a bullet point that excludes from service any periods of employment where the member was not In Pay Status. Add a section to cover service time in the plan and how transfers of service to the Fire & Police Pension system or any other applicable retirement system would work.

Contributions- Update these sections to have contribution definitions coincide with earned vs. earnable compensation.

Employer Compensation -updated to the most recent funding status.

Rollovers- Clarify language to allow the plan to accept Roth rollovers.

Failure to designate beneficiary- Update this section to coincide with the changes in the DCP Plan document. If no beneficiary were listed, the proceeds would go to a member's surviving spouse (if applicable). If the member did not have a surviving spouse, the proceeds would go to the member's estate.

These are the proposed changes contained in the Legislative Final draft.