

Andrew Kleine

FROM	NAME & TITLE	Andrew Kleine, Chief
	AGENCY NAME & ADDRESS	Bureau of Budget and Management Research City Hall, 469, 410-396-4941
	SUBJECT	City Council Bill 12-0088 – Employees’, Elected Officials’, and Fire and Police Employees’ Retirement Systems – Technical Amendments

CITY of
BALTIMORE
MEMO



TO

DATE: June 7, 2012

Honorable President and
Members of the City Council
c/o Karen Randle
Room 409, City Hall

Background

City Council Bill 12-0088 has been introduced for the purpose of providing that the Systems need comply only with a “reasonable good faith interpretation” of the Internal Revenue Code § 401(a)(9) minimum distributions rules; expanding the vehicles into which eligible distributions from the Systems can be rolled over to include qualified defined benefit plans, § 403(b) tax-deferred annuity plans, certain § 457(b) plans, and Roth IRAs; removing a restriction on rollovers by surviving spouses of Employees’ and Elected Officials’ Retirement Systems members; permitting non-spouse beneficiaries of Systems members to make rollovers; clarifying the availability of the non-line-of-duty death benefit for Fire and Police Employees’ Retirement System (F&P) members on military service; applying cost-of-living adjustments to increase the \$160,000 limit on annual F&P retirement benefits under § 415 of the Internal Revenue Code and applying those cost-of-living adjustments to retired F&P members. These proposed amendments to the ERS, EOS, and F&P provisions of Article 22 incorporate new provisions mandated by changes in federal tax laws.

Fiscal Impact

A cost analysis prepared by the systems’ actuary, Cheiron, estimates that the bill will have no cost impact on the systems and, by extension, on the City’s budget.

Recommendation

The Department of Finance supports City Council 12-0088.

cc: Harry Black, Director of Finance
Angela Gibson, Mayor’s Legislative Liaison to the City Council

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