

Introduced by: The Council President

At the request of: The Administration (Fire and Police Employees' Retirement System)

Prepared by: Department of Legislative Reference

Date: March 13, 2019

Referred to: TAXATION, FINANCE & ECONOMIC DEVELOPMENT Committee

Also referred for recommendation and report to municipal agencies listed on reverse.

CITY COUNCIL 19-0357

A BILL ENTITLED

AN ORDINANCE concerning

**Fire and Police Employees' Retirement System –
Interest, Service Credits, Death Benefits, Direct Deposit, and Technical Corrections**

FOR the purpose of repealing certain obsolete and obsolescent provisions; changing the definition of regular interest for valuation purposes; clarifying the crediting of military service under certain circumstances; modifying the calculation of the cost of purchasing and transferring prior system service, non-credited City service, former Maryland Police Corps service, and service earned for employment covered under a former non-City pension; expanding the definition of "minor child" for certain purposes; allowing certain spousal beneficiaries age 70 and over to remarry without penalty of losing benefits; allowing new beneficiary elections and survivorship option elections within certain time periods; requiring that, after a certain date and subject to certain exceptions, periodic benefit payments be made electronically; defining certain terms; providing for special effective dates; and generally relating to the Baltimore City Fire and Police Employees' Retirement System.

BY repealing

Article 22 - Retirement Systems

Sections 30(7), 32(g), (h-1), (h-2), (h-3), (i), (j), (l), and (m) and 34(i)(2)(F) and (6)

Baltimore City Code

(Edition 2000)

BY repealing and reordaining, with amendments

Article 22 - Retirement Systems

Sections 30(6) and (9), 32(e), (f)(1), and (k), 34(h)(4)(B) and (C), (i)(2)(C) and (4)(A) and (C), and (k), and 47(h)

Baltimore City Code

(Edition 2000)

****The introduction of an Ordinance or Resolution by Councilmembers at the request of any person, firm or organization is a courtesy extended by the Councilmembers and not an indication of their position.**

Agencies

_____	Baltimore City Public School System
_____	Baltimore Development Corporation
_____	City Solicitor
_____	Comptroller's Office
_____	Department of Audits
_____	Department of Finance
_____	Department of General Services
_____	Department of Housing and Community Development
_____	Department of Human Resources
_____	Department of Planning
_____	Other: _____
_____	Other: _____
_____	Other: _____
_____	Department of Public Works
_____	Department of Real Estate
_____	Department of Recreation and Parks
_____	Department of Transportation
_____	Fire Department
_____	Health Department
_____	Mayor's Office of Employment Development
_____	Mayor's Office of Human Services
_____	Mayor's Office of Information Technology
_____	Office of the Mayor
_____	Police Department
_____	Other: _____
_____	Other: _____
_____	Other: _____
_____	Environmental Control Board
_____	Fire & Police Employees' Retirement System
_____	Labor Commissioner
_____	Parking Authority Board
_____	Planning Commission
_____	Wage Commission
_____	Other: _____
_____	Other: _____
_____	Other: _____
_____	Board of Estimates
_____	Board of Ethics
_____	Board of Municipal and Zoning Appeals
_____	Comm. for Historical and Architectural Preservation
_____	Commission on Sustainability
_____	Employees' Retirement System
_____	Other: _____
_____	Other: _____
_____	Other: _____

Boards and Commissions

_____	Board of Estimates
_____	Board of Ethics
_____	Board of Municipal and Zoning Appeals
_____	Comm. for Historical and Architectural Preservation
_____	Commission on Sustainability
_____	Employees' Retirement System
_____	Other: _____
_____	Other: _____
_____	Other: _____
_____	Environmental Control Board
_____	Fire & Police Employees' Retirement System
_____	Labor Commissioner
_____	Parking Authority Board
_____	Planning Commission
_____	Wage Commission
_____	Other: _____
_____	Other: _____
_____	Other: _____

By adding

**Article 22 - Retirement Systems
Section 30(7) and (21) and 34.1(d)
Baltimore City Code
(Edition 2000)**

CITY OF BALTIMORE
ORDINANCE **19-254**
Council Bill 19-0357

Introduced by: The Council President
At the request of: The Administration (Fire and Police Employees' Retirement System)
Introduced and read first time: March 25, 2019
Assigned to: Taxation, Finance and Economic Development Committee

Committee Report: Favorable
Council action: Adopted
Read second time: April 29, 2019

AN ORDINANCE CONCERNING

1 **Fire and Police Employees' Retirement System –**
2 **Interest, Service Credits, Death Benefits, Direct Deposit, and Technical Corrections**

3 FOR the purpose of repealing certain obsolete and obsolescent provisions; changing the definition
4 of regular interest for valuation purposes; clarifying the crediting of military service under
5 certain circumstances; modifying the calculation of the cost of purchasing and transferring
6 prior system service, non-credited City service, former Maryland Police Corps service, and
7 service earned for employment covered under a former non-City pension; expanding the
8 definition of "minor child" for certain purposes; allowing certain spousal beneficiaries age 70
9 and over to remarry without penalty of losing benefits; allowing new beneficiary elections
10 and survivorship option elections within certain time periods; requiring that, after a certain
11 date and subject to certain exceptions, periodic benefit payments be made electronically;
12 defining certain terms; providing for special effective dates; and generally relating to the
13 Baltimore City Fire and Police Employees' Retirement System.

14 BY repealing

15 Article 22 - Retirement Systems
16 Sections 30(7), 32(g), (h-1), (h-2), (h-3), (i), (j), (l), and (m) and 34(i)(2)(F) and (6)
17 Baltimore City Code
18 (Edition 2000)

19 BY repealing and reordaining, with amendments

20 Article 22 - Retirement Systems
21 Sections 30(6) and (9), 32(e), (f)(1), and (k), 34(h)(4)(B) and (C), (i)(2)(C) and (4)(A) and
22 (C), and (k), and 47(h)
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 adding
2 Article 22 - Retirement Systems
3 Section 30(7) and (21) and 34.1(d)
4 Baltimore City Code
5 (Edition 2000)

6 SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That
7 § 30(7), § 32(g), (h-1), (h-2), (h-3), (i), (j), (l), and (m) and § 34(i)(2)(F) and (6) of Baltimore
8 City Code Article 22 {"Retirement Systems"} are repealed, in their respective entirety.

9 SECTION 2. AND BE IT FURTHER ORDAINED, That the Laws of Baltimore City read as
10 follows:

11 **Baltimore City Code**

12 **Article 22. Retirement Systems**

13 **Subtitle – Fire and Police Employees' Retirement System**

14 **§ 30. Definitions.**

15 In this subtitle, unless a different meaning is plainly required by the context, the following
16 words and phrases have the meanings indicated:

17 (6) "Service" [shall mean] MEANS:

18 (i) ANY service FOR SERVICE-COVERED EMPLOYMENT [as an employee as described in
19 paragraph (2) of this subsection, and paid for by the City of Baltimore, while a
20 member of the Fire and Police Employees' Retirement System]; [and]

21 (ii) any service purchased, repurchased, or transferred, by appropriate deposit or
22 redeposit of funds plus interest[, to cover such periods, or]; AND

23 (iii) any service credited under [any other section of] this subtitle [and under Maryland
24 State Law].

25 (7) "SERVICE-COVERED EMPLOYMENT" MEANS EMPLOYMENT AS AN EMPLOYEE, AS
26 DESCRIBED IN PARAGRAPH (2) OF THIS SECTION, AND PAID FOR BY THE CITY OF
27 BALTIMORE, WHILE A MEMBER OF THIS SYSTEM.

28 (9) "Regular interest" means interest compounded annually for the reserves and items
29 listed at the following rates:

- 30 (i) the Annuity Savings Reserve: 3.0%.
- 31 (ii) for valuation purposes: [7.5%]
32 7.25%
- 33 (iii) for determining actuarial equivalents: 5.0%.

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1 (21) "SYSTEM ENTRY DATE" MEANS THE DATE A MEMBER MOST RECENTLY BEGINS
2 SERVICE-COVERED EMPLOYMENT.

3 § 32. Service creditable.

4 (e) [*Military personnel – rights to benefits, membership, and service credit during*
5 *employment.*] CREDIT FOR MILITARY SERVICE DURING EMPLOYMENT.

6 (1) *Scope of subsection.*

7 This subsection applies only to a member of this system who:

8 (i) on account of military service, as defined in paragraph [(9)] (7) of this
9 subsection, is on [unpaid] leave of absence from [paid] City employment;

10 (ii) [does not withdraw any of his or her accumulated contributions, unless he or
11 she redeposits the sum withdrawn as provided in paragraph (2) of this
12 subsection] IS ELIGIBLE FOR REEMPLOYMENT WITH THE CITY UNDER THE
13 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF
14 1994, AS AMENDED, 38 U.S.C. §§4301-4334 ("USERRA"); AND

15 [(iii) within 1 year after he or she leaves military service, or any longer period
16 during which his or her employment rights are protected by federal law, is
17 employed by the City of Baltimore as a regular and permanent employee;]

18 [(iv) does not take any employment, other than employment described in item (iii)
19 of this paragraph or temporary employment, after the member:

20 (A) applied for reemployment in his or her former classification or
21 position in the City service; and

22 (B) was refused immediate reemployment for causes beyond his or her
23 control; and]

24 (III) [(v)] applies for service credit with the system.

25 [(2) *Redeposit of accumulated contributions; payment methods, deadline; pro rata*
26 *credit.*]

27 [(i) If a member of this system who is absent from employment for military service
28 withdraws any of his or her accumulated contributions and redeposits into the
29 system the sum withdrawn, with regular interest at the annuity savings fund rate
30 from the date of withdrawal to the date that the redeposit is completed, the
31 member, if otherwise qualified, is entitled to the benefits of this section as if the
32 withdrawal had not been made.]

33 [(ii) The redeposit of accumulated contributions:

34 (A) may be made by a single payment or an increased rate of contribution; but

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1 (B) must be completed before the member's retirement date.]

2 [(iii) The redeposit of accumulated contributions shall be credited pro rata at the time
3 each payment is made.]

4 [(3) *Retention of status and rights as a member.*]

5 [Except as otherwise provided in this subsection, a member of this system who is
6 reemployed under paragraph (1)(iii) of this subsection retains the status and rights as a
7 member during a period of absence from employment for military service.]

8 (2) [(4)] *Service credit.*

9 [A member of this system shall receive service credit for a period of absence from
10 employment while in military service if:

11 (i) the employment of the member under paragraph (1)(iii) of this section is paid
12 employment; and

13 (ii) membership in this system is a requirement of employment.]

14 (1) A MEMBER OF THIS SYSTEM SHALL RECEIVE SERVICE CREDIT FOR A PERIOD OF
15 ABSENCE FROM EMPLOYMENT WHILE IN MILITARY SERVICE AS THOUGH HE OR SHE
16 HAD REMAINED CONTINUOUSLY EMPLOYED WITH THE CITY AS AN EMPLOYEE.

17 (2) THE SERVICE CREDIT SHALL INCLUDE THE PERIOD, IF ANY, BETWEEN THE DATE THE
18 MEMBER COMPLETES MILITARY SERVICE AND THE DATE HE OR SHE IS REEMPLOYED
19 WITH THE CITY, AS LONG AS THE MEMBER RETAINS HIS OR HER REEMPLOYMENT
20 RIGHTS UNDER USERRA DURING THAT PERIOD.

21 (3) [(5)] *Transfer of service credit.*

22 A member of this system who receives service credit for military service under this
23 subsection may transfer the credit to another state or local retirement or pension
24 system.

25 (4) [(6)] [*Contributions*] *MEMBER CONTRIBUTIONS.*

26 (i) Except as otherwise provided in subparagraph (ii) of this paragraph, a member of
27 this system [who is reemployed under paragraph (1)(iii) of this subsection and is
28 otherwise qualified to retain the status and rights of a member during a period of
29 absence from employment for military service,] DESCRIBED IN PARAGRAPH (1) OF
30 THIS SUBSECTION shall be credited [with], at the [city's] CITY'S sole account and
31 expense[:], WITH MILITARY SERVICE CONTRIBUTIONS THAT CONSIST OF THE
32 FOLLOWING:

33 (A) the contributions, if any, that the City would have made on behalf of the
34 member if the member had not been absent, including DROP OR DROP 2
35 contributions; and

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1 (B) the contributions that the member would have made on his or her own
2 behalf if the member had not been absent, including DROP OR DROP 2
3 contributions.

4 (ii) On a member's terminating City employment, the member is not entitled to
5 [withdraw] RECEIVE any part of [the] THESE MILITARY SERVICE contributions
6 [credited to his or her account under this paragraph, including the annuity portion
7 attributable to City contributions made under this paragraph, except in the case of
8 death while in City service or retirement from City service]. HOWEVER, THE
9 MILITARY SERVICE CONTRIBUTIONS SHALL BE USED TO FUND:

10 (A) THE ANNUITY PORTION OF A RETIREMENT ALLOWANCE PAYABLE TO THAT
11 MEMBER UNDER § 34; OR

12 (B) THE ANNUITY PORTION OF A LUMP-SUM OR PERIODIC DEATH BENEFIT
13 PAYABLE TO THAT MEMBER'S BENEFICIARY UNDER § 34.

14 (iii) The Board of Trustees shall refund to a member any contributions made to the
15 system during a period of absence from employment for military service when the
16 member is otherwise exempted under this paragraph from paying contributions
17 into the system.

18 [(iv) On termination of a member's employment during or after a leave of absence for
19 military service, the member, member's beneficiary, or member's estate is entitled
20 to a refund of the member's accumulated contributions, plus interest, in lieu of
21 any other system benefit, excluding contributions made by the City under
22 subparagraph (i) of this paragraph.]

23 (5) [(7)] *Benefits unavailable during absence.*

24 A member of this system, the member's beneficiary, or the member's estate is not
25 entitled to line-of-duty disability benefits or line-of-duty death benefits arising from
26 the member's death or disability during a period that the member is absent from
27 employment for military service.

28 (6) [(8)] DROP AND DROP 2 benefits.

29 [Except as otherwise provided in this subsection, a] A member of this system [who is
30 actively reemployed under paragraph (1)(iii) of this subsection and is otherwise
31 qualified to retain the status and rights of a member during a period of absence from
32 employment for military service] DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION
33 is entitled to all of the rights and privileges relating to the Deferred Retirement Option
34 Plan ("DROP") under [Section] § 36B [of this subtitle] OR THE DEFERRED
35 RETIREMENT OPTION PLAN 2 ("DROP 2") UNDER § 36C otherwise afforded to a
36 member who is actively employed, including:

37 (i) after being reemployed on returning from military service, the right to elect
38 retrospectively to participate in DROP OR DROP 2 or to terminate DROP OR
39 DROP 2 participation, as of a date during the period of the member's absence
40 from employment;

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1 (ii) the right to accumulate DROP OR DROP 2 contributions and benefits
2 participation during the period of the member's absence from employment;
3 and

4 (iii) the right to be credited with post-DROP OR POST-DROP 2 employment during
5 the period of the member's absence from employment.

6 (7) [(9)] "Military service" defined.

7 (i) In this subsection AND IN SUBSECTION (F) OF THIS SECTION, "military
8 service" means any service that falls within the term:

9 (A) "service in the uniformed services", as defined by and interpreted under
10 38 U.S.C. § 4303(13); or

11 (B) "military service", as defined by and interpreted under State Personnel and
12 Pensions Article § 38-101(d);

13 (ii) "Military service" embraces all forms of duty, including active duty, active duty
14 for training, initial active duty for training, and inactive duty training (such as
15 drills), under competent authority, on a voluntary or involuntary basis, in the
16 Army, Navy, Marine Corps, Air Force, Coast Guard, Public Health Service
17 Commissioned Corps, the Army National Guard, the Air National Guard, the
18 Maryland National Guard, as well as the reserve components of each of these
19 services, and any other category of persons designated by the President or the
20 Governor of the State of Maryland in time of war or national or State emergency.

21 (8) DEADLINE FOR PURCHASE OF SERVICE.

22 FOR A MEMBER OF THIS SYSTEM DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION,
23 ANY DEADLINE FOR TRANSFERRING AND PURCHASING SERVICE OTHERWISE
24 APPLICABLE UNDER § 32(K) SHALL BE EXTENDED BY THE PERIOD OF SERVICE CREDITED
25 TO THE MEMBER UNDER PARAGRAPH (2) OF THIS SUBSECTION.

26 (9) [(10)] Rules and regulations.

27 The Board of Trustees may adopt rules, resolutions, and regulations to carry out the
28 provisions of this subsection AS LONG AS THOSE RULES, RESOLUTIONS, AND
29 REGULATIONS ARE CONSISTENT WITH USERRA.

30 (f) [Military] CREDIT FOR MILITARY service [credit] PRIOR TO EMPLOYMENT.

31 (1) [Notwithstanding any other provision of this subtitle, upon] UPON proper application
32 to [the System] THIS SYSTEM, A MEMBER WHO HAS ACQUIRED AT LEAST 10 YEARS OF
33 SERVICE AND ATTAINED AGE 50, OR WHO HAS ACQUIRED 20 YEARS OF SERVICE, SHALL
34 BE GRANTED credit for military service, as defined in [§ 32(e)] SUBSECTION (E)(7) of
35 this [subtitle], PRIOR TO EMPLOYMENT WITH THE CITY [for purposes of eligibility for a
36 normal service retirement under § 34(a-1), DROP under § 36B, or DROP 2 under
37 § 36C, and for benefit purposes shall be granted to any member of this system who

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1 has served in the military prior to employment with the City, if that member has
2 acquired at least 10 years of service and attained the age of 50, or has acquired 20
3 years of service] UNLESS OTHERWISE PROVIDED IN THIS ARTICLE 22.

4 (k) [Transfers] PURCHASES AND TRANSFERS of service. [- Persons becoming members on or
5 after July 1, 2003.]

6 (1) Definitions.

7 (i) In this subsection, the following words have the meanings indicated.

8 (ii) A. "Former system" means an actuarially funded contributory or non-contributory
9 federal, state, or local governmental defined benefit retirement or pension
10 system located within the United States.

11 B. "FORMER SYSTEM" INCLUDES:

- 12 1. THIS SYSTEM;
- 13 2. THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BALTIMORE;
- 14 3. THE ELECTED OFFICIALS' RETIREMENT SYSTEM OF THE CITY OF
15 BALTIMORE; AND
- 16 4. EVEN THOUGH IT IS NOT ACTUARIALLY FUNDED, THE RETIREMENT
17 SAVINGS PLAN OF BALTIMORE CITY.

18 (iii) "Uniformed position" means a fireman's or policeman's position held by a
19 transferring employee.

20 (iv) "Fireman's position" means a position held by an employee of a federal, state, or
21 local fire department whose services bear a substantial and direct relationship to
22 extinguishing fires or protecting lives or property endangered by fires.

23 (v) "Policeman's position" means a position held by an employee of a federal, state,
24 or local law enforcement agency who is regularly engaged in enforcing the public
25 peace and whose duties include the power of arrest.

26 (vi) "Civilian position" means a position held by a transferring employee that was not
27 a uniformed position.

28 (vii) "FORMER CITY SERVICE" MEANS:

29 (A) PRIOR SERVICE;

30 (B) SERVICE FOR ANY REGULAR AND PERMANENT EMPLOYMENT WITH THE
31 CITY THAT RESULTED IN THE MEMBER'S BEING VESTED IN THE CITY
32 RETIREMENT SAVINGS PLAN OR CREDITED FOR SERVICE IN A DEFINED
33 BENEFIT CITY RETIREMENT SYSTEM OTHER THAN THIS SYSTEM; OR

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1 (C) NON-CREDITED CITY SERVICE.

2 (VIII) "EARNABLE COMPENSATION" MEANS THE ANNUAL SALARY AUTHORIZED FOR
3 THE MEMBER AS OF THE DATE OF THE MEMBER'S SYSTEM ENTRY DATE.

4 (IX) "PRIOR SERVICE" MEANS SERVICE CREDIT PREVIOUSLY EARNED OR PURCHASED IN
5 THIS SYSTEM BUT LOST DUE TO SEPARATION FROM EMPLOYMENT.

6 (X) "NON-CREDITED CITY SERVICE" MEANS SERVICE FOR ANY REGULAR AND
7 PERMANENT EMPLOYMENT WITH THE CITY THAT DID NOT RESULT IN THE
8 MEMBER'S BEING CREDITED FOR SERVICE IN ANY CITY RETIREMENT SYSTEM OR
9 VESTED IN THE CITY RETIREMENT SAVINGS PLAN.

10 (XI) "MARYLAND POLICE CORPS SERVICE" MEANS SERVICE, NOT TO EXCEED 6
11 MONTHS, EARNED BY A MEMBER WHILE SUCCESSFULLY COMPLETING THE
12 MARYLAND POLICE CORPS TRAINING PROGRAM.

13 (2) *In general.*

14 (A) *[Transfers] PURCHASES AND TRANSFERS authorized.*

15 An employee who becomes a member of this system [on or after July 1, 2003,]
16 may PURCHASE AND transfer ALL OR ANY PORTION OF service previously EARNED
17 OR acquired in a former system OR THROUGH MARYLAND POLICE CORPS SERVICE
18 if:

19 (i) FOR SERVICE PURCHASES AND TRANSFERS OF OTHER THAN PRIOR SERVICE,
20 NON-CREDITED CITY SERVICE, OR MARYLAND POLICE CORPS SERVICE, the
21 member begins employment covered by this system within 90 days of
22 terminating employment covered by the former system;

23 (ii) the member files an application with this system to PURCHASE AND transfer
24 that service within 1 year of [membership in this system] HIS OR HER
25 SYSTEM ENTRY DATE.

26 (iii) the member's former system OR EMPLOYER provides verification to this
27 system of the member's transferable service; and

28 (iv) on transferring [credit] SERVICE from the member's former system OR
29 MARYLAND POLICE CORPS SERVICE, the member would no longer be
30 eligible to receive a present or future benefit [from the former system] for
31 the service transferred.

32 (B) *Limit of years transferable.*

33 (i) If the service from the former system was acquired or earned on account of
34 employment in a uniformed position, the member may PURCHASE AND transfer
35 up to 10 years of that service, IN ADDITION TO ANY PRIOR SERVICE, NON-
36 CREDITED CITY SERVICE, AND MARYLAND POLICE CORPS SERVICE.

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1 (ii) If the service from the former system was acquired or earned on account of
2 employment in a civilian position, the member may PURCHASE AND transfer
3 up to 5 years of that service, IN ADDITION TO ANY PRIOR SERVICE, NON-
4 CREDITED CITY SERVICE, AND MARYLAND POLICE CORPS SERVICE.

5 (C) *Payment amount [- Transfers from City system].*

6 For service transferred from a [Baltimore City retirement] FORMER system, the
7 member must pay:

8 (i) an amount equal to the product of:

9 1. the member's [actual] earnable compensation [for the position
10 covered by this system as of the member's date of entry into this
11 system], multiplied by

12 2. the number of years or part of a year of service to be transferred,
13 multiplied by

14 3. [6%] EITHER:

15 A. FOR SERVICE THAT IS FORMER CITY SERVICE, THE MEMBER
16 CONTRIBUTION RATE UNDER § 36(H)(5) IN EFFECT ON THE
17 DATE OF THE MEMBER'S APPLICATION, OR

18 B. FOR SERVICE THAT IS NOT FORMER CITY SERVICE, TWICE
19 THE MEMBER CONTRIBUTION RATE UNDER § 36(H)(5) IN
20 EFFECT ON THE DATE OF THE MEMBER'S APPLICATION,
21 [plus] LESS

22 [(ii) interest on that product calculated at this system's current annuity savings
23 fund rate from the member's date of entry into this system to the date the
24 payment for the transfer of service is completed.]

25 (II) ACCUMULATED CONTRIBUTIONS, WITH INTEREST, THAT THE MEMBER MAY
26 HAVE RETAINED IN THIS SYSTEM FOR HIS OR HER PRIOR SERVICE.

27 [(D) *Payment amount - Transfers from other system.*]

28 [For service transferred from a system other than a Baltimore City retirement
29 system, the member must pay:

30 (i) an amount equal to the product of:

31 1. the member's actual earnable compensation for the position
32 covered by this system as of the member's date of entry into this
33 system, multiplied by

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1 2. the number of years or part of a year of service to be transferred,
2 multiplied by

3 3. 12%, plus

4 (ii) interest on that product calculated at this system's current annuity savings
5 fund rate from the member's date of entry into this system to the date the
6 payment for the transfer of service is completed.]

7 (D) [(E)] *Payment methods, deadline.*

8 The payment for transferred service[: (i) may] MUST be [made] by a single
9 payment [or an increased rate of contribution; but (ii) must be completed] MADE
10 before the earlier of:

11 (i) [(A)] 10 years from the member's SYSTEM ENTRY date [of entry into this
12 system]; or

13 (ii) [(B)] the member's retirement date.

14 (E) [(F)] *Pro rata credit.*

15 The transferred service shall be credited pro rata at the time each payment for the
16 service is made.

17 [(3) *Transferred service deemed earned in this system.*]

18 [For purposes of determining benefit eligibility and calculation of benefits, on
19 payment by a member for the transferred service and the credit of that service by this
20 system, the transferred service shall be treated the same as all other service acquired
21 in this system, whether or not the member retires more than 5 years after transferring
22 into this system.]

23 [(4) *Special review provision.*]

24 [(A) After the June 30, 2008, actuarial valuation has been completed and presented to
25 the Board of Trustees, the Board shall review with the system's actuary the cost
26 impact to the City of Baltimore of this subsection (k) as applied to service credit
27 transfers from federal and out-of- state retirement or pension systems.]

28 [(B) If the Board of Trustees determines that the provisions of this subsection (k) that
29 allow the transfer of service credit from federal and out-of- state retirement or
30 pension systems should not be continued, the Board shall submit legislation to the
31 Mayor and City Council to rescind those provisions.]

32 [(C) Otherwise, if the Board of Trustees determines that the provisions of this
33 subsection (k) that allow for these transfers should be continued, those provisions
34 will remain in full force and effect and this paragraph (4) will be null and void.]

1 § 34. Benefits.

2 (h) *Non-line-of-duty death benefit.*

3 (4) *25% plus death benefit.*

4 (B) This benefit shall be paid:

5 (i) to the member's designated beneficiary, as long as that designated
6 beneficiary is limited to:

7 1. the member's surviving spouse, to continue for life or until
8 remarriage; or

9 2. the member's minor children, to be paid to each child, in equal
10 shares, until that child is no longer minor, as defined in § 47(h) of
11 this article; or

12 (ii) if the designated beneficiary is not the member's spouse or minor child, AS
13 DEFINED IN § 47(H) OF THIS ARTICLE, and that beneficiary predeceases the
14 member, or if there is no designated beneficiary, then to the member's
15 surviving spouse, to continue for life or until remarriage, if the member
16 was married to that spouse for at least 1 year immediately before the date
17 of the member's death; or

18 (iii) if there is no qualifying surviving spouse under subparagraph (B)(i) or
19 (ii), or if the surviving spouse dies or remarries, then to the member's
20 minor children, to be paid to each child, in equal shares, until that child is
21 no longer minor, as defined in § 47(h) of this article.

22 (C) For purposes of this paragraph (4), when a member's child is no longer a minor,
23 AS DEFINED IN § 47(H) OF THIS ARTICLE, and consequently ceases to receive
24 benefits under this paragraph (4), each remaining minor child shall begin to
25 receive, in addition to his or her existing benefit, an equal share of the benefit
26 formerly paid to the other child. This process continues until the member's
27 youngest child is no longer a minor.

28 (i) *Line-of-duty death benefit.*

29 (2) *Line-of-duty death benefit.*

30 (C) For purposes of this paragraph (2), when a member's child is no longer a minor,
31 AS DEFINED IN § 47(H) OF THIS ARTICLE, and consequently ceases to receive
32 benefits under this paragraph (2), each remaining minor child shall begin to
33 receive, in addition to his or her existing benefit, an equal share of the benefit
34 formerly paid to the other child. This process continues until the member's
35 youngest child is no longer a minor.

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1 (4) *Death on account of a line-of-duty injury.*

2 (A) This paragraph (4) applies to any member who:

3 (i) retires under the provisions of § 34(e) of this subtitle;

4 (ii) elects to receive maximum benefits without [optional] ACTUARIAL
5 modification; and

6 (iii) within 5 years of the date of line-of-duty disability retirement, dies from
7 the last injury that caused or contributed to that retirement.

8 (C) Any accumulated contributions payable to the designated beneficiary of a member
9 whose death is governed by this paragraph (4) shall be reduced by the amount of
10 annuity payments that the deceased member previously received through a
11 [special] LINE-OF-DUTY disability pension.

12 [(k) *Optional allowances.*]

13 [(1) Any member who is entitled to a disability or service allowance under the provisions
14 of this subtitle may elect to receive the maximum amount of such allowance or he
15 may elect to receive the actuarial equivalent of such allowance, computed as of the
16 effective date of retirement, in a lesser amount payable throughout life in accordance
17 with the following provisions:]

18 [Option 1. If the member dies before he has received in annuity payments the
19 present value of his annuity computed as of the time of his retirement,
20 the balance of the annuity reserve remaining unpaid shall be paid to
21 such person, if any, as he shall have nominated by written designation
22 duly acknowledged and filed with the Board of Trustees, otherwise to
23 his estate; or]

24 [Option 2. If the member dies before he has received in payments the present
25 value of his retirement allowance as it was at the time of his
26 retirement, the balance shall be paid to his legal representatives or to
27 such person as he shall nominate by written designation duly
28 acknowledged and filed with the Board of Trustees; or]

29 [Option 3. Upon the member's death, his reduced retirement allowances shall be
30 continued throughout the life of and paid to such person as he shall
31 have nominated by written designation duly acknowledged and filed
32 with the Board of Trustees at the time of his retirement; or]

33 [Option 4. Upon the member's death, ½ of his reduced retirement allowance shall
34 be continued throughout the life of and paid to such person as he shall
35 have nominated by written designation duly acknowledged and filed
36 with the Board of Trustees at the time of his retirement; or]

37 [Option 5. Some other benefit or benefits shall be paid either to the member or to
38 such person or persons as he shall have nominated, provided such

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1 other benefit or benefits, together with the lesser retirement allowance,
2 shall be certified by the actuary to be of equivalent actuarial value to
3 his retirement allowance and shall be approved by the Board of
4 Trustees.]

5 [Any living retired member shall have the right within 30 days after the effective date
6 of his retirement, and not thereafter, to change his election of the maximum allowance
7 to any one of the options hereinbefore set forth or to change his election of any one of
8 said options to another one of said options, or to change his election from any one of
9 said options to the maximum allowance. Any living retired member shall have the
10 right within 30 days after the effective date of his retirement to change his designation
11 of a beneficiary, but thereafter no such change may be made in connection with any
12 option hereinbefore set forth which provides for the payment of a benefit allowance
13 to, and throughout the life, of the beneficiary designated.]

14 [The election of any option or any change in connection therewith shall be made on
15 forms provided for that purpose by the Board of Trustees and filed with the Board.]

16 [(2) *Repealed*]

17 [(3) Subject to the provisions of (a), (b), (c), (d), and (e) of this paragraph (3), in the event
18 that a member who retires and elects to receive maximum benefits without optional
19 modification later dies and is survived by a spouse to whom the member had been
20 married for at least 1 year immediately prior to retirement, an amount equal to 37½%
21 of the allowance said member was receiving shall be paid to such surviving spouse to
22 continue as long as he or she remains unmarried. If there be no such spouse or if the
23 spouse dies or remarries before the youngest unmarried child of said deceased
24 member shall have either attained the age of 18 years or, in the event said child is a
25 full-time student, before he shall have attained the age of 22 years, then an amount
26 equal to 37½% of the allowance said member was receiving shall be paid to such
27 child or children, divided in such manner as the Board of Trustees in its discretion
28 shall determine to continue for the benefit of such child or children until the last child
29 marries, dies or either attains the age of 18 years or in the event he is a full-time
30 student, attains the age of 22 years.]

31 [Provided, however, that the above benefits shall apply only to the following
32 members, surviving spouses and/or children, as the case may be:]

33 [(a) any member who retires on or after July 1, 1970;]

34 [(b) any member who retired prior to July 1, 1970, who is still living as of July 1,
35 1970, and who elected to receive maximum benefits without optional
36 modification at the time of retirement.]

37 [(c) Any member who retired prior to July 1, 1970, who is still living as of July 1,
38 1970, and who elected a reduced optional allowance at the time of retirement,
39 shall be entitled to change his election and receive the maximum benefits
40 without optional modification under Article 22, aforesaid, and to have his
41 eligible surviving spouse, child or children, as the case may be, receive the
42 benefits provided for herein. Anything herein to the contrary notwithstanding,

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1 any member who was entitled to the benefits of this paragraph on July 1,
2 1970, and who has been determined by the Board of Trustees to be a disabled
3 person on that date and who died as a result of such disability before August
4 30, 1970, without having exercised his rights to change his election as
5 required by the provisions of this paragraph, may have such rights to change
6 his election carried over to his eligible surviving spouse, child or children, as
7 the case may be. Such election by the surviving spouse, child or children, as
8 the case may be, to receive the benefits provided in (c) herein, must be made
9 within 30 days of the effective date of this ordinance and these benefits shall
10 be paid retroactively effective on the day after such member died.]

11 [(d) The eligible surviving spouse, child or children, as the case may be, of a
12 retired member who died prior to July 1, 1970, who is or are receiving a
13 retirement allowance as a result of the fact that the member elected a reduced
14 optional allowance at the time of retirement shall be entitled upon application
15 to receive the adjusted benefits provided for herein notwithstanding the prior
16 election by the member.]

17 [(e) The eligible surviving spouse, child or children, as the case may be, of a
18 retired member who died prior to July 1, 1970, and who had elected to receive
19 maximum benefits without optional modification, shall receive the benefits
20 provided for herein commencing as of July 1, 1970.]

21 [In no event will a surviving spouse, child or children receive any benefits under this
22 paragraph (3) if such spouse, child or children received lump sum benefits as a result
23 of election of Options 1, 2 or 5 by the retired member and his subsequent death prior
24 to July 1, 1970. Provided, further, that all increased benefits available hereunder shall
25 become effective as of July 1, 1970, and in no event shall any payment be made for
26 any period prior to July 1, 1970. However, elections or applications provided under
27 this paragraph (3)(c) and (3)(d) made after September 30, 1970, shall not be effective
28 prior to the date of such election or application and no retroactive payments shall be
29 made. Provided, further, that notwithstanding the above provisions, a spouse by a
30 marriage occurring at least 6 months prior to the effective date of this paragraph (3),
31 or a child or children of such marriage, shall be entitled to the benefits provided for
32 herein as if the marriage had occurred 5 years prior to retirement.]

33 [(f) In the event a retired member, who elected to receive maximum benefits
34 under the provisions of this subtitle, dies before he has received in annuity
35 payments a sum equal to the amount of his accumulated contributions at the
36 time of his retirement, and there is no surviving spouse, minor children,
37 mother or father of the deceased member entitled to receive further retirement
38 benefits as a result of his death, the difference between the amount of the
39 deceased member's accumulated contributions at the time of his retirement
40 and the sum of the annuity payments which he has received shall be paid to
41 the deceased member's designated beneficiary, and if no beneficiary has been
42 designated, then said difference shall be paid to his estate.]

43 [(4) Provided, however, that effective January 1, 1987, any beneficiary receiving or
44 thereafter eligible to receive the 37½% survivor's benefit under subsection (k)(3)
45 shall receive 42½% of the member's allowance, in lieu of the 37½% previously

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1 provided. Any such increased rate shall be effective beginning January 1, 1987, or
2 from date of eligibility, whichever comes later.]

3 [(5) Effective as of July 1, 1993, in the event that a member who retires and elects to
4 receive maximum benefits without optional modification later dies and is survived by
5 a spouse to whom the member had been married for at least 1 year immediately prior
6 to retirement or at least 5 years prior and/or subsequent to retirement, an amount equal
7 to 50% of the allowance said member was receiving shall be paid to such surviving
8 spouse to continue as long as he or she remains unmarried. If there be no such spouse
9 or if the spouse dies or remarries before the youngest unmarried child of said
10 deceased member shall have either attained the age of 18 years, or, in the event said
11 child is a full-time student, before he shall have attained the age of 22 years, then an
12 amount equal to 50% of the allowance said member was receiving shall be paid to
13 such child or children, divided in such manner as the Board of Trustees in its
14 discretion shall determine to continue for the benefit of such child or children until
15 the last child marries, dies or either attains the age of 18 years or in the event he is a
16 full-time student, attains the age of 22 years. The surviving spouse benefit provided
17 under this paragraph is effective as of July 1, 1993, and is not payable to the surviving
18 spouse of a member who died before July 1, 1993, where such spouse was not
19 previously entitled to a surviving spouse benefit.]

20 [(6) Effective as of July 1, 1993, any beneficiary receiving or thereafter eligible to receive
21 the 42.5% survivor's benefit under subsection (k)(4) shall receive 50% of the
22 member's allowance, in lieu of the 42.5% previously provided under subsection
23 (k)(4). Any such increased rate shall be effective beginning July 1, 1993, or from the
24 date of eligibility, whichever occurs later.]

25 (K) *RETIREMENT PAYMENT OPTIONS.*

26 (1) *MAXIMUM RETIREMENT ALLOWANCE.*

27 (I) *IN GENERAL.*

28 A MEMBER WHO IS ELIGIBLE TO RECEIVE A RETIREMENT BENEFIT UNDER THIS
29 SUBTITLE IS ENTITLED TO RECEIVE, WITHOUT ACTUARIAL MODIFICATION, THE FULL
30 BENEFIT FOR WHICH HE OR SHE IS QUALIFIED, PAYABLE IN PERIODIC PAYMENTS
31 DURING THE RETIRED MEMBER'S LIFETIME (THE "MAXIMUM RETIREMENT
32 ALLOWANCE").

33 (II) *RETIRED MEMBER'S DEATH - IN GENERAL.*

34 AS OF THE 1ST DAY OF THE CALENDAR MONTH FOLLOWING THE DEATH OF A
35 RETIRED MEMBER WHO IS RECEIVING THIS MAXIMUM RETIREMENT ALLOWANCE,
36 THE FOLLOWING BENEFICIARIES ARE ENTITLED TO RECEIVE PERIODIC PAYMENTS IN
37 AN AMOUNT EQUAL TO 50% OF THE PERIODIC PAYMENT THAT THE RETIRED
38 MEMBER WAS RECEIVING AT THE TIME OF HIS OR HER DEATH:

39 (A) IF THE RETIRED MEMBER IS SURVIVED BY A SPOUSE TO WHOM THE RETIRED
40 MEMBER WAS MARRIED FOR AT LEAST 1 YEAR IMMEDIATELY BEFORE THE
41 MEMBER'S RETIREMENT DATE OR AT LEAST 5 YEARS BEFORE THE

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1 MEMBER'S DEATH, THE BENEFIT SHALL BE PAID TO THE SURVIVING SPOUSE,
2 TO CONTINUE FOR THE SPOUSE'S LIFETIME OR UNTIL THE SPOUSE
3 REMARRIES BEFORE AGE 70; OR

4 (B) IF THERE IS NO QUALIFYING SURVIVING SPOUSE OR IF THE SURVIVING
5 SPOUSE REMARRIES BEFORE AGE 70 OR DIES, THEN THE BENEFIT SHALL BE
6 PAID TO THE RETIRED MEMBER'S MINOR CHILDREN, IN EQUAL SHARES, TO
7 CONTINUE UNTIL THE CHILDREN ARE NO LONGER MINORS, AS DEFINED IN
8 § 47(H) OF THIS ARTICLE.

9 (III) *RETIRED MEMBER'S DEATH – SHARE OF MINOR CHILD WHO ATTAINS MAJORITY.*

10 FOR PURPOSES OF THIS PARAGRAPH, WHEN A RETIRED MEMBER'S CHILD IS NO
11 LONGER A MINOR, AS DEFINED IN § 47(H) OF THIS ARTICLE, AND CONSEQUENTLY
12 CEASES TO RECEIVE BENEFITS UNDER THIS PARAGRAPH, EACH REMAINING MINOR
13 CHILD SHALL BEGIN TO RECEIVE, IN ADDITION TO HIS OR HER EXISTING BENEFIT, AN
14 EQUAL SHARE OF THE BENEFIT FORMERLY PAID TO THE OTHER CHILD. THIS
15 PROCESS CONTINUES UNTIL THE YOUNGEST CHILD IS NO LONGER A MINOR.

16 (IV) *RETIRED MEMBER'S DEATH – BEFORE CONTRIBUTIONS AND DROP OR DROP 2*
17 *ACCOUNT RECOVERED.*

18 IF A RETIRED MEMBER WHO IS RECEIVING THE MAXIMUM RETIREMENT ALLOWANCE
19 DIES BEFORE THE MEMBER HAS RECEIVED IN ANNUITY PAYMENTS A SUM EQUAL TO
20 THE AMOUNT OF HIS OR HER ACCUMULATED CONTRIBUTIONS AND DROP OR
21 DROP 2 ACCOUNT AT THE TIME OF RETIREMENT, AND IF THERE IS NO QUALIFYING
22 SURVIVING SPOUSE OR MINOR CHILD, AS DEFINED IN § 47(H) OF THIS ARTICLE,
23 ENTITLED TO RECEIVE FURTHER BENEFITS AS A RESULT OF THE MEMBER'S DEATH,
24 THE DIFFERENCE BETWEEN THE AMOUNT OF THE DECEASED MEMBER'S
25 ACCUMULATED CONTRIBUTIONS AND DROP OR DROP 2 ACCOUNT AT THE TIME OF
26 HIS OR HER RETIREMENT AND THE SUM OF THE ANNUITY PAYMENTS THAT HE OR
27 SHE HAD RECEIVED DURING HIS OR HER LIFETIME SHALL BE PAID IN THE FORM OF A
28 LUMP-SUM CASH PAYMENT AS FOLLOWS:

29 (A) TO THE DECEASED MEMBER'S BENEFICIARY SPECIFICALLY DESIGNATED TO
30 RECEIVE THE UNUSED ANNUITY AND REMAINING DROP OR DROP 2
31 ACCOUNT; OR

32 (B) IF NO BENEFICIARY HAS BEEN DESIGNATED OR IF THE DESIGNATED
33 BENEFICIARY PREDECEASES THE RETIRED MEMBER, TO THE DECEASED
34 MEMBER'S ESTATE.

35 (2) *SURVIVORSHIP BENEFIT OPTIONS.*

36 (I) *IN GENERAL.*

37 (A) INSTEAD OF THE MAXIMUM RETIREMENT ALLOWANCE PROVIDED FOR IN
38 PARAGRAPH (1) OF THIS SUBSECTION, A MEMBER WHO IS ENTITLED TO RECEIVE
39 A RETIREMENT BENEFIT FROM THIS SYSTEM MAY ELECT TO RECEIVE AN
40 ACTUARIALLY REDUCED BENEFIT IN THE FORM OF ONE OF THE SURVIVORSHIP

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1 OPTIONS SET FORTH IN SUBPARAGRAPHS (II) THROUGH (IV) OF THIS
2 PARAGRAPH.

3 (B) OTHER THAN AS PROVIDED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH, A
4 MEMBER WHO ELECTS TO RECEIVE ONE OF THESE OPTIONS WILL RECEIVE HIS OR
5 HER BENEFIT IN THE FORM OF PERIODIC PAYMENTS DURING HIS OR HER
6 LIFETIME.

7 (II) *RESERVE GUARANTEE OPTION.*

8 (A) AS SOON AS ADMINISTRATIVELY PRACTICABLE AFTER THE DEATH OF A
9 RETIRED MEMBER WHO ELECTED THIS RESERVE GUARANTEE OPTION, THE
10 BALANCE OF THE PRESENT VALUE OF THE RETIRED MEMBER'S BENEFIT AT HIS
11 OR HER DEATH, AFTER DEDUCTING THE TOTAL AMOUNT OF PERIODIC
12 PAYMENTS RECEIVED BY THE RETIRED MEMBER DURING HIS OR HER LIFETIME,
13 SHALL BE PAID IN THE FORM OF A LUMP-SUM CASH PAYMENT AS FOLLOWS:

- 14 1. TO THE RETIRED MEMBER'S DESIGNATED BENEFICIARY; OR
- 15 2. IF NO DESIGNATED BENEFICIARY HAS BEEN DESIGNATED OR IF THE
16 DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER, TO
17 THE RETIRED MEMBER'S ESTATE.

18 (B) A MEMBER WHO ELECTS THIS OPTION MAY CHANGE HIS OR HER DESIGNATED
19 BENEFICIARY AT ANY TIME THROUGHOUT THE MEMBER'S RETIREMENT.

20 (III) *JOINT-AND-SURVIVOR OPTIONS.*

21 (A) AS OF THE 1ST DAY OF THE CALENDAR MONTH IMMEDIATELY AFTER THE DEATH
22 OF A RETIRED MEMBER WHO ELECTED A JOINT-AND-SURVIVOR OPTION, THE
23 MEMBER'S DESIGNATED BENEFICIARY IS ENTITLED TO RECEIVE PERIODIC
24 PAYMENTS DURING THE BENEFICIARY'S LIFETIME IN EITHER OF THE FOLLOWING
25 AMOUNTS, AS ELECTED BY THE MEMBER:

- 26 1. 100% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS
27 RECEIVING AT THE TIME OF HER OR HIS DEATH; OR
- 28 2. 50% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS
29 RECEIVING AT THE TIME OF HER OR HIS DEATH.

30 (B) A MEMBER WHO ELECTS THIS OPTION MAY CHANGE HIS OR HER DESIGNATED
31 BENEFICIARY WITHIN 30 DAYS AFTER THE MEMBER'S RETIREMENT DATE.

32 (C) IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN
33 30 DAYS AFTER THE RETIREMENT DATE, THE RETIRED MEMBER MAY
34 DESIGNATE A NEW BENEFICIARY WITHIN 30 DAYS AFTER THE DESIGNATED
35 BENEFICIARY'S DEATH.

36 (D) IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN
37 30 DAYS AFTER THE RETIREMENT DATE AND THE RETIRED MEMBER DOES NOT

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1 DESIGNATE A NEW BENEFICIARY WITHIN 30 DAYS AFTER THE DESIGNATED
2 BENEFICIARY'S DEATH OR IF THE DESIGNATED BENEFICIARY DIES ON OR AFTER
3 THE 31ST DAY FOLLOWING THE RETIREMENT DATE:

- 4 1. THE RETIRED MEMBER CONTINUES DURING HIS OR HER LIFETIME TO
5 RECEIVE PERIODIC PAYMENTS IN THE SAME AMOUNT THAT THE
6 MEMBER HAS BEEN RECEIVING;
7
8 2. NO NEW BENEFICIARY MAY BE DESIGNATED; AND
9
10 3. ON THE RETIRED MEMBER'S DEATH, NO SURVIVORSHIP BENEFIT IS
11 PAYABLE.

11 (IV) *"POP-UP" JOINT-AND-SURVIVOR OPTIONS.*

12 (A) AS OF THE 1ST DAY OF THE CALENDAR MONTH FOLLOWING THE DEATH OF A
13 RETIRED MEMBER WHO ELECTED THIS "POP-UP" JOINT-AND-SURVIVOR OPTION,
14 THE MEMBER'S DESIGNATED BENEFICIARY IS ENTITLED TO RECEIVE PERIODIC
15 PAYMENTS DURING THE BENEFICIARY'S LIFETIME IN EITHER OF THE FOLLOWING
16 AMOUNTS, AS ELECTED BY THE MEMBER:

- 17 1. 100% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS
18 RECEIVING AT THE TIME OF HIS OR HER DEATH; OR
19
20 2. 50% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS
RECEIVING AT THE TIME OF HIS OR HER DEATH.

21 (B) A MEMBER WHO ELECTS THIS OPTION MAY CHANGE HIS OR HER DESIGNATED
22 BENEFICIARY WITHIN 30 DAYS AFTER THE MEMBER'S RETIREMENT DATE.

23 (C) IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN
24 30 DAYS AFTER THE RETIREMENT DATE, THE RETIRED MEMBER MAY
25 DESIGNATE A NEW BENEFICIARY WITHIN 30 DAYS AFTER THE DESIGNATED
26 BENEFICIARY'S DEATH.

27 (D) IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN
28 30 DAYS AFTER THE RETIREMENT DATE AND THE RETIRED MEMBER DOES NOT
29 DESIGNATE A NEW BENEFICIARY WITHIN 30 DAYS AFTER THE DESIGNATED
30 BENEFICIARY'S DEATH OR IF THE DESIGNATED BENEFICIARY DIES ON OR AFTER
31 THE 31ST DAY FOLLOWING THE RETIREMENT DATE:

- 32 1. THE RETIRED MEMBER COMMENCES, AS OF THE 1ST DAY OF THE MONTH
33 IMMEDIATELY AFTER THE DESIGNATED BENEFICIARY'S DEATH, TO
34 RECEIVE THE MAXIMUM RETIREMENT ALLOWANCE, PAYABLE IN
35 PERIODIC PAYMENTS DURING THE RETIRED MEMBER'S LIFETIME, PLUS
36 POST-RETIREMENT INCREASES ALREADY GRANTED THE RETIRED
37 MEMBER;
38
2. NO OTHER BENEFICIARY MAY BE DESIGNATED; AND

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1 3. ON THE RETIRED MEMBER'S DEATH, NO SURVIVORSHIP BENEFIT IS
2 PAYABLE, WHETHER UNDER THIS OPTION OR THE MAXIMUM
3 RETIREMENT ALLOWANCE.

4 (3) *CHANGE OF ELECTION WITHIN 30 DAYS.*

5 (I) A RETIRED MEMBER MAY ELECT TO MAKE THE CHANGES AUTHORIZED IN THIS
6 PARAGRAPH ON OR BEFORE THE LATER OF:

7 (A) THE 30TH DAY AFTER THE RETIRED MEMBER'S RETIREMENT DATE; OR

8 (B) IF THE RETIRED MEMBER'S DESIGNATED BENEFICIARY PREDECEASES THE
9 RETIRED MEMBER WITHIN 30 DAYS AFTER THE RETIREMENT DATE, THE 30TH
10 DAY AFTER THE DESIGNATED BENEFICIARY'S DEATH.

11 (II) WITHIN THE PERIODS SPECIFIED, THE RETIRED MEMBER MAY ELECT TO CHANGE:

12 (A) THE RETIRED MEMBER'S MAXIMUM RETIREMENT ALLOWANCE UNDER
13 PARAGRAPH (1) OF THIS SUBSECTION TO ANY ONE OF THE BENEFIT OPTIONS
14 PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION;

15 (B) THE RETIRED MEMBER'S ELECTION OF A BENEFIT OPTION UNDER
16 PARAGRAPH (2) OF THIS SUBSECTION TO THE MAXIMUM RETIREMENT
17 ALLOWANCE PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION; OR

18 (C) THE RETIRED MEMBER'S ELECTION OF A BENEFIT OPTION UNDER
19 PARAGRAPH (2) OF THIS SUBSECTION TO ANY OTHER BENEFIT OPTION
20 PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

21 (III) ANY PAYMENTS MADE TO A RETIRED MEMBER UNDER THE ORIGINAL ELECTION
22 SHALL BE TAKEN INTO ACCOUNT IN COMPUTING THE BENEFIT TO BE PAID UNDER
23 THE SUBSEQUENT ELECTION.

24 § 34.1. **Benefit payments.**

25 (D) *DIRECT DEPOSIT FOR PERIODIC BENEFIT PAYMENTS.*

26 (1) *"PERIODIC BENEFIT PAYMENTS" DEFINED.*

27 (I) "PERIODIC BENEFIT PAYMENTS" MEANS ALL PERIODIC BENEFIT PAYMENTS MADE
28 BY THIS SYSTEM.

29 (II) "PERIODIC BENEFIT PAYMENTS" DOES NOT INCLUDE ANY ONE-TIME, LUMP-SUM
30 PAYMENT.

31 (2) *DIRECT DEPOSIT REQUIRED.*

32 EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION:

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1 (I) ALL PERIODIC BENEFIT PAYMENTS MADE BY THIS SYSTEM SHALL BE PAID BY
2 ELECTRONIC FUNDS TRANSFER; AND

3 (II) EACH RECIPIENT OF PERIODIC BENEFIT PAYMENTS SHALL:

4 (A) DESIGNATE A FINANCIAL INSTITUTION OR OTHER AUTHORIZED
5 PAYMENT AGENT; AND

6 (B) PROVIDE THE SYSTEM WITH THE INFORMATION NECESSARY FOR THE
7 RECIPIENT TO RECEIVE ELECTRONIC FUNDS TRANSFER PAYMENTS
8 THROUGH THE PAYMENT AGENT SO DESIGNATED.

9 (3) *WAIVER FOR HARDSHIP.*

10 (I) THE BOARD OF TRUSTEES MAY WAIVE THE REQUIREMENTS OF THIS SECTION ON
11 WRITTEN REQUEST OF A RECIPIENT OF PERIODIC BENEFIT PAYMENTS
12 DEMONSTRATING HARDSHIP TO RECEIVE FUNDS BY ELECTRONIC TRANSFER.

13 (II) PERIODIC BENEFIT PAYMENTS SHALL BE PAID TO ANY RECIPIENT GRANTED A
14 WAIVER UNDER THIS PARAGRAPH BY ANY METHOD DETERMINED APPROPRIATE BY
15 THE BOARD OF TRUSTEES.

16 **Subtitle – General Provisions**

17 **§ 47. Definitions.**

18 (h) *Minor child.*

19 (1) [Subject to paragraph (2) of this subsection] FOR PURPOSES OF § 34 OF THIS ARTICLE,
20 “minor child” means the child of a member, former member, or retiree who: (i) has
21 not attained age [18; or] 22.

22 [(ii) if the child is a full-time student, as verified to the satisfaction of the
23 Executive Director in accordance with policies set by the Board of Trustees,
24 has not attained age 22.]

25 (2) [Notwithstanding paragraph (1) of this subsection, for] FOR purposes of §§ 9, 9.2, and
26 22 of this article, “minor child” means the child of a member, former member, or
27 retiree who:

28 (i) has not attained age 18; or

29 (ii) if the child is a student, as verified to the satisfaction of the Executive Director
30 in accordance with policies set by the Board of Trustees, has not attained age
31 22.

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

4 SECTION 4. AND BE IT FURTHER ORDAINED, That the changes made by this Ordinance to
5 Article 22, § 32, take effect with regard to members whose system entry dates are on or after July
6 1, 2019. Members whose system entry dates are on or before June 30, 2019, must purchase and
7 transfer service pursuant to the law in effect on or before June 30, 2019.

8 SECTION 5. AND BE IT FURTHER ORDAINED, That the direct-deposit requirement of Article
9 22, § 34.1(d), as added by this Ordinance, applies only to members or beneficiaries whose first
10 periodic benefit payment from this System is made on or after January 1, 2020.

11 SECTION 6. AND BE IT FURTHER ORDAINED, That, except as provided in Sections 4 and 5
12 of this Ordinance, this Ordinance takes effect when it is enacted.

Certified as duly passed this _____ day of MAY 06, 2019



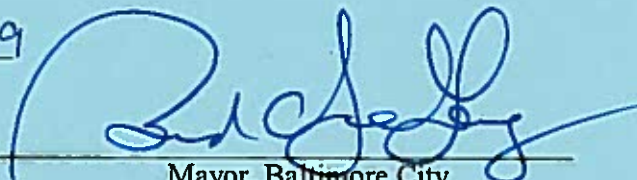
President, Baltimore City Council

Certified as duly delivered to Her Honor, the Mayor,
this _____ day of MAY 06, 2019



Chief Clerk

Approved this 31st day of May, 2019



Mayor, Baltimore City

Approved For Form and Legal Sufficiency

This 31st Day of May 2019



Chief Solicitor

BALTIMORE CITY COUNCIL

TAXATION, FINANCE AND ECONOMIC DEVELOPMENT

VOTING RECORD

DATE: 4-25-19

BILL#:19-0357

BILL TITLE: Ordinance - Fire and Police Employees' Retirement System - Interest, Service Credits, Death Benefits, Direct Deposit, and Technical Corrections

MOTION BY: Castello SECONDED BY: Pinkett

FAVORABLE

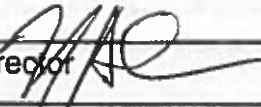

FAVORABLE WITH AMENDMENTS

UNFAVORABLE

WITHOUT RECOMMENDATION

NAME	YEAS	NAYS	ABSENT	ABSTAIN
Middleton, S., Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pinkett, L., Vice Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Castello, E.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reisinger, E.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stokes, R.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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TOTALS	<u>5</u>	-	-	-

CHAIRPERSON: Shaw M. White
 COMMITTEE STAFF: Larry E. Greene, Initials: LEG

FROM	NAME & TITLE	N. Anthony Calhoun, Executive Director 	CITY OF BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Fire and Police Employees' Retirement System 7 E. Redwood Street, 18 th Floor		
	SUBJECT	City Council Bill 19-0357		

TO

DATE:

April 16, 2019

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

Re: City Council Bill 19-0357 – Fire and Police Employees' Retirement System – Interest, Service Credits, Death Benefits, Direct Deposit, and Technical Corrections

Dear Mr. President and City Council Members:

City Council Bill 19-0357 has been introduced at the request of the Fire and Police Employees' Retirement System ("F&P") to amend the F&P law as follows:

Definition of regular interest for valuation purposes

The Bill would change the definition of regular interest for valuation purposes by decreasing F&P's assumed earnings rate from 7.5% to 7.25%. Currently, the Employees' Retirement System's assumed earnings rate for active member plan assets is 7%.

This adjustment of F&P's assumed future rate of return was recommended by the plan's actuary, Cheiron, and approved by the F&P Board of Trustees for valuation purposes. The FY 2018 Valuation Report for F&P approved by the F&P Board used the 7.25% assumed rate of investment return to calculate the City's 7/1/19 contribution to F&P; that contribution was certified by the F&P Board of Trustees to the Department of Finance to be \$145.9 million. Thus, passage of the Bill will not increase the City's certified contribution.

Decrease in the F&P's assumed rate of investment return is consistent with data derived by the City's actuary from F&P's past investment experience and future investment results projected by F&P's investment consultant. A significant number of governmental pension plans have similarly reduced their assumed rates of investment return to more accurately reflect investment market data.

Credits for pre-employment and during-employment military service

The Bill would repeal unnecessary provisions involving the crediting of military service for F&P members already mandated by the federal Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) requirements. USERRA is a federal law intended to ensure that persons who serve in the military are not disadvantaged in their civilian careers and are promptly reemployed.

Purchase and transfer of non-F&P and prior F&P service

The Bill would delete obsolete provisions and combine current provisions governing purchase and transfer of non-F&P and prior F&P service. In addition, **for members entering F&P on or after July 1, 2019 only**, the Bill would change the formula for calculating the cost of such purchases to the product of: salary as of system entry X the 10% current contribution rate for former City service (as opposed to a stated rate of 6%) OR twice the 10% current contribution rate (20%) for former non-City service (as opposed to a stated rate of 12%). Also, **for members entering F&P on or after July 1, 2019 only**, the Bill would eliminate the imposition of 3% interest as part of such cost.

Death benefits for minor children

The Bill would change the definition of "minor child" for purposes of being eligible to receive death benefits to mean any child who has not attained age 22, with no condition that such child attend school in order to collect the death benefit, which is currently required for children 18 years or older. F&P's actuary already assumes that all children ages 18 through 21 attend school; the Bill would therefore not result in increased costs to the City.

Optional survivorship benefits for beneficiaries of retired members

The Bill would update the 50-year old survivorship allowance language, clarifying and more accurately describing survivorship options, while deleting obsolete and transitional provisions and adding 2 benefit enhancements currently provided for Employees' Retirement System retirees and beneficiaries:

1. Allowing spousal beneficiaries age 70 and over to remarry without penalty of losing maximum benefit
2. Allowing change of beneficiary elections and change of survivorship option elections within 30 days after the death within a month of retirement commencement date of a member's initially designated beneficiary

Direct deposit requirement

The Bill would require that periodic benefits payments initially paid after January 1, 2020 be made electronically. **The new requirement would not apply to current F&P retirees.** Employees' Retirement System retirees are already required to be paid electronically.

Actuarial Cost Impact

The Bill's provisions have been reviewed by Cheiron, F&P's actuary, whose cost report is attached. Cheiron does not believe that the changes made by the Bill will result in any measurable cost to the City. Short-term increases in the City's F&P contribution resulting from the decrease in F&P's assumed earnings rate from 7.5% to 7.25% would be counterbalanced by forecasted contribution increases that would have resulted from investment losses sustained under a non-realistic 7.5% investment assumption.

At their meeting of April 16, 2019, the F&P Board of Trustees approved of the legislation that was introduced as CC Bill 19-0357 and resolved to issue a favorable report to the City Council.

I will be available to provide testimony at the hearing scheduled for CC Bill 19-0357. Please call me at 410.497.7929 if you would like additional information.

Via Electronic Mail

April 12, 2019

Mr. N. Anthony Calhoun
Executive Director
Fire and Police Employees' Retirement System
7 E. Redwood Street, 20th Floor
Baltimore, Maryland 21202

**Re: *Fire and Police Employees' Retirement System of the City of Baltimore
Actuarial Cost Impact Relative to Council Bill 19-0357***

Dear Tony:

As requested, we have reviewed Council Bill 19-0357 for possible impact on the City's contribution requirements from proposed legislation changes to the Fire and Police Employees' Retirement System of the City of Baltimore. The proposed changes in this bill include:

1. Decreasing the regular interest rate for valuation purposes;
2. Changes to the purchase and transfer of prior service;
3. Changes to death benefit eligibility for children 18 and over; and
4. Changes to retirement survivorship benefit options.

With regard to item one, the investment return for valuation purposes was decreased from 7.50% to 7.25% with the June 30, 2018 actuarial valuation. This assumption was chosen by the Board of Trustees, upon the recommendation of the actuaries, based on an experience study conducted on the System's experience from the 2011-2017 valuations. Therefore, the cost of this item is already reflected in the City's contribution for Fiscal Year 2020.

With regard to item two, the calculation for purchase or transfer of service is updated to change the contribution rates used in the calculations from set amounts of 6% for former City service and 12% for non-City service to being based on the member contribution rates in effect at the time of purchase as well as eliminating the 3% interest that is currently charged on these calculations. Under the proposed changes, the current member contribution rate will be used for former City service and twice the current member contribution rate will be used for former non-City service. Based on the current member contribution rate required by §36(H)(5), 10% will thus be used for former City service and 20% for former non-City service. The current member rate is sufficiently higher than the rates currently in effect that it is anticipated that this will make up for the reduction from the elimination of the 3% interest currently being assessed. As such, we do not believe that this change will result in an increase in the City's required contributions. We caution that our opinion is predicated on the member contribution rate remaining above 8% of pay. If the member contribution rate drops substantially below this threshold it would no longer offset the elimination of interest and could result in the service purchases having an impact on the City's contribution requirements.

Mr. N. Anthony Calhoun
April 12, 2019
Page 2

With regard to item three, children over age 18 and under age 22 would no longer be required to be attending school in order to collect a death benefit. While there is some cost to paying additional death benefits to minors for these four years, we have determined the cost to be negligible to the City. The cost of this benefit is included in the valuation report based on two assumptions: one about how long the known minor beneficiaries who are currently receiving benefits will remain eligible and the second being the duration of benefits to be paid to assumed future minor dependents. A change in the provision to extend the payment period for those currently receiving this benefit would have a small but measurable impact on the plan's liability but with the amortization of that impact it would have a negligible impact on the contribution. For the valuation of future minors our current assumption is that any of these benefits, both current and future, would be paid through age 22, so the ordinance change is already effectively being valued. Therefore, no material impact on the City's contribution is expected from this change.

With regard to item four, there are two proposed benefit enhancements relating to survivorship benefits. The first allows surviving spouses age 70 and over to remarry without any impact on the benefits they receive as a surviving spouse, and the second allows for selection of a new beneficiary by a member in the case where their first beneficiary dies within a month of the member's retirement commencement date. While these benefit enhancements for survivorship options likely will result in some increases in costs, we anticipate the cost of both of these changes to be negligible to the City. Therefore, no material impact on the City's contribution is expected from this change.

In summary, we do not believe that any of the proposed provisions are expected to have a measurable impact on the cost of the System and the City's contribution requirements.

The analysis was based on the same data, methods, and assumptions as were used in the June 30, 2018 Actuarial Valuation Report.


This letter was prepared exclusively for the Fire and Police Employees' Retirement System for the purposes described herein. Other users of this letter are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.


This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Mr. N. Anthony Calhoun
April 12, 2019
Page 3

Please feel free to call should you have any questions.

Sincerely,
Cheiron


Elizabeth Wiley, FSA, FCA, EA
Consulting Actuary


Brett Warren, FSA, EA
Associate Actuary

cc: Fiona Liston, FSA, EA, Cheiron

CITY OF BALTIMORE

CATHERINE E. PUGH, Mayor



DEPARTMENT OF LAW

101 City Hall
Baltimore, Maryland 21202

April 22, 2019

The Honorable President and Members
of the Baltimore City Council
c/o Natawna Austin, Executive Secretary
Room 409, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

Re: City Council Bill 19-0357 –Fire and Police Employees’ Retirement System -
Interest, Service Credits, Death Benefits, Direct Deposit, and Technical
Corrections

Dear President and City Council Members:

The Law Department has reviewed City Council Bill 19-0357. Bill 357 proposes to:

- repeal certain obsolete and obsolescent provisions;
- changing the definition of regular interest for valuation purposes;
- clarify the crediting of military service under certain circumstances;
- modify the calculation of the cost of purchasing and transferring prior system service, non-credited City service, former Maryland Police Corps service, and service earned for employment covered under a former non-City pension;
- expand the definition of “minor child” for certain purposes;
- allow certain spousal beneficiaries age 70 and over to remarry without penalty of losing benefits;
- allow new beneficiary elections and survivorship option elections within certain time periods;
- require that, after a certain date and subject to certain exceptions, periodic benefit payments be made electronically;
- define certain terms and provide for a special effective date.

Article II, Section 24 gives authority to the Mayor and City Council to establish a pension system and provides for conditions for the applicability and operation of the system. City Council Bill 19-0357 is an appropriate exercise of that authority.


Accordingly, the Law Department approves Council Bill 19-0357 for form and legal sufficiency.

Sincerely,



Elena R. DiPietro
Chief Solicitor

cc: Andre Davis, City Solicitor
Jeff Amoros
Michael Huber
Hilary Ruley, Assistant Solicitor
Victor Tervalá, Assistant Solicitor
Ashlea Brown, Assistant Solicitor

NAME & TITLE	Deborah F. Moore-Carter, Labor Commissioner <i>See DFMC</i>	CITY OF BALTIMORE MEMO (410) 396-4365	
AGENCY NAME & ADDRESS	Office of the Labor Commissioner 417 East Fayette Street, 12 th Floor		
SUBJECT	City Council Bill 19-0357 – Fire and Police Employees' Retirement System		

DATE:

April 24, 2019

TO

The Honorable President and Members
of the Baltimore City Council
ATTN: Natawna Austin
City Hall
100 N. Holiday Street, Room 409
Baltimore, Maryland 21202

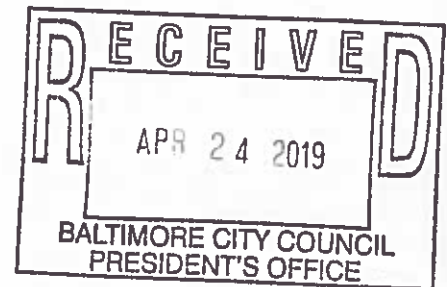
Recommended Position on City Council Bill 19-0357:

The Office of the Labor Commissioner (OLC) has reviewed City Council Bill 19-0357: Fire and Police Employees' Retirement System (BCFPERS) pertaining to Interest, Service Credits, Death Benefits, Direct Deposit, and Technical Corrections.

The OLC supports the proposed changes to City Council Bill 19-0357.

DFMC:dla

favorable



FROM	NAME & TITLE	Robert Cename, Chief <i>Added for BC</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4941		
	SUBJECT	City Council Bill #19-0357 Fire and Police Employees' Retirement System - Interest. Service Credits. Death		

TO

DATE:

The Honorable President and
 Members of the City Council
 Room 400, City Hall

April 23, 2019

City Council Bill #19-0357 has been introduced for the purpose of repealing certain obsolete and obsolescent provisions; changing the definition of regular interest for valuation purposes; clarifying the crediting of military service under certain circumstances; modifying the calculation of the cost of purchasing and transferring prior system service, non-credited City service, former Maryland Police Corps service, and service earned for employment covered under a former non-City pension; expanding the definition of "minor child" for certain purposes; allowing certain spousal beneficiaries age 70 and over to remarry without penalty of losing benefits; allowing new beneficiary elections and survivorship option elections within certain time periods; requiring that, after a certain date and subject to certain exceptions, periodic benefit payments be made electronically; defining certain terms; providing for special effective dates; and generally relating to the Baltimore City Fire and Police Employees' Retirement System.

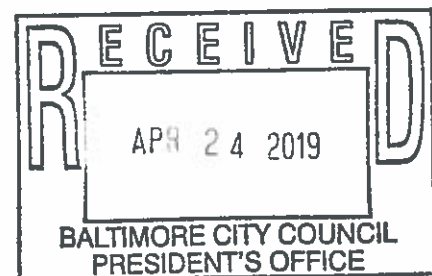
Every 3 years, the actuary from the Fire and Police (F&P) Pension System conducts an 'experience study' with the intent of updating key actuarial methods, such as investment returns, mortality rates, retirement trends, etc., etc. In the current year's experience study, the key recommendation was lowering the Fire and Police Pension System's assumption rate for market returns from 7.5% to 7.25.

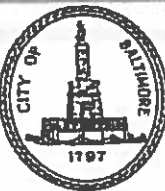
The change in the investment rate assumption increases the City's contribution in the short-term, but also hedges the City's risk in the long-term. A 7.5% assumption rate is aggressive, and the City is forced to make additional, unplanned contributions when the investment return fails to meet the assumption rate. A 7.25% assumption rate puts the City on par with other large jurisdictions and strikes the balance between raising the year-over-year contributions while limiting the City's risk of having larger variations in budgeted contributions. The 7.25% assumed rate was used in developing the Fiscal 2020 budget recommendation.

The Finance Department supports the legislation.

cc: Henry Raymond
 Jeffrey Amoros

Favorable



FROM	Name & Title	Quinton Herbert, Director and Chief Human Capital Officer	CITY OF BALTIMORE MEMO	
	Agency Name & Address	Department of Human Resources 7 E. Redwood Street. 17 th Floor		
	Subject	CITY COUNCIL BILL #19-0357 /Fire and Police Employees' Retirement System-Interest, Service Credits, Death Benefits, Direct Deposit and Technical Corrections		

TO The Honorable Bernard "Jack" Young and
Members of the Baltimore City Council
City Hall
100 N. Holliday Street, Room 409

DATE April 23, 2019

Recommended Position

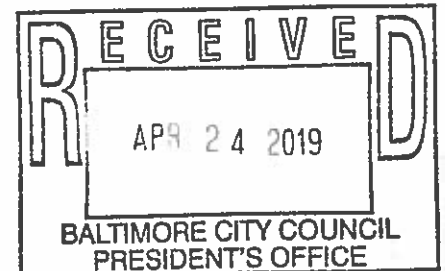
The Department of Human Resources ("DHR") reviewed the above captioned City Council Bill.

DHR fully supports the following:

- Repealing certain obsolete and obsolescent provisions;
- Changing the definition of regular interest for valuation purposes;
- Clarifying the crediting of military service under certain circumstances;
- Modifying the calculation of the cost of purchasing and transferring prior system service;
- Non-credited City service, former Maryland Police Corps service, and service earned for employment covered under a former non-City pension;
- Expanding the definition of "minor child" for certain purposes;
- Allowing certain spousal beneficiaries age 70 and over to remarry without penalty of losing benefits;
- Allowing new beneficiary elections and survivorship option elections within certain time periods;
- Requiring that, after a certain date and subject to certain exceptions, periodic benefit payments be made electronically; and
- Defining certain terms; providing for special effective dates.

Accordingly, Article II, Section II gives the Mayor and City Council authority to establish a pension system for the Fire and Police Retirement Systems.

Comments



City of Baltimore

City Council
City Hall, Room 408
100 North Holliday Street
Baltimore, Maryland
21202

Meeting Minutes - Final

Taxation, Finance and Economic Development Committee

Thursday, April 25, 2019

10:00 AM

Du Burns Council Chamber, 4th floor, City Hall

19-0357

CALL TO ORDER

Present 5 - Member Sharon Green Middleton, Member Leon F. Pinkett III, Member Eric T. Costello, Member Edward Reisinger, and Member Robert Stokes Sr.

INTRODUCTIONS

ATTENDANCE

Present 5 - Member Sharon Green Middleton, Member Leon F. Pinkett III, Member Eric T. Costello, Member Edward Reisinger, and Member Robert Stokes Sr.

ITEMS SCHEDULED FOR PUBLIC HEARING

19-0357

Fire and Police Employees' Retirement System - Interest, Service Credits, Death Benefits, Direct Deposit, and Technical Corrections

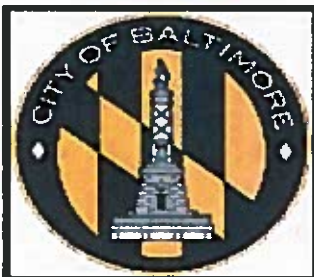
For the purpose of repealing certain obsolete and obsolescent provisions; changing the definition of regular interest for valuation purposes; clarifying the crediting of military service under certain circumstances; modifying the calculation of the cost of purchasing and transferring prior system service, non-credited City service, former Maryland Police Corps service, and service earned for employment covered under a former non-City pension; expanding the definition of "minor child" for certain purposes; allowing certain spousal beneficiaries age 70 and over to remarry without penalty of losing benefits; allowing new beneficiary elections and survivorship option elections within certain time periods; requiring that, after a certain date and subject to certain exceptions, periodic benefit payments be made electronically; defining certain terms; providing for special effective dates; and generally relating to the Baltimore City Fire and Police Employees' Retirement System.

Sponsors: City Council President (Administration)

A motion was made by Member Costello, seconded by Member Pinkett, III, that bill 19-0357 be Recommended Favorably. The motion carried by the following vote:

Yes: 5 - Member Middleton, Member Pinkett III, Member Costello, Member Reisinger, and Member Stokes Sr.

ADJOURNMENT



Office of Council Services

Larry E. Greene, Director

Public Hearing Documents

RELEASE DATE

April 23, 2019

COMMITTEE: **Taxation, Finance and Economic Development**
HEARING DATE: **Thursday, April 25, 2019**
HEARING TIME: **10:00 AM**
HEARING LOCATION: **Clarence "Du" Burn Council Chamber**
BILLS TO BE HEARD: **CC 19-0357**

**FOR YOUR INFORMATION, ATTACHED ARE DOCUMENTS FOR THE
UPCOMING COMMITTEE HEARING.**

COMMITTEE STAFF: **Larry E. Greene**
TELEPHONE: **410-/396-7215**
EMAIL: **Larry.greene@baltimorecity.gov**



**BALTIMORE CITY COUNCIL
TAXATION, FINANCE AND ECONOMIC DEVELOPMENT
COMMITTEE**

Mission Statement

On behalf of the Citizens of Baltimore City, the mission of the Taxation, Finance and Economic Development Committee of the Baltimore City Council is to legislate policy that will deter unnecessary tax burdens while seeking and supporting projects and initiatives that will generate and increase our tax base. Reviewing and considering financing tools that impact the retention and sustainability of our economic base is essential. Introducing and enhancing legislation that perpetuates equal access to economic development for African Americans/Minorities/Women and other members of our community that will result in an improved quality of life for all citizens of Baltimore is a critical component of Baltimore's success.

**The Honorable Leon Pinkett
Vice Chair**

PUBLIC HEARING

**Thursday, April 25, 2019
10:00 AM**

CLARENCE "DU" BURNS COUNCIL CHAMBERS

***City Council Bill 19-0357
Fire and Police Employees' Retirement System - Interest, Service Credits,
Death Benefits, Direct Deposit, and Technical Corrections***

CITY COUNCIL COMMITTEES

BUDGET AND APPROPRIATIONS

Eric Costello – Chair
Leon Pinkett – Vice Chair
Bill Henry
Sharon Green Middleton
Brandon M. Scott
Isaac "Yitzy" Schleifer
Shannon Sneed
Staff: Marguerite Currin

EDUCATION AND YOUTH

Zeke Cohen – Chair
Mary Pat Clarke – Vice Chair
John Bullock
Kristerfer Burnett
Ryan Dorsey
Staff: Matthew Peters

EXECUTIVE APPOINTMENTS

Robert Stokes – Chair
Kristerfer Burnett – Vice Chair
Mary Pat Clarke
Zeke Cohen
Isaac "Yitzy" Schleifer
Staff: Marguerite Currin

HOUSING AND URBAN AFFAIRS

John Bullock – Chair
Isaac "Yitzy" Schleifer – Vice Chair
Kristerfer Burnett
Bill Henry
Shannon Sneed
Zeke Cohen
Ryan Dorsey
Staff: Richard Krummerich

JUDICIARY AND LEGISLATIVE INVESTIGATIONS

Eric Costello – Chair
Mary Pat Clarke – Vice Chair
John Bullock
Leon Pinkett
Edward Reisinger
Brandon Scott
Robert Stokes
Staff: Matthew Peters

LABOR

Shannon Sneed – Chair
Robert Stokes – Vice Chair
Eric Costello
Bill Henry
Mary Pat Clarke
Staff: Samuel Johnson

LAND USE AND TRANSPORTATION

Edward Reisinger - Chair
Sharon Green Middleton – Vice Chair
Mary Pat Clarke
Eric Costello
Ryan Dorsey
Leon Pinkett
Robert Stokes
Staff: Jennifer Coates

PUBLIC SAFETY

Brandon Scott – Chair
Ryan Dorsey – Vice Chair
Kristerfer Burnett
Shannon Sneed
Zeke Cohen
Leon Pinkett
Isaac "Yitzy" Schleifer
Staff: Richard Krummerich

TAXATION, FINANCE AND ECONOMIC DEVELOPMENT

Sharon Green Middleton – Chair
Leon Pinkett – Vice Chair
Eric Costello
Edward Reisinger
Robert Stokes
Staff: Samuel Johnson
- Larry Greene (pension only)

CITY OF BALTIMORE

BERNARD C. "JACK" YOUNG,
Ex Officio Mayor



OFFICE OF THE MAYOR

100 Holliday Street, Rm 250
Baltimore, Maryland 21202

BILL SYNOPSIS

Committee: Taxation, Finance and Economic Development

Bill 19-0357

Fire and Police Employees' Retirement System - Interest, Service Credits, Death Benefits, Direct Deposit, and Technical Corrections

Sponsor: President Young, (The Administrator)

Introduced: March 25, 2019

Purpose:

For the purpose of repealing certain obsolete and obsolescent provisions; changing the definition of regular interest for valuation purposes; clarifying the crediting of military service under certain circumstances; modifying the calculation of the cost of purchasing and transferring prior system service, non-credited City service, former Maryland Police Corps service, and service earned for employment covered under a former non-City pension; expanding the definition of "minor child" for certain purposes; allowing certain spousal beneficiaries age 70 and over to remarry without penalty of losing benefits; allowing new beneficiary elections and survivorship option elections within certain time periods; requiring that, after a certain date and subject to certain exceptions, periodic benefit payments be made electronically; defining certain terms; providing for special effective dates; and generally relating to the Baltimore City Fire and police Employees' Retirement System.

Effective: On the date of enactment

Hearing Date/Time/Location: Thursday, April 25, 2019/10:00 AM/Clarence "Du" Burns
Council Chambers

Agency Reports

Fire and Police Retirement System
Department of Finance
Department of Human Resources
Labor Commissioner

Favorable

Analysis

Current Law

BY repealing:

Article 22 - Retirement Systems

Sections 30(7), 32(g), (h-1), (h-2), (h-3), (i), (j), (l), and (M) and 34(i)(2)(F) and (6)

Baltimore City Code, (Edition 2000)

BY repealing and reordaining, with amendments

Article 22 - Retirement Systems

Sections 30(6) and (9), 32E, (f)(1), and (k), 34(h)(4)(B) and (C), (i)(2)(C) and (4) (A) and (C), and (k), and 47(h)

Baltimore City Code, (Edition 2000)

BY adding

Article 22 - Retirement Systems

Section 30(7) and (21) and 34.1(d)

Baltimore City Code, (Edition 2000)

Background

City Council Bill #19-0357 would provide the following:

Change the definition of regular interest for valuation purposes by decreasing the F&P assumed earnings rate from 7.5% to 7.25%. Currently, the assumed earnings for active a member's asset plan is 7%. The recommended rate of return is derived from the plan's actuary, Cheiron and certified by the F&P Board of Trustees to the Department of Finance. The decrease in the assumed rate of return will not increase the City's budgeted FY2020 F&P contribution (\$145,883,576), which currently assumed the 7.25% investment rate.

Repeal unnecessary provisions involving the crediting of military service for F&P members already mandated by the federal Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) requirements. The federal provision simply mandates that persons who serve in the military are not disadvantaged in their civilian careers and are property reemployed.. This change will bear no cost to the City.

Deletes obsolete provisions and combine current provisions governing purchase and transfer of non-F&P service. Additionally, members entering F&P on or after July 1, 2019 only, the Bill would change the formula for calculating the cost of such purchases to the product of: salary as of system entry X the 10% current contribution rate for former City service (as opposed to a stated rate of 6%) or twice the 10% current contribution rate (20%) for former non-City service (as opposed to a stated rate of 12%). For members entering the F&P on or after July 1, 2019 only, the Bill would eliminate the imposition of 3% interest as part of such cost.

CC 19-0357 would change the definition of "minor child" for purposes of being eligible to receive death benefits to mean any child who has not attained age 22 with no condition that such child attend school in order to collect the death benefit, which is currently required for children 18 years or older. In short, F&P will assume all children from 18 through 21 years of age are in school and therefore entitled to death benefits.

The legislation would update the 50 year old survivorship allowance language, clarifying and more accurately describing survivorship options, while deleting obsolete and transitional provisions and adding two benefits enhancements that are currently being provided for Employees' Retirement System retirees and beneficiaries:

1. Allowing spousal beneficiaries age 70 and over to remarry without penalty of losing maximum benefit, and there is no cost to the City
2. Allowing change of beneficiary elections and change of survivorship option elections within 30 days after the death within a month of retirement commencement date of a member's initially designated beneficiary.

The Bill also allows for benefit payments, after January 1, 2020, to be made electronically. F&P retirees are already required to be paid electronically.

Cheiron, the F&P actuary, does not believe that the changes proposed will cost the City. Short-term increases in the City's F&P contribution as a result of the decrease in F&P assumed earnings rate from 7.5% to 7.25% would be counterbalanced by forecasted contribution increases that would have been from investment losses sustained under a non-realistic 7.5% investment assumption rate.

Additional Information

Fiscal Note: Available

Information Source(s): Fire and Police Employees' Retirement System

Analysis by: Larry E. Greene
Analysis Date: April 22, 2019

Direct Inquiries to: 410-396-7215



HEARING NOTES

Bill: 19-0357

Fire and Police Employees' Retirement System - Interest, Service Credits, Death Benefits, Direct Deposit, and Technical Corrections

Committee: Taxation, Finance and Economic Development

Chaired By: Councilmember Sharon Green Middleton

Hearing Date: Thursday, April 25, 2019
Time (Beginning): 10:00 AM
Time (Ending): 10:30 AM
Location: Clarence "Du" Burns Chamber

Total Attendance: 21

Committee Members in Attendance:

- Sharon Green Middleton
- Leon Pinkett
- Edward Reisinger
- Eric Costello
- Robert Stokes

Bill Synopsis in the file?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no	<input type="checkbox"/> n/a
Attendance sheet in the file?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no	<input type="checkbox"/> n/a
Agency reports read?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no	<input type="checkbox"/> n/a
Hearing televised or audio-digitally recorded?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no	<input type="checkbox"/> n/a
Certification of advertising/posting notices in the file?	<input type="checkbox"/> yes	<input type="checkbox"/> no	<input checked="" type="checkbox"/> n/a
Evidence of notification to property owners?	<input type="checkbox"/> yes	<input type="checkbox"/> no	<input checked="" type="checkbox"/> n/a
Final vote taken at this hearing?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no	<input type="checkbox"/> n/a
Motioned by:	Councilmember Costello		
Seconded by:	Councilmember Stokes		
Final Vote:	Favorable		

Major Speakers

(This is not an attendance record.)

- N. Anthony Calhoun, Executive Director, Fire and Police Employees' Retirement System

- Councilman Robert Stokes, Councilman to the 12th District
- Councilman Edward L. Reisinger, Councilman to the 10th District
- Darryl Buhrman, President, Baltimore Retired Police

Major Issues Discussed

1. Darryl Buhrman, President, Baltimore Retired Police, stated that his main prupose is to protect the pension system and he felt the death benefit awarded to teenager 18 to 21 years of age would take a toll on the pension system. Mr. Calhoun expalined that over several years the amount paid has been minimal with less than 5 teenagers receiving the death benefit.
2. Counciman Robert Stokes asked a question regarding the impact of purchase and transfer of non-F&P service. Mr. Calhoun stated that the impact to the City is minimal as well.
- 3.
- 4.
- 5.
- 6.
- 7.

Further Study

Was further study requested? Yes No

If yes, describe.

Committee Vote:

S. Middleton: Yea
 L. Pinkett: Yea
 E. Reisinger: Yea
 E. Costello: Yea
 R. Stokes: Yea
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Larry E. Greene, Committee Staff

LEA

Date: April 25, 2019

**cc: Bill File
OCS Chrono File**

**N. ANTHONY CALHOUN, EXECUTIVE DIRECTOR
FIRE AND POLICE EMPLOYEES' RETIREMENT SYSTEM
TESTIMONY ON COUNCIL BILL 19-0357
TAXATION, FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE
APRIL 25, 2019**

Good morning ladies and gentlemen. My name is Anthony Calhoun, Executive Director of the Fire and Police Employees' Retirement System of the City of Baltimore.

With regard to the Fire & Police Employees' Retirement System, I will refer to as "F&P" in these remarks.

I am testifying this morning regarding Council Bill 19-0357, which was introduced in the City Council by the Administration at the request of F&P's Board of Trustees. The Bill proposes to:

- change the definition of regular interest for valuation purposes by decreasing F&P's assumed earnings rate from 7.5% to 7.25%;
- repeal unnecessary provisions involving the crediting of military service for F&P members;
- delete obsolete provisions and combine current provisions governing purchase and transfer of non-F&P and prior F&P service;
- **for members entering F&P on or after July 1, 2019 only,** uniformly change the formula for calculating the cost of such purchases, in order to fix an inadvertent loophole created by 2010 legislation;

- change the definition of “minor child” for purposes of being eligible to receive death benefits to mean any child who has not attained age 22, with no condition of school attendance;
- update F&P’s 50-year old survivorship allowance language, clarifying and more accurately describing survivorship options;
- allow spousal beneficiaries age 70 and over to remarry without penalty of losing maximum death benefit;
- allow for a change of beneficiary and change of survivorship option within 30 days after the death of a designated beneficiary within a month of retirement commencement date; **and**
- **for benefits payments initially paid after January 1, 2020 only,** require that periodic benefit payments be made electronically.

I will explain these changes in more depth.

Definition of regular interest for valuation purposes

The catalyst for this Bill is the proposed decrease in F&P’s investment assumption from 7.5% to 7.25%. To place this change in context, the civilian Employees’ Retirement System’s current assumed earnings rate for active member plan assets is 7%.

The decrease in the assumed future rate of return was recommended by the plan’s actuary, Cheiron, and was approved by the F&P Board of Trustees for its FY 2018 valuation.

F&P’s FY 2018 Valuation Report approved by the F&P Board used the lower 7.25% assumed rate of investment return to calculate the City’s

7/1/19 contribution to F&P; that FY 2020 contribution was certified by the F&P Board of Trustees to the Department of Finance to be \$145.9 million. Passage of the Bill will therefore not increase the City's certified contribution.

Decrease in the F&P's assumed rate of investment return is consistent with data derived by Cheiron from past investment experience and future investment results projected by F&P's investment consultant. A significant number of governmental pension plans have similarly reduced their assumed rates of investment return to more accurately reflect investment market data.

According to a February 2018 national survey of large public pension plans conducted by NASRA (the National Association of State Retirement Administrators), among 129 plans measured, more than 90 percent have reduced their assumed rate of return since fiscal year 2010, resulting in a decline in their average return assumption from 7.91 percent to 7.27 percent.

F&P's recent reductions in investment return assumptions reflect the national trend. Since 2010, F&P has decreased its assumed earnings rate from 8.25% to 7.5% in ¼% increments.

Credits for pre-employment and during-employment military service

The Bill would delete provisions already mandated by the federal Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) requirements. USERRA is a federal law intended to ensure that persons who serve in the military are not disadvantaged in their civilian careers – including any rights to pension benefits that may be affected by their military leave.

Purchase and transfer of non-F&P and prior F&P service

The Bill would delete obsolete provisions and combine current provisions governing purchase and transfer of non-F&P and prior F&P service. In addition, **for members entering F&P on or after July 1, 2019 only**, the Bill would change the formula for calculating the cost of such purchases to the product of: salary as of system entry X the 10% current contribution rate for former City service (as opposed to a stated rate of 6%) OR twice the 10% current contribution rate (20%) for former non-City service (as opposed to a stated rate of 12%).

The change in the purchase formula is necessitated by a loophole left in the law stating the purchase cost to be 6%, the pre-2010 contribution rate, or 12%, twice the 6%, pre-2010 contribution rate for non-City transferred time. The current provision allows members to cash out time at the current contribution rate (10%) and buy it back at the old 6% contribution rate. Purchase costs for non-City service have always been based on twice the City contribution rate. The Bill proposes to bring the purchase formula in line with the current contribution rate and close the loophole. In order to make softer the impact in increased purchase costs for members entering F&P on or after July 1, 2019 only, the Bill would eliminate the imposition of 3% interest as part of such cost.

Death benefits for minor children

The Bill would change the definition of "minor child" for purposes of being eligible to receive death benefits to mean any child who has not attained age 22, with no condition that such child attend school in order to collect the death benefit, which is currently required for children 18 years or older. **F&P's actuary already assumes that all children ages 18 through 21 attend school; the Bill would therefore not result in increased costs to the City.**

Optional survivorship benefits for beneficiaries of retired members

The Bill would change existing survivorship allowance language, to clarify and more accurately describe F&P's survivorship options, and also would delete obsolete and transitional provisions.

Additionally, the Bill would add 2 benefit enhancements currently provided for Employees' Retirement System retirees and beneficiaries:

- 1. F&P spousal beneficiaries age 70 and over would be allowed to remarry without penalty of losing maximum benefit.**
- 2. F&P currently allows a change of beneficiary or change of retirement payment or survivorship option within 30 days of a member's retirement commencement date. The Bill proposes to also allow changing a beneficiary or retirement payment or survivorship option within 30 days of the death of a member's initially designated beneficiary if the death occurs within 30 days of a member's retirement commencement date.**

Direct deposit requirement

The Bill would require electronic benefit payments for **benefits initially paid after January 1, 2020. But importantly, this new requirement would not apply to current F&P retirees.** As you may know, many pension plans, including Social Security and Employees' Retirement System require direct deposit.

Actuarial Cost Impact

The Bill's provisions have been reviewed by Cheiron, F&P's actuary, whose cost report is attached to the F&P's Board's April 16th bill report.

Cheiron does not believe that the changes made by the Bill will result in any measurable cost to the City. Cheiron is here this morning to answer any questions that you may have.

I am happy to answer any questions that you have regarding the Bill and my report.

Thank you.

City of Baltimore

City Council
City Hall, Room 408
100 North Holliday Street
Baltimore, Maryland
21202

Meeting Agenda - Final

Taxation, Finance and Economic Development Committee

Thursday, April 25, 2019

10:00 AM

Du Burns Council Chamber, 4th floor, City Hall

19-0357

CALL TO ORDER

INTRODUCTIONS

ATTENDANCE

THIS MEETING IS OPEN TO THE PUBLIC

19-0357

Fire and Police Employees' Retirement System - Interest, Service Credits, Death Benefits, Direct Deposit, and Technical Corrections
For the purpose of repealing certain obsolete and obsolescent provisions; changing the definition of regular interest for valuation purposes; clarifying the crediting of military service under certain circumstances; modifying the calculation of the cost of purchasing and transferring prior system service, non-credited City service, former Maryland Police Corps service, and service earned for employment covered under a former non-City pension; expanding the definition of "minor child" for certain purposes; allowing certain spousal beneficiaries age 70 and over to remarry without penalty of losing benefits; allowing new beneficiary elections and survivorship option elections within certain time periods; requiring that, after a certain date and subject to certain exceptions, periodic benefit payments be made electronically; defining certain terms; providing for special effective dates; and generally relating to the Baltimore City Fire and Police Employees' Retirement System.

Sponsors:

City Council President (Administration)

Attachments:

19-0357~1st Reader

ADJOURNMENT

THIS MEETING IS OPEN TO THE PUBLIC



CITY OF BALTIMORE

CITY COUNCIL HEARING ATTENDANCE RECORD

COMMITTEE: Taxation, Finance and Economic Development **CHAIRPERSON:** Sharon Green Middleton
DATE: THURSDAY, APRIL 25, 2019 **TIME:** 10:00 AM **PLACE:** Clarence "Du" Burns Chambers
SUBJECT: Ordinance - FIRE AND POLICE EMPLOYEES' RETIREMENT SYSTEM - INTEREST, SERVICE CREDITS, DEATH BENEFITS, DIRECT DEPOSIT, AND TECHNICAL CORRECTIONS **CC BILL NUMBER:** 19-0357

PLEASE SIGN-IN AND PRINT

TESTIFY	FIRSTNAME	LASTNAME	St. #	ADDRESS/ ORGANIZATION NAME	ZIP	EMAIL ADDRESS	WHAT IS YOUR POSITION ON THIS BILL?		(*) LOBBYIST: ARE YOU REGISTERED IN THE CITY	
							FOR	AGAINST	YES	NO
✓	Concerned	Citizen	100	North Charles Street	21202	concernndnbmore@yahoo.com	✓	✓	✓	✓
✓	DARL	Buhrman		BALTO RETIREMENT POLICE PO BOX 938 BELAIR	21014	1319Foot5715.PTH400.com				
✓	Juliana	Brightman	221	N Lakewood Ave	21224	jbrightman2@gmail.com				
✓	N Anthony	Carl Adams	7	E. REDWOOD ST, 18th Floor	21202	NACALHOUN@BEPERS.DIGS	✓			✓

(*) Note: If you are compensated or incur expenses in connection with this bill, you may be required by law to register with the City Ethics Board. Registration is a simple process. For information and forms, call or write: BALTIMORE CITY BOARD OF ETHICS, c/o DEPARTMENT OF LEGISLATIVE REFERENCE, 626 City Hall, Baltimore, MD 21202. Tel: 410-396-4730. Fax: 410-396-8483

**CITY OF BALTIMORE
COUNCIL BILL 19-0357
(First Reader)**

Introduced by: The Council President

At the request of: The Administration (Fire and Police Employees' Retirement System)

Introduced and read first time: March 25, 2019

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Fire and Police Employees' Retirement System, Department of Finance, Department of Human Resources, Labor Commissioner

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Fire and Police Employees' Retirement System –**
3 **Interest, Service Credits, Death Benefits, Direct Deposit, and Technical Corrections**

4 FOR the purpose of repealing certain obsolete and obsolescent provisions; changing the definition
5 of regular interest for valuation purposes; clarifying the crediting of military service under
6 certain circumstances; modifying the calculation of the cost of purchasing and transferring
7 prior system service, non-credited City service, former Maryland Police Corps service, and
8 service earned for employment covered under a former non-City pension; expanding the
9 definition of "minor child" for certain purposes; allowing certain spousal beneficiaries age 70
10 and over to remarry without penalty of losing benefits; allowing new beneficiary elections
11 and survivorship option elections within certain time periods; requiring that, after a certain
12 date and subject to certain exceptions, periodic benefit payments be made electronically;
13 defining certain terms; providing for special effective dates; and generally relating to the
14 Baltimore City Fire and Police Employees' Retirement System.

15 BY repealing

16 Article 22 - Retirement Systems
17 Sections 30(7), 32(g), (h-1), (h-2), (h-3), (i), (j), (l), and (m) and 34(i)(2)(F) and (6)
18 Baltimore City Code
19 (Edition 2000)

20 BY repealing and reordaining, with amendments

21 Article 22 - Retirement Systems
22 Sections 30(6) and (9), 32(e), (f)(1), and (k), 34(h)(4)(B) and (C), (i)(2)(C) and (4)(A) and
23 (C), and (k), and 47(h)
24 Baltimore City Code
25 (Edition 2000)

26 BY adding

27 Article 22 - Retirement Systems
28 Section 30(7) and (21) and 34.1(d)
29 Baltimore City Code
30 (Edition 2000)

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

Council Bill 19-0357

1 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That**
2 **§ 30(7), § 32(g), (h-1), (h-2), (h-3), (i), (j), (l), and (m) and § 34(i)(2)(F) and (6) of Baltimore**
3 **City Code Article 22 {"Retirement Systems"} are repealed, in their respective entireties.**

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

Baltimore City Code

Article 22. Retirement Systems

Subtitle – Fire and Police Employees’ Retirement System

9 **§ 30. Definitions.**

10 **In this subtitle, unless a different meaning is plainly required by the context, the following**
11 **words and phrases have the meanings indicated:**

12 **(6) “Service” [shall mean] MEANS:**

- 13 **(I) ANY service FOR SERVICE-COVERED EMPLOYMENT [as an employee as described in**
14 **paragraph (2) of this subsection, and paid for by the City of Baltimore, while a**
15 **member of the Fire and Police Employees’ Retirement System]; [and]**
- 16 **(II) any service purchased, repurchased, or transferred, by appropriate deposit or**
17 **redeposit of funds plus interest[, to cover such periods, or]; AND**
- 18 **(III) any service credited under [any other section of] this subtitle [and under Maryland**
19 **State Law].**

20 **(7) “SERVICE-COVERED EMPLOYMENT” MEANS EMPLOYMENT AS AN EMPLOYEE, AS**
21 **DESCRIBED IN PARAGRAPH (2) OF THIS SECTION, AND PAID FOR BY THE CITY OF**
22 **BALTIMORE, WHILE A MEMBER OF THIS SYSTEM.**

23 **(9) “Regular interest” means interest compounded annually for the reserves and items**
24 **listed at the following rates:**

- | | |
|--|---------------|
| 25 (i) the Annuity Savings Reserve: | 3.0%. |
| 26 (ii) for valuation purposes: | [7.5%] |
| 27 | 7.25% |
| 28 (iii) for determining actuarial equivalents: | 5.0%. |

29 **(21) “SYSTEM ENTRY DATE” MEANS THE DATE A MEMBER MOST RECENTLY BEGINS**
30 **SERVICE-COVERED EMPLOYMENT.**

Council Bill 19-0357

1 § 32. Service creditable.

2 (e) *[Military personnel – rights to benefits, membership, and service credit during*
3 *employment.] CREDIT FOR MILITARY SERVICE DURING EMPLOYMENT.*

4 (1) *Scope of subsection.*

5 This subsection applies only to a member of this system who:

6 (i) on account of military service, as defined in paragraph [(9)] (7) of this
7 subsection, is on [unpaid] leave of absence from [paid] City employment;

8 (ii) [does not withdraw any of his or her accumulated contributions, unless he or
9 she redeposits the sum withdrawn as provided in paragraph (2) of this
10 subsection] IS ELIGIBLE FOR REEMPLOYMENT WITH THE CITY UNDER THE
11 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF
12 1994, AS AMENDED, 38 U.S.C. §§4301-4334 (“USERRA”); AND

13 [(iii) within 1 year after he or she leaves military service, or any longer period
14 during which his or her employment rights are protected by federal law, is
15 employed by the City of Baltimore as a regular and permanent employee;]

16 [(iv) does not take any employment, other than employment described in item (iii)
17 of this paragraph or temporary employment, after the member:

18 (A) applied for reemployment in his or her former classification or
19 position in the City service; and

20 (B) was refused immediate reemployment for causes beyond his or her
21 control; and]

22 (III) [(v)] applies for service credit with the system.

23 [(2) *Redeposit of accumulated contributions; payment methods, deadline, pro rata*
24 *credit.*]

25 [(i) If a member of this system who is absent from employment for military service
26 withdraws any of his or her accumulated contributions and redeposits into the
27 system the sum withdrawn, with regular interest at the annuity savings fund rate
28 from the date of withdrawal to the date that the redeposit is completed, the
29 member, if otherwise qualified, is entitled to the benefits of this section as if the
30 withdrawal had not been made.]

31 [(ii) The redeposit of accumulated contributions:

32 (A) may be made by a single payment or an increased rate of contribution; but

33 (B) must be completed before the member’s retirement date.]

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1 [(iii) The redeposit of accumulated contributions shall be credited pro rata at the time
2 each payment is made.]

3 [(3) *Retention of status and rights as a member.*]

4 [Except as otherwise provided in this subsection, a member of this system who is
5 reemployed under paragraph (1)(iii) of this subsection retains the status and rights as a
6 member during a period of absence from employment for military service.]

7 (2) [(4)] *Service credit.*

8 [A member of this system shall receive service credit for a period of absence from
9 employment while in military service if:

10 (i) the employment of the member under paragraph (1)(iii) of this section is paid
11 employment; and

12 (ii) membership in this system is a requirement of employment.]

13 (1) A MEMBER OF THIS SYSTEM SHALL RECEIVE SERVICE CREDIT FOR A PERIOD OF
14 ABSENCE FROM EMPLOYMENT WHILE IN MILITARY SERVICE AS THOUGH HE OR SHE
15 HAD REMAINED CONTINUOUSLY EMPLOYED WITH THE CITY AS AN EMPLOYEE.

16 (2) THE SERVICE CREDIT SHALL INCLUDE THE PERIOD, IF ANY, BETWEEN THE DATE THE
17 MEMBER COMPLETES MILITARY SERVICE AND THE DATE HE OR SHE IS REEMPLOYED
18 WITH THE CITY, AS LONG AS THE MEMBER RETAINS HIS OR HER REEMPLOYMENT
19 RIGHTS UNDER USERRA DURING THAT PERIOD.

20 (3) [(5)] *Transfer of service credit.*

21 A member of this system who receives service credit for military service under this
22 subsection may transfer the credit to another state or local retirement or pension
23 system.

24 (4) [(6)] [*Contributions*] *MEMBER CONTRIBUTIONS.*

25 (i) Except as otherwise provided in subparagraph (ii) of this paragraph, a member of
26 this system [who is reemployed under paragraph (1)(iii) of this subsection and is
27 otherwise qualified to retain the status and rights of a member during a period of
28 absence from employment for military service,] DESCRIBED IN PARAGRAPH (1) OF
29 THIS SUBSECTION shall be credited [with], at the [city's] CITY'S sole account and
30 expense[:], WITH MILITARY SERVICE CONTRIBUTIONS THAT CONSIST OF THE
31 FOLLOWING:

32 (A) the contributions, if any, that the City would have made on behalf of the
33 member if the member had not been absent, including DROP OR DROP 2
34 contributions; and

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1 (B) the contributions that the member would have made on his or her own
2 behalf if the member had not been absent, including DROP OR DROP 2
3 contributions.

4 (ii) On a member's terminating City employment, the member is not entitled to
5 [withdraw] RECEIVE any part of [the] THESE MILITARY SERVICE contributions
6 [credited to his or her account under this paragraph, including the annuity portion
7 attributable to City contributions made under this paragraph, except in the case of
8 death while in City service or retirement from City service]. HOWEVER, THE
9 MILITARY SERVICE CONTRIBUTIONS SHALL BE USED TO FUND:

10 (A) THE ANNUITY PORTION OF A RETIREMENT ALLOWANCE PAYABLE TO THAT
11 MEMBER UNDER § 34; OR

12 (B) THE ANNUITY PORTION OF A LUMP-SUM OR PERIODIC DEATH BENEFIT
13 PAYABLE TO THAT MEMBER'S BENEFICIARY UNDER § 34.

14 (iii) The Board of Trustees shall refund to a member any contributions made to the
15 system during a period of absence from employment for military service when the
16 member is otherwise exempted under this paragraph from paying contributions
17 into the system.

18 [(iv) On termination of a member's employment during or after a leave of absence for
19 military service, the member, member's beneficiary, or member's estate is entitled
20 to a refund of the member's accumulated contributions, plus interest, in lieu of
21 any other system benefit, excluding contributions made by the City under
22 subparagraph (i) of this paragraph.]

23 (5) [(7)] *Benefits unavailable during absence.*

24 A member of this system, the member's beneficiary, or the member's estate is not
25 entitled to line-of-duty disability benefits or line-of-duty death benefits arising from
26 the member's death or disability during a period that the member is absent from
27 employment for military service.

28 (6) [(8)] DROP AND DROP 2 benefits.

29 [Except as otherwise provided in this subsection, a] A member of this system [who is
30 actively reemployed under paragraph (1)(iii) of this subsection and is otherwise
31 qualified to retain the status and rights of a member during a period of absence from
32 employment for military service] DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION
33 is entitled to all of the rights and privileges relating to the Deferred Retirement Option
34 Plan ("DROP") under [Section] § 36B [of this subtitle] OR THE DEFERRED
35 RETIREMENT OPTION PLAN 2 ("DROP 2") UNDER § 36C otherwise afforded to a
36 member who is actively employed, including:

37 (i) after being reemployed on returning from military service, the right to elect
38 retrospectively to participate in DROP OR DROP 2 or to terminate DROP OR
39 DROP 2 participation, as of a date during the period of the member's absence
40 from employment;

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1 (ii) the right to accumulate DROP OR DROP 2 contributions and benefits
2 participation during the period of the member's absence from employment;
3 and

4 (iii) the right to be credited with post-DROP OR POST-DROP 2 employment during
5 the period of the member's absence from employment.

6 (7) [(9)] "*Military service*" defined.

7 (i) In this subsection AND IN SUBSECTION (F) OF THIS SECTION, "military
8 service" means any service that falls within the term:

9 (A) "service in the uniformed services", as defined by and interpreted under
10 38 U.S.C. § 4303(13); or

11 (B) "military service", as defined by and interpreted under State Personnel and
12 Pensions Article § 38-101(d);

13 (ii) "Military service" embraces all forms of duty, including active duty, active duty
14 for training, initial active duty for training, and inactive duty training (such as
15 drills), under competent authority, on a voluntary or involuntary basis, in the
16 Army, Navy, Marine Corps, Air Force, Coast Guard, Public Health Service
17 Commissioned Corps, the Army National Guard, the Air National Guard, the
18 Maryland National Guard, as well as the reserve components of each of these
19 services, and any other category of persons designated by the President or the
20 Governor of the State of Maryland in time of war or national or State emergency.

21 (8) *DEADLINE FOR PURCHASE OF SERVICE.*

22 FOR A MEMBER OF THIS SYSTEM DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION,
23 ANY DEADLINE FOR TRANSFERRING AND PURCHASING SERVICE OTHERWISE
24 APPLICABLE UNDER § 32(K) SHALL BE EXTENDED BY THE PERIOD OF SERVICE CREDITED
25 TO THE MEMBER UNDER PARAGRAPH (2) OF THIS SUBSECTION.

26 (9) [(10)] *Rules and regulations.*

27 The Board of Trustees may adopt rules, resolutions, and regulations to carry out the
28 provisions of this subsection AS LONG AS THOSE RULES, RESOLUTIONS, AND
29 REGULATIONS ARE CONSISTENT WITH USERRA.

30 (f) [*Military*] *CREDIT FOR MILITARY service [credit] PRIOR TO EMPLOYMENT.*

31 (1) [Notwithstanding any other provision of this subtitle, upon] UPON proper application
32 to [the System] THIS SYSTEM, A MEMBER WHO HAS ACQUIRED AT LEAST 10 YEARS OF
33 SERVICE AND ATTAINED AGE 50, OR WHO HAS ACQUIRED 20 YEARS OF SERVICE, SHALL
34 BE GRANTED credit for military service, as defined in [§ 32(e)] SUBSECTION (E)(7) of
35 this [subtitle], PRIOR TO EMPLOYMENT WITH THE CITY [for purposes of eligibility for a
36 normal service retirement under § 34(a-1), DROP under § 36B, or DROP 2 under
37 § 36C, and for benefit purposes shall be granted to any member of this system who

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1 has served in the military prior to employment with the City, if that member has
2 acquired at least 10 years of service and attained the age of 50, or has acquired 20
3 years of service] UNLESS OTHERWISE PROVIDED IN THIS ARTICLE 22.

4 (k) [Transfers] PURCHASES AND TRANSFERS of service. [- Persons becoming members on or
5 after July 1, 2003.]

6 (1) Definitions.

7 (i) In this subsection, the following words have the meanings indicated.

8 (ii) A. "Former system" means an actuarially funded contributory or non-contributory
9 federal, state, or local governmental defined benefit retirement or pension
10 system located within the United States.

11 B. "FORMER SYSTEM" INCLUDES:

- 12 1. THIS SYSTEM;
- 13 2. THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BALTIMORE;
- 14 3. THE ELECTED OFFICIALS' RETIREMENT SYSTEM OF THE CITY OF
15 BALTIMORE; AND
- 16 4. EVEN THOUGH IT IS NOT ACTUARIALLY FUNDED, THE RETIREMENT
17 SAVINGS PLAN OF BALTIMORE CITY.

18 (iii) "Uniformed position" means a fireman's or policeman's position held by a
19 transferring employee.

20 (iv) "Fireman's position" means a position held by an employee of a federal, state, or
21 local fire department whose services bear a substantial and direct relationship to
22 extinguishing fires or protecting lives or property endangered by fires.

23 (v) "Policeman's position" means a position held by an employee of a federal, state,
24 or local law enforcement agency who is regularly engaged in enforcing the public
25 peace and whose duties include the power of arrest.

26 (vi) "Civilian position" means a position held by a transferring employee that was not
27 a uniformed position.

28 (VII) "FORMER CITY SERVICE" MEANS:

29 (A) PRIOR SERVICE;

30 (B) SERVICE FOR ANY REGULAR AND PERMANENT EMPLOYMENT WITH THE
31 CITY THAT RESULTED IN THE MEMBER'S BEING VESTED IN THE CITY
32 RETIREMENT SAVINGS PLAN OR CREDITED FOR SERVICE IN A DEFINED
33 BENEFIT CITY RETIREMENT SYSTEM OTHER THAN THIS SYSTEM; OR

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1 (C) NON-CREDITED CITY SERVICE.

2 (VIII) "EARNABLE COMPENSATION" MEANS THE ANNUAL SALARY AUTHORIZED FOR
3 THE MEMBER AS OF THE DATE OF THE MEMBER'S SYSTEM ENTRY DATE.

4 (IX) "PRIOR SERVICE" MEANS SERVICE CREDIT PREVIOUSLY EARNED OR PURCHASED IN
5 THIS SYSTEM BUT LOST DUE TO SEPARATION FROM EMPLOYMENT.

6 (X) "NON-CREDITED CITY SERVICE" MEANS SERVICE FOR ANY REGULAR AND
7 PERMANENT EMPLOYMENT WITH THE CITY THAT DID NOT RESULT IN THE
8 MEMBER'S BEING CREDITED FOR SERVICE IN ANY CITY RETIREMENT SYSTEM OR
9 VESTED IN THE CITY RETIREMENT SAVINGS PLAN.

10 (XI) "MARYLAND POLICE CORPS SERVICE" MEANS SERVICE, NOT TO EXCEED 6
11 MONTHS, EARNED BY A MEMBER WHILE SUCCESSFULLY COMPLETING THE
12 MARYLAND POLICE CORPS TRAINING PROGRAM.

13 (2) *In general.*

14 (A) *[Transfers] PURCHASES AND TRANSFERS authorized.*

15 An employee who becomes a member of this system [on or after July 1, 2003,]
16 may PURCHASE AND transfer ALL OR ANY PORTION OF service previously EARNED
17 OR acquired in a former system OR THROUGH MARYLAND POLICE CORPS SERVICE
18 if:

19 (i) FOR SERVICE PURCHASES AND TRANSFERS OF OTHER THAN PRIOR SERVICE,
20 NON-CREDITED CITY SERVICE, OR MARYLAND POLICE CORPS SERVICE, the
21 member begins employment covered by this system within 90 days of
22 terminating employment covered by the former system;

23 (ii) the member files an application with this system to PURCHASE AND transfer
24 that service within 1 year of [membership in this system] HIS OR HER
25 SYSTEM ENTRY DATE.

26 (iii) the member's former system OR EMPLOYER provides verification to this
27 system of the member's transferable service; and

28 (iv) on transferring [credit] SERVICE from the member's former system OR
29 MARYLAND POLICE CORPS SERVICE, the member would no longer be
30 eligible to receive a present or future benefit [from the former system] for
31 the service transferred.

32 (B) *Limit of years transferable.*

33 (i) If the service from the former system was acquired or earned on account of
34 employment in a uniformed position, the member may PURCHASE AND transfer
35 up to 10 years of that service, IN ADDITION TO ANY PRIOR SERVICE, NON-
36 CREDITED CITY SERVICE, AND MARYLAND POLICE CORPS SERVICE.

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1 (ii) If the service from the former system was acquired or earned on account of
2 employment in a civilian position, the member may PURCHASE AND transfer
3 up to 5 years of that service, IN ADDITION TO ANY PRIOR SERVICE, NON-
4 CREDITED CITY SERVICE, AND MARYLAND POLICE CORPS SERVICE.

5 (C) *Payment amount [- Transfers from City system].*

6 For service transferred from a [Baltimore City retirement] FORMER system, the
7 member must pay:

8 (i) an amount equal to the product of:

- 9 1. the member's [actual] earnable compensation [for the position
10 covered by this system as of the member's date of entry into this
11 system], multiplied by
- 12 2. the number of years or part of a year of service to be transferred,
13 multiplied by
- 14 3. [6%] EITHER:

15 A. FOR SERVICE THAT IS FORMER CITY SERVICE, THE MEMBER
16 CONTRIBUTION RATE UNDER § 36(H)(5) IN EFFECT ON THE
17 DATE OF THE MEMBER'S APPLICATION, OR

18 B. FOR SERVICE THAT IS NOT FORMER CITY SERVICE, TWICE
19 THE MEMBER CONTRIBUTION RATE UNDER § 36(H)(5) IN
20 EFFECT ON THE DATE OF THE MEMBER'S APPLICATION,
21 [plus] LESS

22 [(ii) interest on that product calculated at this system's current annuity savings
23 fund rate from the member's date of entry into this system to the date the
24 payment for the transfer of service is completed.]

25 (II) ACCUMULATED CONTRIBUTIONS, WITH INTEREST, THAT THE MEMBER MAY
26 HAVE RETAINED IN THIS SYSTEM FOR HIS OR HER PRIOR SERVICE.

27 [(D) *Payment amount - Transfers from other system.*]

28 [For service transferred from a system other than a Baltimore City retirement
29 system, the member must pay:

30 (i) an amount equal to the product of:

- 31 1. the member's actual earnable compensation for the position
32 covered by this system as of the member's date of entry into this
33 system, multiplied by

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1 2. the number of years or part of a year of service to be transferred,
2 multiplied by

3 3. 12%, plus

4 (ii) interest on that product calculated at this system's current annuity savings
5 fund rate from the member's date of entry into this system to the date the
6 payment for the transfer of service is completed.]

7 (D) [(E)] *Payment methods, deadline.*

8 The payment for transferred service[: (i) may] MUST be [made] by a single
9 payment [or an increased rate of contribution; but (ii) must be completed] MADE
10 before the earlier of:

11 (i) [(A)] 10 years from the member's SYSTEM ENTRY date [of entry into this
12 system]; or

13 (ii) [(B)] the member's retirement date.

14 (E) [(F)] *Pro rata credit.*

15 The transferred service shall be credited pro rata at the time each payment for the
16 service is made.

17 [(3) *Transferred service deemed earned in this system.*]

18 [For purposes of determining benefit eligibility and calculation of benefits, on
19 payment by a member for the transferred service and the credit of that service by this
20 system, the transferred service shall be treated the same as all other service acquired
21 in this system, whether or not the member retires more than 5 years after transferring
22 into this system.]

23 [(4) *Special review provision.*]

24 [(A) After the June 30, 2008, actuarial valuation has been completed and presented to
25 the Board of Trustees, the Board shall review with the system's actuary the cost
26 impact to the City of Baltimore of this subsection (k) as applied to service credit
27 transfers from federal and out-of- state retirement or pension systems.]

28 [(B) If the Board of Trustees determines that the provisions of this subsection (k) that
29 allow the transfer of service credit from federal and out-of- state retirement or
30 pension systems should not be continued, the Board shall submit legislation to the
31 Mayor and City Council to rescind those provisions.]

32 [(C) Otherwise, if the Board of Trustees determines that the provisions of this
33 subsection (k) that allow for these transfers should be continued, those provisions
34 will remain in full force and effect and this paragraph (4) will be null and void.]

1 § 34. Benefits.

2 (h) *Non-line-of-duty death benefit.*

3 (4) *25% plus death benefit.*

4 (B) This benefit shall be paid:

5 (i) to the member's designated beneficiary, as long as that designated
6 beneficiary is limited to:

- 7 1. the member's surviving spouse, to continue for life or until
8 remarriage; or
- 9 2. the member's minor children, to be paid to each child, in equal
10 shares, until that child is no longer minor, as defined in § 47(h) of
11 this article; or

12 (ii) if the designated beneficiary is not the member's spouse or minor child, AS
13 DEFINED IN § 47(H) OF THIS ARTICLE, and that beneficiary predeceases the
14 member, or if there is no designated beneficiary, then to the member's
15 surviving spouse, to continue for life or until remarriage, if the member
16 was married to that spouse for at least 1 year immediately before the date
17 of the member's death; or

18 (iii) if there is no qualifying surviving spouse under subparagraph (B)(i) or
19 (ii), or if the surviving spouse dies or remarries, then to the member's
20 minor children, to be paid to each child, in equal shares, until that child is
21 no longer minor, as defined in § 47(h) of this article.

22 (C) For purposes of this paragraph (4), when a member's child is no longer a minor,
23 AS DEFINED IN § 47(H) OF THIS ARTICLE, and consequently ceases to receive
24 benefits under this paragraph (4), each remaining minor child shall begin to
25 receive, in addition to his or her existing benefit, an equal share of the benefit
26 formerly paid to the other child. This process continues until the member's
27 youngest child is no longer a minor.

28 (i) *Line-of-duty death benefit.*

29 (2) *Line-of-duty death benefit.*

30 (C) For purposes of this paragraph (2), when a member's child is no longer a minor,
31 AS DEFINED IN § 47(H) OF THIS ARTICLE, and consequently ceases to receive
32 benefits under this paragraph (2), each remaining minor child shall begin to
33 receive, in addition to his or her existing benefit, an equal share of the benefit
34 formerly paid to the other child. This process continues until the member's
35 youngest child is no longer a minor.

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1 (4) *Death on account of a line-of-duty injury.*

2 (A) This paragraph (4) applies to any member who:

3 (i) retires under the provisions of § 34(e) of this subtitle;

4 (ii) elects to receive maximum benefits without [optional] ACTUARIAL
5 modification; and

6 (iii) within 5 years of the date of line-of-duty disability retirement, dies from
7 the last injury that caused or contributed to that retirement.

8 (C) Any accumulated contributions payable to the designated beneficiary of a member
9 whose death is governed by this paragraph (4) shall be reduced by the amount of
10 annuity payments that the deceased member previously received through a
11 [special] LINE-OF-DUTY disability pension.

12 [(k) *Optional allowances.*]

13 [(1) Any member who is entitled to a disability or service allowance under the provisions
14 of this subtitle may elect to receive the maximum amount of such allowance or he
15 may elect to receive the actuarial equivalent of such allowance, computed as of the
16 effective date of retirement, in a lesser amount payable throughout life in accordance
17 with the following provisions:]

18 [Option 1. If the member dies before he has received in annuity payments the
19 present value of his annuity computed as of the time of his retirement,
20 the balance of the annuity reserve remaining unpaid shall be paid to
21 such person, if any, as he shall have nominated by written designation
22 duly acknowledged and filed with the Board of Trustees, otherwise to
23 his estate; or]

24 [Option 2. If the member dies before he has received in payments the present
25 value of his retirement allowance as it was at the time of his
26 retirement, the balance shall be paid to his legal representatives or to
27 such person as he shall nominate by written designation duly
28 acknowledged and filed with the Board of Trustees; or]

29 [Option 3. Upon the member's death, his reduced retirement allowances shall be
30 continued throughout the life of and paid to such person as he shall
31 have nominated by written designation duly acknowledged and filed
32 with the Board of Trustees at the time of his retirement; or]

33 [Option 4. Upon the member's death, ½ of his reduced retirement allowance shall
34 be continued throughout the life of and paid to such person as he shall
35 have nominated by written designation duly acknowledged and filed
36 with the Board of Trustees at the time of his retirement; or]

37 [Option 5. Some other benefit or benefits shall be paid either to the member or to
38 such person or persons as he shall have nominated, provided such

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1 other benefit or benefits, together with the lesser retirement allowance,
2 shall be certified by the actuary to be of equivalent actuarial value to
3 his retirement allowance and shall be approved by the Board of
4 Trustees.]

5 [Any living retired member shall have the right within 30 days after the effective date
6 of his retirement, and not thereafter, to change his election of the maximum allowance
7 to any one of the options hereinbefore set forth or to change his election of any one of
8 said options to another one of said options, or to change his election from any one of
9 said options to the maximum allowance. Any living retired member shall have the
10 right within 30 days after the effective date of his retirement to change his designation
11 of a beneficiary, but thereafter no such change may be made in connection with any
12 option hereinbefore set forth which provides for the payment of a benefit allowance
13 to, and throughout the life, of the beneficiary designated.]

14 [The election of any option or any change in connection therewith shall be made on
15 forms provided for that purpose by the Board of Trustees and filed with the Board.]

16 [(2) {Repealed}]

17 [(3) Subject to the provisions of (a), (b), (c), (d), and (e) of this paragraph (3), in the event
18 that a member who retires and elects to receive maximum benefits without optional
19 modification later dies and is survived by a spouse to whom the member had been
20 married for at least 1 year immediately prior to retirement, an amount equal to 37½%
21 of the allowance said member was receiving shall be paid to such surviving spouse to
22 continue as long as he or she remains unmarried. If there be no such spouse or if the
23 spouse dies or remarries before the youngest unmarried child of said deceased
24 member shall have either attained the age of 18 years or, in the event said child is a
25 full-time student, before he shall have attained the age of 22 years, then an amount
26 equal to 37½% of the allowance said member was receiving shall be paid to such
27 child or children, divided in such manner as the Board of Trustees in its discretion
28 shall determine to continue for the benefit of such child or children until the last child
29 marries, dies or either attains the age of 18 years or in the event he is a full-time
30 student, attains the age of 22 years.]

31 [Provided, however, that the above benefits shall apply only to the following
32 members, surviving spouses and/or children, as the case may be:]

33 [(a) any member who retires on or after July 1, 1970;]

34 [(b) any member who retired prior to July 1, 1970, who is still living as of July 1,
35 1970, and who elected to receive maximum benefits without optional
36 modification at the time of retirement.]

37 [(c) Any member who retired prior to July 1, 1970, who is still living as of July 1,
38 1970, and who elected a reduced optional allowance at the time of retirement,
39 shall be entitled to change his election and receive the maximum benefits
40 without optional modification under Article 22, aforesaid, and to have his
41 eligible surviving spouse, child or children, as the case may be, receive the
42 benefits provided for herein. Anything herein to the contrary notwithstanding,

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1 any member who was entitled to the benefits of this paragraph on July 1,
2 1970, and who has been determined by the Board of Trustees to be a disabled
3 person on that date and who died as a result of such disability before August
4 30, 1970, without having exercised his rights to change his election as
5 required by the provisions of this paragraph, may have such rights to change
6 his election carried over to his eligible surviving spouse, child or children, as
7 the case may be. Such election by the surviving spouse, child or children, as
8 the case may be, to receive the benefits provided in (c) herein, must be made
9 within 30 days of the effective date of this ordinance and these benefits shall
10 be paid retroactively effective on the day after such member died.]

11 [(d) The eligible surviving spouse, child or children, as the case may be, of a
12 retired member who died prior to July 1, 1970, who is or are receiving a
13 retirement allowance as a result of the fact that the member elected a reduced
14 optional allowance at the time of retirement shall be entitled upon application
15 to receive the adjusted benefits provided for herein notwithstanding the prior
16 election by the member.]

17 [(e) The eligible surviving spouse, child or children, as the case may be, of a
18 retired member who died prior to July 1, 1970, and who had elected to receive
19 maximum benefits without optional modification, shall receive the benefits
20 provided for herein commencing as of July 1, 1970.]

21 [In no event will a surviving spouse, child or children receive any benefits under this
22 paragraph (3) if such spouse, child or children received lump sum benefits as a result
23 of election of Options 1, 2 or 5 by the retired member and his subsequent death prior
24 to July 1, 1970. Provided, further, that all increased benefits available hereunder shall
25 become effective as of July 1, 1970, and in no event shall any payment be made for
26 any period prior to July 1, 1970. However, elections or applications provided under
27 this paragraph (3)(c) and (3)(d) made after September 30, 1970, shall not be effective
28 prior to the date of such election or application and no retroactive payments shall be
29 made. Provided, further, that notwithstanding the above provisions, a spouse by a
30 marriage occurring at least 6 months prior to the effective date of this paragraph (3),
31 or a child or children of such marriage, shall be entitled to the benefits provided for
32 herein as if the marriage had occurred 5 years prior to retirement.]

33 [(f) In the event a retired member, who elected to receive maximum benefits
34 under the provisions of this subtitle, dies before he has received in annuity
35 payments a sum equal to the amount of his accumulated contributions at the
36 time of his retirement, and there is no surviving spouse, minor children,
37 mother or father of the deceased member entitled to receive further retirement
38 benefits as a result of his death, the difference between the amount of the
39 deceased member's accumulated contributions at the time of his retirement
40 and the sum of the annuity payments which he has received shall be paid to
41 the deceased member's designated beneficiary, and if no beneficiary has been
42 designated, then said difference shall be paid to his estate.]

43 [(4) Provided, however, that effective January 1, 1987, any beneficiary receiving or
44 thereafter eligible to receive the 37½% survivor's benefit under subsection (k)(3)
45 shall receive 42½% of the member's allowance, in lieu of the 37½% previously

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1 provided. Any such increased rate shall be effective beginning January 1, 1987, or
2 from date of eligibility, whichever comes later.]

3 [(5) Effective as of July 1, 1993, in the event that a member who retires and elects to
4 receive maximum benefits without optional modification later dies and is survived by
5 a spouse to whom the member had been married for at least 1 year immediately prior
6 to retirement or at least 5 years prior and/or subsequent to retirement, an amount equal
7 to 50% of the allowance said member was receiving shall be paid to such surviving
8 spouse to continue as long as he or she remains unmarried. If there be no such spouse
9 or if the spouse dies or remarries before the youngest unmarried child of said
10 deceased member shall have either attained the age of 18 years, or, in the event said
11 child is a full-time student, before he shall have attained the age of 22 years, then an
12 amount equal to 50% of the allowance said member was receiving shall be paid to
13 such child or children, divided in such manner as the Board of Trustees in its
14 discretion shall determine to continue for the benefit of such child or children until
15 the last child marries, dies or either attains the age of 18 years or in the event he is a
16 full-time student, attains the age of 22 years. The surviving spouse benefit provided
17 under this paragraph is effective as of July 1, 1993, and is not payable to the surviving
18 spouse of a member who died before July 1, 1993, where such spouse was not
19 previously entitled to a surviving spouse benefit.]

20 [(6) Effective as of July 1, 1993, any beneficiary receiving or thereafter eligible to receive
21 the 42.5% survivor's benefit under subsection (k)(4) shall receive 50% of the
22 member's allowance, in lieu of the 42.5% previously provided under subsection
23 (k)(4). Any such increased rate shall be effective beginning July 1, 1993, or from the
24 date of eligibility, whichever occurs later.]

25 (K) RETIREMENT PAYMENT OPTIONS.

26 (1) MAXIMUM RETIREMENT ALLOWANCE.

27 (I) IN GENERAL.

28 A MEMBER WHO IS ELIGIBLE TO RECEIVE A RETIREMENT BENEFIT UNDER THIS
29 SUBTITLE IS ENTITLED TO RECEIVE, WITHOUT ACTUARIAL MODIFICATION, THE FULL
30 BENEFIT FOR WHICH HE OR SHE IS QUALIFIED, PAYABLE IN PERIODIC PAYMENTS
31 DURING THE RETIRED MEMBER'S LIFETIME (THE "MAXIMUM RETIREMENT
32 ALLOWANCE").

33 (II) RETIRED MEMBER'S DEATH - IN GENERAL.

34 AS OF THE 1ST DAY OF THE CALENDAR MONTH FOLLOWING THE DEATH OF A
35 RETIRED MEMBER WHO IS RECEIVING THIS MAXIMUM RETIREMENT ALLOWANCE,
36 THE FOLLOWING BENEFICIARIES ARE ENTITLED TO RECEIVE PERIODIC PAYMENTS IN
37 AN AMOUNT EQUAL TO 50% OF THE PERIODIC PAYMENT THAT THE RETIRED
38 MEMBER WAS RECEIVING AT THE TIME OF HIS OR HER DEATH:

39 (A) IF THE RETIRED MEMBER IS SURVIVED BY A SPOUSE TO WHOM THE RETIRED
40 MEMBER WAS MARRIED FOR AT LEAST 1 YEAR IMMEDIATELY BEFORE THE
41 MEMBER'S RETIREMENT DATE OR AT LEAST 5 YEARS BEFORE THE

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1 MEMBER'S DEATH, THE BENEFIT SHALL BE PAID TO THE SURVIVING SPOUSE,
2 TO CONTINUE FOR THE SPOUSE'S LIFETIME OR UNTIL THE SPOUSE
3 REMARRIES BEFORE AGE 70; OR

4 (B) IF THERE IS NO QUALIFYING SURVIVING SPOUSE OR IF THE SURVIVING
5 SPOUSE REMARRIES BEFORE AGE 70 OR DIES, THEN THE BENEFIT SHALL BE
6 PAID TO THE RETIRED MEMBER'S MINOR CHILDREN, IN EQUAL SHARES, TO
7 CONTINUE UNTIL THE CHILDREN ARE NO LONGER MINORS, AS DEFINED IN
8 § 47(H) OF THIS ARTICLE.

9 (III) *RETIRED MEMBER'S DEATH – SHARE OF MINOR CHILD WHO ATTAINS MAJORITY.*

10 FOR PURPOSES OF THIS PARAGRAPH, WHEN A RETIRED MEMBER'S CHILD IS NO
11 LONGER A MINOR, AS DEFINED IN § 47(H) OF THIS ARTICLE, AND CONSEQUENTLY
12 CEASES TO RECEIVE BENEFITS UNDER THIS PARAGRAPH, EACH REMAINING MINOR
13 CHILD SHALL BEGIN TO RECEIVE, IN ADDITION TO HIS OR HER EXISTING BENEFIT, AN
14 EQUAL SHARE OF THE BENEFIT FORMERLY PAID TO THE OTHER CHILD. THIS
15 PROCESS CONTINUES UNTIL THE YOUNGEST CHILD IS NO LONGER A MINOR.

16 (IV) *RETIRED MEMBER'S DEATH – BEFORE CONTRIBUTIONS AND DROP OR DROP 2*
17 *ACCOUNT RECOVERED.*

18 IF A RETIRED MEMBER WHO IS RECEIVING THE MAXIMUM RETIREMENT ALLOWANCE
19 DIES BEFORE THE MEMBER HAS RECEIVED IN ANNUITY PAYMENTS A SUM EQUAL TO
20 THE AMOUNT OF HIS OR HER ACCUMULATED CONTRIBUTIONS AND DROP OR
21 DROP 2 ACCOUNT AT THE TIME OF RETIREMENT, AND IF THERE IS NO QUALIFYING
22 SURVIVING SPOUSE OR MINOR CHILD, AS DEFINED IN § 47(H) OF THIS ARTICLE,
23 ENTITLED TO RECEIVE FURTHER BENEFITS AS A RESULT OF THE MEMBER'S DEATH,
24 THE DIFFERENCE BETWEEN THE AMOUNT OF THE DECEASED MEMBER'S
25 ACCUMULATED CONTRIBUTIONS AND DROP OR DROP 2 ACCOUNT AT THE TIME OF
26 HIS OR HER RETIREMENT AND THE SUM OF THE ANNUITY PAYMENTS THAT HE OR
27 SHE HAD RECEIVED DURING HIS OR HER LIFETIME SHALL BE PAID IN THE FORM OF A
28 LUMP-SUM CASH PAYMENT AS FOLLOWS:

29 (A) TO THE DECEASED MEMBER'S BENEFICIARY SPECIFICALLY DESIGNATED TO
30 RECEIVE THE UNUSED ANNUITY AND REMAINING DROP OR DROP 2
31 ACCOUNT; OR

32 (B) IF NO BENEFICIARY HAS BEEN DESIGNATED OR IF THE DESIGNATED
33 BENEFICIARY PREDECEASES THE RETIRED MEMBER, TO THE DECEASED
34 MEMBER'S ESTATE.

35 (2) *SURVIVORSHIP BENEFIT OPTIONS.*

36 (I) *IN GENERAL.*

37 (A) INSTEAD OF THE MAXIMUM RETIREMENT ALLOWANCE PROVIDED FOR IN
38 PARAGRAPH (1) OF THIS SUBSECTION, A MEMBER WHO IS ENTITLED TO RECEIVE
39 A RETIREMENT BENEFIT FROM THIS SYSTEM MAY ELECT TO RECEIVE AN
40 ACTUARJALLY REDUCED BENEFIT IN THE FORM OF ONE OF THE SURVIVORSHIP

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1 OPTIONS SET FORTH IN SUBPARAGRAPHS (II) THROUGH (IV) OF THIS
2 PARAGRAPH.

3 (B) OTHER THAN AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, A
4 MEMBER WHO ELECTS TO RECEIVE ONE OF THESE OPTIONS WILL RECEIVE HIS OR
5 HER BENEFIT IN THE FORM OF PERIODIC PAYMENTS DURING HIS OR HER
6 LIFETIME.

7 (II) *RESERVE GUARANTEE OPTION.*

8 (A) AS SOON AS ADMINISTRATIVELY PRACTICABLE AFTER THE DEATH OF A
9 RETIRED MEMBER WHO ELECTED THIS RESERVE GUARANTEE OPTION, THE
10 BALANCE OF THE PRESENT VALUE OF THE RETIRED MEMBER'S BENEFIT AT HIS
11 OR HER DEATH, AFTER DEDUCTING THE TOTAL AMOUNT OF PERIODIC
12 PAYMENTS RECEIVED BY THE RETIRED MEMBER DURING HIS OR HER LIFETIME,
13 SHALL BE PAID IN THE FORM OF A LUMP-SUM CASH PAYMENT AS FOLLOWS:

- 14 1. TO THE RETIRED MEMBER'S DESIGNATED BENEFICIARY; OR
15 2. IF NO DESIGNATED BENEFICIARY HAS BEEN DESIGNATED OR IF THE
16 DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER, TO
17 THE RETIRED MEMBER'S ESTATE.

18 (B) A MEMBER WHO ELECTS THIS OPTION MAY CHANGE HIS OR HER DESIGNATED
19 BENEFICIARY AT ANY TIME THROUGHOUT THE MEMBER'S RETIREMENT.

20 (III) *JOINT-AND-SURVIVOR OPTIONS.*

21 (A) AS OF THE 1ST DAY OF THE CALENDAR MONTH IMMEDIATELY AFTER THE DEATH
22 OF A RETIRED MEMBER WHO ELECTED A JOINT-AND-SURVIVOR OPTION, THE
23 MEMBER'S DESIGNATED BENEFICIARY IS ENTITLED TO RECEIVE PERIODIC
24 PAYMENTS DURING THE BENEFICIARY'S LIFETIME IN EITHER OF THE FOLLOWING
25 AMOUNTS, AS ELECTED BY THE MEMBER:

- 26 1. 100% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS
27 RECEIVING AT THE TIME OF HER OR HIS DEATH; OR
28 2. 50% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS
29 RECEIVING AT THE TIME OF HER OR HIS DEATH.

30 (B) A MEMBER WHO ELECTS THIS OPTION MAY CHANGE HIS OR HER DESIGNATED
31 BENEFICIARY WITHIN 30 DAYS AFTER THE MEMBER'S RETIREMENT DATE.

32 (C) IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN
33 30 DAYS AFTER THE RETIREMENT DATE, THE RETIRED MEMBER MAY
34 DESIGNATE A NEW BENEFICIARY WITHIN 30 DAYS AFTER THE DESIGNATED
35 BENEFICIARY'S DEATH.

36 (D) IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN
37 30 DAYS AFTER THE RETIREMENT DATE AND THE RETIRED MEMBER DOES NOT

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1 DESIGNATE A NEW BENEFICIARY WITHIN 30 DAYS AFTER THE DESIGNATED
2 BENEFICIARY'S DEATH OR IF THE DESIGNATED BENEFICIARY DIES ON OR AFTER
3 THE 31ST DAY FOLLOWING THE RETIREMENT DATE:

- 4 1. THE RETIRED MEMBER CONTINUES DURING HIS OR HER LIFETIME TO
5 RECEIVE PERIODIC PAYMENTS IN THE SAME AMOUNT THAT THE
6 MEMBER HAS BEEN RECEIVING;
7
8 2. NO NEW BENEFICIARY MAY BE DESIGNATED; AND
9
10 3. ON THE RETIRED MEMBER'S DEATH, NO SURVIVORSHIP BENEFIT IS
11 PAYABLE.

12 (IV) *"POP-UP" JOINT-AND-SURVIVOR OPTIONS.*

13 (A) AS OF THE 1ST DAY OF THE CALENDAR MONTH FOLLOWING THE DEATH OF A
14 RETIRED MEMBER WHO ELECTED THIS "POP-UP" JOINT-AND-SURVIVOR OPTION,
15 THE MEMBER'S DESIGNATED BENEFICIARY IS ENTITLED TO RECEIVE PERIODIC
16 PAYMENTS DURING THE BENEFICIARY'S LIFETIME IN EITHER OF THE FOLLOWING
AMOUNTS, AS ELECTED BY THE MEMBER:

- 17 1. 100% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS
18 RECEIVING AT THE TIME OF HIS OR HER DEATH; OR
19
20 2. 50% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS
RECEIVING AT THE TIME OF HIS OR HER DEATH.

21 (B) A MEMBER WHO ELECTS THIS OPTION MAY CHANGE HIS OR HER DESIGNATED
22 BENEFICIARY WITHIN 30 DAYS AFTER THE MEMBER'S RETIREMENT DATE.

23 (C) IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN
24 30 DAYS AFTER THE RETIREMENT DATE, THE RETIRED MEMBER MAY
25 DESIGNATE A NEW BENEFICIARY WITHIN 30 DAYS AFTER THE DESIGNATED
26 BENEFICIARY'S DEATH.

27 (D) IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN
28 30 DAYS AFTER THE RETIREMENT DATE AND THE RETIRED MEMBER DOES NOT
29 DESIGNATE A NEW BENEFICIARY WITHIN 30 DAYS AFTER THE DESIGNATED
30 BENEFICIARY'S DEATH OR IF THE DESIGNATED BENEFICIARY DIES ON OR AFTER
31 THE 31ST DAY FOLLOWING THE RETIREMENT DATE:

- 32 1. THE RETIRED MEMBER COMMENCES, AS OF THE 1ST DAY OF THE MONTH
33 IMMEDIATELY AFTER THE DESIGNATED BENEFICIARY'S DEATH, TO
34 RECEIVE THE MAXIMUM RETIREMENT ALLOWANCE, PAYABLE IN
35 PERIODIC PAYMENTS DURING THE RETIRED MEMBER'S LIFETIME, PLUS
36 POST-RETIREMENT INCREASES ALREADY GRANTED THE RETIRED
37 MEMBER;
38
2. NO OTHER BENEFICIARY MAY BE DESIGNATED; AND

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1 3. ON THE RETIRED MEMBER'S DEATH, NO SURVIVORSHIP BENEFIT IS
2 PAYABLE, WHETHER UNDER THIS OPTION OR THE MAXIMUM
3 RETIREMENT ALLOWANCE.

4 (3) *CHANGE OF ELECTION WITHIN 30 DAYS.*

5 (I) A RETIRED MEMBER MAY ELECT TO MAKE THE CHANGES AUTHORIZED IN THIS
6 PARAGRAPH ON OR BEFORE THE LATER OF:

7 (A) THE 30TH DAY AFTER THE RETIRED MEMBER'S RETIREMENT DATE; OR

8 (B) IF THE RETIRED MEMBER'S DESIGNATED BENEFICIARY PREDECEASES THE
9 RETIRED MEMBER WITHIN 30 DAYS AFTER THE RETIREMENT DATE, THE 30TH
10 DAY AFTER THE DESIGNATED BENEFICIARY'S DEATH.

11 (II) WITHIN THE PERIODS SPECIFIED, THE RETIRED MEMBER MAY ELECT TO CHANGE:

12 (A) THE RETIRED MEMBER'S MAXIMUM RETIREMENT ALLOWANCE UNDER
13 PARAGRAPH (1) OF THIS SUBSECTION TO ANY ONE OF THE BENEFIT OPTIONS
14 PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION;

15 (B) THE RETIRED MEMBER'S ELECTION OF A BENEFIT OPTION UNDER
16 PARAGRAPH (2) OF THIS SUBSECTION TO THE MAXIMUM RETIREMENT
17 ALLOWANCE PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION; OR

18 (C) THE RETIRED MEMBER'S ELECTION OF A BENEFIT OPTION UNDER
19 PARAGRAPH (2) OF THIS SUBSECTION TO ANY OTHER BENEFIT OPTION
20 PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

21 (III) ANY PAYMENTS MADE TO A RETIRED MEMBER UNDER THE ORIGINAL ELECTION
22 SHALL BE TAKEN INTO ACCOUNT IN COMPUTING THE BENEFIT TO BE PAID UNDER
23 THE SUBSEQUENT ELECTION.

24 **§ 34.1. Benefit payments.**

25 (D) *DIRECT DEPOSIT FOR PERIODIC BENEFIT PAYMENTS.*

26 (1) *"PERIODIC BENEFIT PAYMENTS" DEFINED.*

27 (I) "PERIODIC BENEFIT PAYMENTS" MEANS ALL PERIODIC BENEFIT PAYMENTS MADE
28 BY THIS SYSTEM.

29 (II) "PERIODIC BENEFIT PAYMENTS" DOES NOT INCLUDE ANY ONE-TIME, LUMP-SUM
30 PAYMENT.

31 (2) *DIRECT DEPOSIT REQUIRED.*

32 EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION:

Council Bill 19-0357

1 (I) ALL PERIODIC BENEFIT PAYMENTS MADE BY THIS SYSTEM SHALL BE PAID BY
2 ELECTRONIC FUNDS TRANSFER; AND

3 (II) EACH RECIPIENT OF PERIODIC BENEFIT PAYMENTS SHALL:

4 (A) DESIGNATE A FINANCIAL INSTITUTION OR OTHER AUTHORIZED
5 PAYMENT AGENT; AND

6 (B) PROVIDE THE SYSTEM WITH THE INFORMATION NECESSARY FOR THE
7 RECIPIENT TO RECEIVE ELECTRONIC FUNDS TRANSFER PAYMENTS
8 THROUGH THE PAYMENT AGENT SO DESIGNATED.

9 (3) *WAIVER FOR HARDSHIP.*

10 (I) THE BOARD OF TRUSTEES MAY WAIVE THE REQUIREMENTS OF THIS SECTION ON
11 WRITTEN REQUEST OF A RECIPIENT OF PERIODIC BENEFIT PAYMENTS
12 DEMONSTRATING HARDSHIP TO RECEIVE FUNDS BY ELECTRONIC TRANSFER.

13 (II) PERIODIC BENEFIT PAYMENTS SHALL BE PAID TO ANY RECIPIENT GRANTED A
14 WAIVER UNDER THIS PARAGRAPH BY ANY METHOD DETERMINED APPROPRIATE BY
15 THE BOARD OF TRUSTEES.

16 **Subtitle – General Provisions**

17 **§ 47. Definitions.**

18 (h) *Minor child.*

19 (1) [Subject to paragraph (2) of this subsection] FOR PURPOSES OF § 34 OF THIS ARTICLE,
20 “minor child” means the child of a member, former member, or retiree who: (i) has
21 not attained age [18; or] 22.

22 [(ii) if the child is a full-time student, as verified to the satisfaction of the
23 Executive Director in accordance with policies set by the Board of Trustees,
24 has not attained age 22.]

25 (2) [Notwithstanding paragraph (1) of this subsection, for] FOR purposes of §§ 9, 9.2, and
26 22 of this article, “minor child” means the child of a member, former member, or
27 retiree who:

28 (i) has not attained age 18; or

29 (ii) if the child is a student, as verified to the satisfaction of the Executive Director
30 in accordance with policies set by the Board of Trustees, has not attained age
31 22.

Council Bill 19-0357

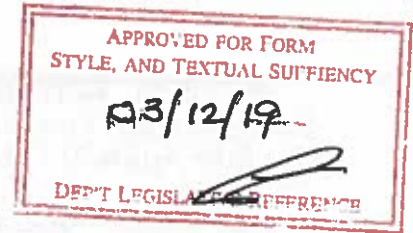
1 **SECTION 3. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this
2 Ordinance are not law and may not be considered to have been enacted as a part of this or
3 any prior Ordinance.

4 **SECTION 4. AND BE IT FURTHER ORDAINED,** That the changes made by this Ordinance to
5 Article 22, § 32, take effect with regard to members whose system entry dates are on or after July
6 1, 2019. Members whose system entry dates are on or before June 30, 2019, must purchase and
7 transfer service pursuant to the law in effect on or before June 30, 2019.

8 **SECTION 5. AND BE IT FURTHER ORDAINED,** That the direct-deposit requirement of Article
9 22, § 34.1(d), as added by this Ordinance, applies only to members or beneficiaries whose first
10 periodic benefit payment from this System is made on or after January 1, 2020.

11 **SECTION 6. AND BE IT FURTHER ORDAINED,** That, except as provided in Sections 4 and 5
12 of this Ordinance, this Ordinance takes effect when it is enacted.

INTRODUCTORY*
CITY OF BALTIMORE
COUNCIL BILL _____



Introduced by: The Council President
At the request of: The Administration (Fire & Police Employees' Retirement System)

A BILL ENTITLED

AN ORDINANCE concerning

**Fire and Police Employees' Retirement System –
Interest, Service Credits, Death Benefits, Direct Deposit, and Technical Corrections**

FOR the purpose of repealing certain obsolete and obsolescent provisions; changing the definition of regular interest for valuation purposes; clarifying the crediting of military service under certain circumstances; modifying the calculation of the cost of purchasing and transferring prior system service, non-credited City service, former Maryland Police Corps service, and service earned for employment covered under a former non-City pension; expanding the definition of "minor child" for certain purposes; allowing certain spousal beneficiaries age 70 and over to remarry without penalty of losing benefits; allowing new beneficiary elections and survivorship option elections within certain time periods; requiring that, after a certain date and subject to certain exceptions, periodic benefit payments be made electronically; defining certain terms; providing for special effective dates; and generally relating to the Baltimore City Fire and Police Employees' Retirement System.

BY repealing

Article 22 - Retirement Systems
Sections 30(7), 32(g), (h-1), (h-2), (h-3), (i), (j), (l), and (m) and 34(i)(2)(F) and (6)
Baltimore City Code
(Edition 2000)

BY repealing and reordaining, with amendments

Article 22 - Retirement Systems
Sections 30(6) and (9), 32(e), (f)(1), and (k), 34(h)(4)(B) and (C), (i)(2)(C) and (4)(A) and (C), and (k), and 47(h)
Baltimore City Code
(Edition 2000)

BY adding

Article 22 - Retirement Systems
Section 30(7) and (21) and 34.1(d)
Baltimore City Code
(Edition 2000)

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

* WARNING: THIS IS AN UNOFFICIAL, INTRODUCTORY COPY OF THE BILL.
THE OFFICIAL COPY CONSIDERED BY THE CITY COUNCIL IS THE FIRST READER COPY.

SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That § 30(7), § 32(g), (h-1), (h-2), (h-3), (i), (j), (l), and (m) and § 34(i)(2)(F) and (6) of Baltimore City Code Article 22 {"Retirement Systems"} are repealed, in their respective entireties.

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

Baltimore City Code

Article 22. Retirement Systems

Subtitle – Fire and Police Employees' Retirement System

§ 30. Definitions.

In this subtitle, unless a different meaning is plainly required by the context, the following words and phrases have the meanings indicated:

(6) "Service" [shall mean] MEANS:

- (i) ANY service FOR SERVICE-COVERED EMPLOYMENT [as an employee as described in paragraph (2) of this subsection, and paid for by the City of Baltimore, while a member of the Fire and Police Employees' Retirement System]; [and]
- (ii) any service purchased, repurchased, or transferred, by appropriate deposit or redeposit of funds plus interest[, to cover such periods, or]; AND
- (iii) any service credited under [any other section of] this subtitle [and under Maryland State Law].

(7) "SERVICE-COVERED EMPLOYMENT" MEANS EMPLOYMENT AS AN EMPLOYEE, AS DESCRIBED IN PARAGRAPH (2) OF THIS SECTION, AND PAID FOR BY THE CITY OF BALTIMORE, WHILE A MEMBER OF THIS SYSTEM.

(9) "Regular interest" means interest compounded annually for the reserves and items listed at the following rates:

- (i) the Annuity Savings Reserve: 3.0%.
- (ii) for valuation purposes: [7.5%] 7.25%
- (iii) for determining actuarial equivalents: 5.0%.

(21) "SYSTEM ENTRY DATE" MEANS THE DATE A MEMBER MOST RECENTLY BEGINS SERVICE-COVERED EMPLOYMENT.

§ 32. Service creditable.

(e) *[Military personnel – rights to benefits, membership, and service credit during employment.] CREDIT FOR MILITARY SERVICE DURING EMPLOYMENT.*

(1) *Scope of subsection.*

This subsection applies only to a member of this system who:

- (i) on account of military service, as defined in paragraph [(9)] (7) of this subsection, is on [unpaid] leave of absence from [paid] City employment;
- (ii) [does not withdraw any of his or her accumulated contributions, unless he or she redeposits the sum withdrawn as provided in paragraph (2) of this subsection] IS ELIGIBLE FOR REEMPLOYMENT WITH THE CITY UNDER THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994, AS AMENDED, 38 U.S.C. §§4301-4334 (“USERRA”); AND
- [(iii) within 1 year after he or she leaves military service, or any longer period during which his or her employment rights are protected by federal law, is employed by the City of Baltimore as a regular and permanent employee;]
- [(iv) does not take any employment, other than employment described in item (iii) of this paragraph or temporary employment, after the member:
 - (A) applied for reemployment in his or her former classification or position in the City service; and
 - (B) was refused immediate reemployment for causes beyond his or her control; and]
- (iii) [(v)] applies for service credit with the system.

[(2) *Redeposit of accumulated contributions; payment methods, deadline; pro rata credit.*]

- [(i) If a member of this system who is absent from employment for military service withdraws any of his or her accumulated contributions and redeposits into the system the sum withdrawn, with regular interest at the annuity savings fund rate from the date of withdrawal to the date that the redeposit is completed, the member, if otherwise qualified, is entitled to the benefits of this section as if the withdrawal had not been made.]
- [(ii) The redeposit of accumulated contributions:
 - (A) may be made by a single payment or an increased rate of contribution; but
 - (B) must be completed before the member’s retirement date.]
- [(iii) The redeposit of accumulated contributions shall be credited pro rata at the time each payment is made.]

[(3) *Retention of status and rights as a member.*]

[Except as otherwise provided in this subsection, a member of this system who is reemployed under paragraph (1)(iii) of this subsection retains the status and rights as a member during a period of absence from employment for military service.]

(2) [(4)] *Service credit.*

[A member of this system shall receive service credit for a period of absence from employment while in military service if:

(i) the employment of the member under paragraph (1)(iii) of this section is paid employment; and

(ii) membership in this system is a requirement of employment.]

(1) A MEMBER OF THIS SYSTEM SHALL RECEIVE SERVICE CREDIT FOR A PERIOD OF ABSENCE FROM EMPLOYMENT WHILE IN MILITARY SERVICE AS THOUGH HE OR SHE HAD REMAINED CONTINUOUSLY EMPLOYED WITH THE CITY AS AN EMPLOYEE.

(2) THE SERVICE CREDIT SHALL INCLUDE THE PERIOD, IF ANY, BETWEEN THE DATE THE MEMBER COMPLETES MILITARY SERVICE AND THE DATE HE OR SHE IS REEMPLOYED WITH THE CITY, AS LONG AS THE MEMBER RETAINS HIS OR HER REEMPLOYMENT RIGHTS UNDER USERRA DURING THAT PERIOD.

(3) [(5)] *Transfer of service credit.*

A member of this system who receives service credit for military service under this subsection may transfer the credit to another state or local retirement or pension system.

(4) [(6)] [*Contributions*] *MEMBER CONTRIBUTIONS.*

(i) Except as otherwise provided in subparagraph (ii) of this paragraph, a member of this system [who is reemployed under paragraph (1)(iii) of this subsection and is otherwise qualified to retain the status and rights of a member during a period of absence from employment for military service,] DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION shall be credited [with], at the [city's] CITY'S sole account and expense[:], WITH MILITARY SERVICE CONTRIBUTIONS THAT CONSIST OF THE FOLLOWING:

(A) the contributions, if any, that the City would have made on behalf of the member if the member had not been absent, including DROP OR DROP 2 contributions; and

(B) the contributions that the member would have made on his or her own behalf if the member had not been absent, including DROP OR DROP 2 contributions.

(ii) On a member's terminating City employment, the member is not entitled to [withdraw] RECEIVE any part of [the] THESE MILITARY SERVICE contributions [credited to his or her account under this paragraph, including the annuity portion attributable to City contributions made under this paragraph, except in the case of

death while in City service or retirement from City service]. HOWEVER, THE MILITARY SERVICE CONTRIBUTIONS SHALL BE USED TO FUND:

(A) THE ANNUITY PORTION OF A RETIREMENT ALLOWANCE PAYABLE TO THAT MEMBER UNDER § 34; OR

(B) THE ANNUITY PORTION OF A LUMP-SUM OR PERIODIC DEATH BENEFIT PAYABLE TO THAT MEMBER'S BENEFICIARY UNDER § 34.

(iii) The Board of Trustees shall refund to a member any contributions made to the system during a period of absence from employment for military service when the member is otherwise exempted under this paragraph from paying contributions into the system.

[(iv) On termination of a member's employment during or after a leave of absence for military service, the member, member's beneficiary, or member's estate is entitled to a refund of the member's accumulated contributions, plus interest, in lieu of any other system benefit, excluding contributions made by the City under subparagraph (i) of this paragraph.]

(5) [(7)] *Benefits unavailable during absence.*

A member of this system, the member's beneficiary, or the member's estate is not entitled to line-of-duty disability benefits or line-of-duty death benefits arising from the member's death or disability during a period that the member is absent from employment for military service.

(6) [(8)] DROP AND DROP 2 benefits.

[Except as otherwise provided in this subsection, a] A member of this system [who is actively reemployed under paragraph (1)(iii) of this subsection and is otherwise qualified to retain the status and rights of a member during a period of absence from employment for military service] DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION is entitled to all of the rights and privileges relating to the Deferred Retirement Option Plan ("DROP") under [Section] § 36B [of this subtitle] OR THE DEFERRED RETIREMENT OPTION PLAN 2 ("DROP 2") UNDER § 36C otherwise afforded to a member who is actively employed, including:

(i) after being reemployed on returning from military service, the right to elect retrospectively to participate in DROP OR DROP 2 or to terminate DROP OR DROP 2 participation, as of a date during the period of the member's absence from employment;

(ii) the right to accumulate DROP OR DROP 2 contributions and benefits participation during the period of the member's absence from employment; and

(iii) the right to be credited with post-DROP OR POST-DROP 2 employment during the period of the member's absence from employment.

(7) [(9)] *"Military service" defined.*

(i) In this subsection AND IN SUBSECTION (F) OF THIS SECTION, "military service" means any service that falls within the term:

(A) "service in the uniformed services", as defined by and interpreted under 38 U.S.C. § 4303(13); or

(B) "military service", as defined by and interpreted under State Personnel and Pensions Article § 38-101(d);

(ii) "Military service" embraces all forms of duty, including active duty, active duty for training, initial active duty for training, and inactive duty training (such as drills), under competent authority, on a voluntary or involuntary basis, in the Army, Navy, Marine Corps, Air Force, Coast Guard, Public Health Service Commissioned Corps, the Army National Guard, the Air National Guard, the Maryland National Guard, as well as the reserve components of each of these services, and any other category of persons designated by the President or the Governor of the State of Maryland in time of war or national or State emergency.

(8) *DEADLINE FOR PURCHASE OF SERVICE.*

FOR A MEMBER OF THIS SYSTEM DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION, ANY DEADLINE FOR TRANSFERRING AND PURCHASING SERVICE OTHERWISE APPLICABLE UNDER § 32(K) SHALL BE EXTENDED BY THE PERIOD OF SERVICE CREDITED TO THE MEMBER UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(9) [(10)] *Rules and regulations.*

The Board of Trustees may adopt rules, resolutions, and regulations to carry out the provisions of this subsection AS LONG AS THOSE RULES, RESOLUTIONS, AND REGULATIONS ARE CONSISTENT WITH USERRA.

(f) [*Military*] *CREDIT FOR MILITARY service [credit] PRIOR TO EMPLOYMENT.*

(1) [Notwithstanding any other provision of this subtitle, upon] UPON proper application to [the System] THIS SYSTEM, A MEMBER WHO HAS ACQUIRED AT LEAST 10 YEARS OF SERVICE AND ATTAINED AGE 50, OR WHO HAS ACQUIRED 20 YEARS OF SERVICE, SHALL BE GRANTED credit for military service, as defined in [§ 32(e)] SUBSECTION (E)(7) of this [subtitle], PRIOR TO EMPLOYMENT WITH THE CITY [for purposes of eligibility for a normal service retirement under § 34(a-1), DROP under § 36B, or DROP 2 under § 36C, and for benefit purposes shall be granted to any member of this system who has served in the military prior to employment with the City, if that member has acquired at least 10 years of service and attained the age of 50, or has acquired 20 years of service] UNLESS OTHERWISE PROVIDED IN THIS ARTICLE 22.

(k) [*Transfers*] *PURCHASES AND TRANSFERS of service. [- Persons becoming members on or after July 1, 2003.]*

(1) *Definitions.*

(i) In this subsection, the following words have the meanings indicated.

(ii) A. "Former system" means an actuarially funded contributory or non-contributory federal, state, or local governmental defined benefit retirement or pension system located within the United States.

B. "FORMER SYSTEM" INCLUDES:

1. THIS SYSTEM;
2. THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BALTIMORE;
3. THE ELECTED OFFICIALS' RETIREMENT SYSTEM OF THE CITY OF BALTIMORE; AND
4. EVEN THOUGH IT IS NOT ACTUARIALLY FUNDED, THE RETIREMENT SAVINGS PLAN OF BALTIMORE CITY.

(iii) "Uniformed position" means a fireman's or policeman's position held by a transferring employee.

(iv) "Fireman's position" means a position held by an employee of a federal, state, or local fire department whose services bear a substantial and direct relationship to extinguishing fires or protecting lives or property endangered by fires.

(v) "Policeman's position" means a position held by an employee of a federal, state, or local law enforcement agency who is regularly engaged in enforcing the public peace and whose duties include the power of arrest.

(vi) "Civilian position" means a position held by a transferring employee that was not a uniformed position.

(VII) "FORMER CITY SERVICE" MEANS:

(A) PRIOR SERVICE;

(B) SERVICE FOR ANY REGULAR AND PERMANENT EMPLOYMENT WITH THE CITY THAT RESULTED IN THE MEMBER'S BEING VESTED IN THE CITY RETIREMENT SAVINGS PLAN OR CREDITED FOR SERVICE IN A DEFINED BENEFIT CITY RETIREMENT SYSTEM OTHER THAN THIS SYSTEM; OR

(C) NON-CREDITED CITY SERVICE.

(VIII) "EARNABLE COMPENSATION" MEANS THE ANNUAL SALARY AUTHORIZED FOR THE MEMBER AS OF THE DATE OF THE MEMBER'S SYSTEM ENTRY DATE.

(IX) "PRIOR SERVICE" MEANS SERVICE CREDIT PREVIOUSLY EARNED OR PURCHASED IN THIS SYSTEM BUT LOST DUE TO SEPARATION FROM EMPLOYMENT.

(X) "NON-CREDITED CITY SERVICE" MEANS SERVICE FOR ANY REGULAR AND PERMANENT EMPLOYMENT WITH THE CITY THAT DID NOT RESULT IN THE MEMBER'S BEING CREDITED FOR SERVICE IN ANY CITY RETIREMENT SYSTEM OR VESTED IN THE CITY RETIREMENT SAVINGS PLAN.

(XI) "MARYLAND POLICE CORPS SERVICE" MEANS SERVICE, NOT TO EXCEED 6 MONTHS, EARNED BY A MEMBER WHILE SUCCESSFULLY COMPLETING THE MARYLAND POLICE CORPS TRAINING PROGRAM.

(2) *In general.*

(A) *[Transfers] PURCHASES AND TRANSFERS authorized.*

An employee who becomes a member of this system [on or after July 1, 2003,] may PURCHASE AND transfer ALL OR ANY PORTION OF service previously EARNED OR acquired in a former system OR THROUGH MARYLAND POLICE CORPS SERVICE if:

- (i) FOR SERVICE PURCHASES AND TRANSFERS OF OTHER THAN PRIOR SERVICE, NON-CREDITED CITY SERVICE, OR MARYLAND POLICE CORPS SERVICE, the member begins employment covered by this system within 90 days of terminating employment covered by the former system;
- (ii) the member files an application with this system to PURCHASE AND transfer that service within 1 year of [membership in this system] HIS OR HER SYSTEM ENTRY DATE.
- (iii) the member's former system OR EMPLOYER provides verification to this system of the member's transferable service; and
- (iv) on transferring [credit] SERVICE from the member's former system OR MARYLAND POLICE CORPS SERVICE, the member would no longer be eligible to receive a present or future benefit [from the former system] for the service transferred.

(B) *Limit of years transferable.*

- (i) If the service from the former system was acquired or earned on account of employment in a uniformed position, the member may PURCHASE AND transfer up to 10 years of that service, IN ADDITION TO ANY PRIOR SERVICE, NON-CREDITED CITY SERVICE, AND MARYLAND POLICE CORPS SERVICE.
- (ii) If the service from the former system was acquired or earned on account of employment in a civilian position, the member may PURCHASE AND transfer up to 5 years of that service, IN ADDITION TO ANY PRIOR SERVICE, NON-CREDITED CITY SERVICE, AND MARYLAND POLICE CORPS SERVICE.

(C) *Payment amount [- Transfers from City system].*

For service transferred from a [Baltimore City retirement] FORMER system, the member must pay:

- (i) an amount equal to the product of:
 - 1. the member's [actual] earnable compensation [for the position covered by this system as of the member's date of entry into this system], multiplied by

2. the number of years or part of a year of service to be transferred, multiplied by

3. [6%] EITHER:

A. FOR SERVICE THAT IS FORMER CITY SERVICE, THE MEMBER CONTRIBUTION RATE UNDER § 36(H)(5) IN EFFECT ON THE DATE OF THE MEMBER'S APPLICATION, OR

B. FOR SERVICE THAT IS NOT FORMER CITY SERVICE, TWICE THE MEMBER CONTRIBUTION RATE UNDER § 36(H)(5) IN EFFECT ON THE DATE OF THE MEMBER'S APPLICATION, [plus] LESS

[(ii) interest on that product calculated at this system's current annuity savings fund rate from the member's date of entry into this system to the date the payment for the transfer of service is completed.]

(II) ACCUMULATED CONTRIBUTIONS, WITH INTEREST, THAT THE MEMBER MAY HAVE RETAINED IN THIS SYSTEM FOR HIS OR HER PRIOR SERVICE.

[(D) *Payment amount - Transfers from other system.*]

[For service transferred from a system other than a Baltimore City retirement system, the member must pay:

(i) an amount equal to the product of:

1. the member's actual earnable compensation for the position covered by this system as of the member's date of entry into this system, multiplied by

2. the number of years or part of a year of service to be transferred, multiplied by

3. 12%, plus

(ii) interest on that product calculated at this system's current annuity savings fund rate from the member's date of entry into this system to the date the payment for the transfer of service is completed.]

(D) [(E)] *Payment methods, deadline.*

The payment for transferred service[: (i) may] MUST be [made] by a single payment [or an increased rate of contribution; but (ii) must be completed] MADE before the earlier of:

(i) [(A)] 10 years from the member's SYSTEM ENTRY date [of entry into this system]; or

(ii) [(B)] the member's retirement date.

(E) [(F)] *Pro rata credit.*

The transferred service shall be credited pro rata at the time each payment for the service is made.

[(3) *Transferred service deemed earned in this system.*]

[For purposes of determining benefit eligibility and calculation of benefits, on payment by a member for the transferred service and the credit of that service by this system, the transferred service shall be treated the same as all other service acquired in this system, whether or not the member retires more than 5 years after transferring into this system.]

[(4) *Special review provision.*]

[(A) After the June 30, 2008, actuarial valuation has been completed and presented to the Board of Trustees, the Board shall review with the system's actuary the cost impact to the City of Baltimore of this subsection (k) as applied to service credit transfers from federal and out-of- state retirement or pension systems.]

[(B) If the Board of Trustees determines that the provisions of this subsection (k) that allow the transfer of service credit from federal and out-of- state retirement or pension systems should not be continued, the Board shall submit legislation to the Mayor and City Council to rescind those provisions.]

[(C) Otherwise, if the Board of Trustees determines that the provisions of this subsection (k) that allow for these transfers should be continued, those provisions will remain in full force and effect and this paragraph (4) will be null and void.]

§ 34. Benefits.

(h) *Non-line-of-duty death benefit.*

(4) *25% plus death benefit.*

(B) This benefit shall be paid:

(i) to the member's designated beneficiary, as long as that designated beneficiary is limited to:

1. the member's surviving spouse, to continue for life or until remarriage; or
2. the member's minor children, to be paid to each child, in equal shares, until that child is no longer minor, as defined in § 47(h) of this article; or

(ii) if the designated beneficiary is not the member's spouse or minor child, AS DEFINED IN § 47(H) OF THIS ARTICLE, and that beneficiary predeceases the member, or if there is no designated beneficiary, then to the member's surviving spouse, to continue for life or until remarriage, if the member was married to that spouse for at least 1 year immediately before the date of the member's death; or

(iii) if there is no qualifying surviving spouse under subparagraph (B)(i) or (ii), or if the surviving spouse dies or remarries, then to the member's minor children, to be paid to each child, in equal shares, until that child is no longer minor, as defined in § 47(h) of this article.

(C) For purposes of this paragraph (4), when a member's child is no longer a minor, AS DEFINED IN § 47(H) OF THIS ARTICLE, and consequently ceases to receive benefits under this paragraph (4), each remaining minor child shall begin to receive, in addition to his or her existing benefit, an equal share of the benefit formerly paid to the other child. This process continues until the member's youngest child is no longer a minor.

(i) *Line-of-duty death benefit.*

(2) *Line-of-duty death benefit.*

(C) For purposes of this paragraph (2), when a member's child is no longer a minor, AS DEFINED IN § 47(H) OF THIS ARTICLE, and consequently ceases to receive benefits under this paragraph (2), each remaining minor child shall begin to receive, in addition to his or her existing benefit, an equal share of the benefit formerly paid to the other child. This process continues until the member's youngest child is no longer a minor.

(4) *Death on account of a line-of-duty injury.*

(A) This paragraph (4) applies to any member who:

- (i) retires under the provisions of § 34(e) of this subtitle;
- (ii) elects to receive maximum benefits without [optional] ACTUARIAL modification; and
- (iii) within 5 years of the date of line-of-duty disability retirement, dies from the last injury that caused or contributed to that retirement.

(C) Any accumulated contributions payable to the designated beneficiary of a member whose death is governed by this paragraph (4) shall be reduced by the amount of annuity payments that the deceased member previously received through a [special] LINE-OF-DUTY disability pension.

[(k) *Optional allowances.*]

[(1) Any member who is entitled to a disability or service allowance under the provisions of this subtitle may elect to receive the maximum amount of such allowance or he may elect to receive the actuarial equivalent of such allowance, computed as of the effective date of retirement, in a lesser amount payable throughout life in accordance with the following provisions:]

[Option 1. If the member dies before he has received in annuity payments the present value of his annuity computed as of the time of his retirement, the balance of the annuity reserve remaining unpaid shall be paid to such person, if any, as he shall have nominated by written designation duly acknowledged and filed with the Board of Trustees, otherwise to his estate; or]

- [Option 2. If the member dies before he has received in payments the present value of his retirement allowance as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees; or]
- [Option 3. Upon the member's death, his reduced retirement allowances shall be continued throughout the life of and paid to such person as he shall have nominated by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement; or]
- [Option 4. Upon the member's death, ½ of his reduced retirement allowance shall be continued throughout the life of and paid to such person as he shall have nominated by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement; or]
- [Option 5. Some other benefit or benefits shall be paid either to the member or to such person or persons as he shall have nominated, provided such other benefit or benefits, together with the lesser retirement allowance, shall be certified by the actuary to be of equivalent actuarial value to his retirement allowance and shall be approved by the Board of Trustees.]

[Any living retired member shall have the right within 30 days after the effective date of his retirement, and not thereafter, to change his election of the maximum allowance to any one of the options hereinbefore set forth or to change his election of any one of said options to another one of said options, or to change his election from any one of said options to the maximum allowance. Any living retired member shall have the right within 30 days after the effective date of his retirement to change his designation of a beneficiary, but thereafter no such change may be made in connection with any option hereinbefore set forth which provides for the payment of a benefit allowance to, and throughout the life, of the beneficiary designated.]

[The election of any option or any change in connection therewith shall be made on forms provided for that purpose by the Board of Trustees and filed with the Board.]

[(2) *Repealed*]

[(3) Subject to the provisions of (a), (b), (c), (d), and (e) of this paragraph (3), in the event that a member who retires and elects to receive maximum benefits without optional modification later dies and is survived by a spouse to whom the member had been married for at least 1 year immediately prior to retirement, an amount equal to 37½% of the allowance said member was receiving shall be paid to such surviving spouse to continue as long as he or she remains unmarried. If there be no such spouse or if the spouse dies or remarries before the youngest unmarried child of said deceased member shall have either attained the age of 18 years or, in the event said child is a full-time student, before he shall have attained the age of 22 years, then an amount equal to 37½% of the allowance said member was receiving shall be paid to such child or children, divided in such manner as the Board of Trustees in its discretion shall determine to continue for the benefit of such child or children until the last child marries, dies or either attains the age of 18 years or in the event he is a full-time student, attains the age of 22 years.]

[Provided, however, that the above benefits shall apply only to the following members, surviving spouses and/or children, as the case may be:]

- [(a) any member who retires on or after July 1, 1970;]
- [(b) any member who retired prior to July 1, 1970, who is still living as of July 1, 1970, and who elected to receive maximum benefits without optional modification at the time of retirement.]
- [(c) Any member who retired prior to July 1, 1970, who is still living as of July 1, 1970, and who elected a reduced optional allowance at the time of retirement, shall be entitled to change his election and receive the maximum benefits without optional modification under Article 22, aforesaid, and to have his eligible surviving spouse, child or children, as the case may be, receive the benefits provided for herein. Anything herein to the contrary notwithstanding, any member who was entitled to the benefits of this paragraph on July 1, 1970, and who has been determined by the Board of Trustees to be a disabled person on that date and who died as a result of such disability before August 30, 1970, without having exercised his rights to change his election as required by the provisions of this paragraph, may have such rights to change his election carried over to his eligible surviving spouse, child or children, as the case may be. Such election by the surviving spouse, child or children, as the case may be, to receive the benefits provided in (c) herein, must be made within 30 days of the effective date of this ordinance and these benefits shall be paid retroactively effective on the day after such member died.]
- [(d) The eligible surviving spouse, child or children, as the case may be, of a retired member who died prior to July 1, 1970, who is or are receiving a retirement allowance as a result of the fact that the member elected a reduced optional allowance at the time of retirement shall be entitled upon application to receive the adjusted benefits provided for herein notwithstanding the prior election by the member.]
- [(e) The eligible surviving spouse, child or children, as the case may be, of a retired member who died prior to July 1, 1970, and who had elected to receive maximum benefits without optional modification, shall receive the benefits provided for herein commencing as of July 1, 1970.]

[In no event will a surviving spouse, child or children receive any benefits under this paragraph (3) if such spouse, child or children received lump sum benefits as a result of election of Options 1, 2 or 5 by the retired member and his subsequent death prior to July 1, 1970. Provided, further, that all increased benefits available hereunder shall become effective as of July 1, 1970, and in no event shall any payment be made for any period prior to July 1, 1970. However, elections or applications provided under this paragraph (3)(c) and (3)(d) made after September 30, 1970, shall not be effective prior to the date of such election or application and no retroactive payments shall be made. Provided, further, that notwithstanding the above provisions, a spouse by a marriage occurring at least 6 months prior to the effective date of this paragraph (3), or a child or children of such marriage, shall be entitled to the benefits provided for herein as if the marriage had occurred 5 years prior to retirement.]

[(f) In the event a retired member, who elected to receive maximum benefits under the provisions of this subtitle, dies before he has received in annuity payments a sum equal to the amount of his accumulated contributions at the time of his retirement, and there is no surviving spouse, minor children, mother or father of the deceased member entitled to receive further retirement benefits as a result of his death, the difference between the amount of the deceased member's accumulated contributions at the time of his retirement and the sum of the annuity payments which he has received shall be paid to the deceased member's designated beneficiary, and if no beneficiary has been designated, then said difference shall be paid to his estate.]

[(4) Provided, however, that effective January 1, 1987, any beneficiary receiving or thereafter eligible to receive the 37½% survivor's benefit under subsection (k)(3) shall receive 42½% of the member's allowance, in lieu of the 37½% previously provided. Any such increased rate shall be effective beginning January 1, 1987, or from date of eligibility, whichever comes later.]

[(5) Effective as of July 1, 1993, in the event that a member who retires and elects to receive maximum benefits without optional modification later dies and is survived by a spouse to whom the member had been married for at least 1 year immediately prior to retirement or at least 5 years prior and/or subsequent to retirement, an amount equal to 50% of the allowance said member was receiving shall be paid to such surviving spouse to continue as long as he or she remains unmarried. If there be no such spouse or if the spouse dies or remarries before the youngest unmarried child of said deceased member shall have either attained the age of 18 years, or, in the event said child is a full-time student, before he shall have attained the age of 22 years, then an amount equal to 50% of the allowance said member was receiving shall be paid to such child or children, divided in such manner as the Board of Trustees in its discretion shall determine to continue for the benefit of such child or children until the last child marries, dies or either attains the age of 18 years or in the event he is a full-time student, attains the age of 22 years. The surviving spouse benefit provided under this paragraph is effective as of July 1, 1993, and is not payable to the surviving spouse of a member who died before July 1, 1993, where such spouse was not previously entitled to a surviving spouse benefit.]

[(6) Effective as of July 1, 1993, any beneficiary receiving or thereafter eligible to receive the 42.5% survivor's benefit under subsection (k)(4) shall receive 50% of the member's allowance, in lieu of the 42.5% previously provided under subsection (k)(4). Any such increased rate shall be effective beginning July 1, 1993, or from the date of eligibility, whichever occurs later.]

(K) *RETIREMENT PAYMENT OPTIONS.*

(1) *MAXIMUM RETIREMENT ALLOWANCE.*

(i) *IN GENERAL.*

A MEMBER WHO IS ELIGIBLE TO RECEIVE A RETIREMENT BENEFIT UNDER THIS SUBTITLE IS ENTITLED TO RECEIVE, WITHOUT ACTUARIAL MODIFICATION, THE FULL BENEFIT FOR WHICH HE OR SHE IS QUALIFIED, PAYABLE IN PERIODIC PAYMENTS DURING THE RETIRED MEMBER'S LIFETIME (THE "MAXIMUM RETIREMENT ALLOWANCE").

(II) *RETIRED MEMBER'S DEATH – IN GENERAL.*

AS OF THE 1ST DAY OF THE CALENDAR MONTH FOLLOWING THE DEATH OF A RETIRED MEMBER WHO IS RECEIVING THIS MAXIMUM RETIREMENT ALLOWANCE, THE FOLLOWING BENEFICIARIES ARE ENTITLED TO RECEIVE PERIODIC PAYMENTS IN AN AMOUNT EQUAL TO 50% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS RECEIVING AT THE TIME OF HIS OR HER DEATH:

- (A) IF THE RETIRED MEMBER IS SURVIVED BY A SPOUSE TO WHOM THE RETIRED MEMBER WAS MARRIED FOR AT LEAST 1 YEAR IMMEDIATELY BEFORE THE MEMBER'S RETIREMENT DATE OR AT LEAST 5 YEARS BEFORE THE MEMBER'S DEATH, THE BENEFIT SHALL BE PAID TO THE SURVIVING SPOUSE, TO CONTINUE FOR THE SPOUSE'S LIFETIME OR UNTIL THE SPOUSE REMARRIES BEFORE AGE 70; OR
- (B) IF THERE IS NO QUALIFYING SURVIVING SPOUSE OR IF THE SURVIVING SPOUSE REMARRIES BEFORE AGE 70 OR DIES, THEN THE BENEFIT SHALL BE PAID TO THE RETIRED MEMBER'S MINOR CHILDREN, IN EQUAL SHARES, TO CONTINUE UNTIL THE CHILDREN ARE NO LONGER MINORS, AS DEFINED IN § 47(H) OF THIS ARTICLE.

(III) *RETIRED MEMBER'S DEATH – SHARE OF MINOR CHILD WHO ATTAINS MAJORITY.*

FOR PURPOSES OF THIS PARAGRAPH, WHEN A RETIRED MEMBER'S CHILD IS NO LONGER A MINOR, AS DEFINED IN § 47(H) OF THIS ARTICLE, AND CONSEQUENTLY CEASES TO RECEIVE BENEFITS UNDER THIS PARAGRAPH, EACH REMAINING MINOR CHILD SHALL BEGIN TO RECEIVE, IN ADDITION TO HIS OR HER EXISTING BENEFIT, AN EQUAL SHARE OF THE BENEFIT FORMERLY PAID TO THE OTHER CHILD. THIS PROCESS CONTINUES UNTIL THE YOUNGEST CHILD IS NO LONGER A MINOR.

(IV) *RETIRED MEMBER'S DEATH – BEFORE CONTRIBUTIONS AND DROP OR DROP 2 ACCOUNT RECOVERED.*

IF A RETIRED MEMBER WHO IS RECEIVING THE MAXIMUM RETIREMENT ALLOWANCE DIES BEFORE THE MEMBER HAS RECEIVED IN ANNUITY PAYMENTS A SUM EQUAL TO THE AMOUNT OF HIS OR HER ACCUMULATED CONTRIBUTIONS AND DROP OR DROP 2 ACCOUNT AT THE TIME OF RETIREMENT, AND IF THERE IS NO QUALIFYING SURVIVING SPOUSE OR MINOR CHILD, AS DEFINED IN § 47(H) OF THIS ARTICLE, ENTITLED TO RECEIVE FURTHER BENEFITS AS A RESULT OF THE MEMBER'S DEATH, THE DIFFERENCE BETWEEN THE AMOUNT OF THE DECEASED MEMBER'S ACCUMULATED CONTRIBUTIONS AND DROP OR DROP 2 ACCOUNT AT THE TIME OF HIS OR HER RETIREMENT AND THE SUM OF THE ANNUITY PAYMENTS THAT HE OR SHE HAD RECEIVED DURING HIS OR HER LIFETIME SHALL BE PAID IN THE FORM OF A LUMP-SUM CASH PAYMENT AS FOLLOWS:

- (A) TO THE DECEASED MEMBER'S BENEFICIARY SPECIFICALLY DESIGNATED TO RECEIVE THE UNUSED ANNUITY AND REMAINING DROP OR DROP 2 ACCOUNT; OR
- (B) IF NO BENEFICIARY HAS BEEN DESIGNATED OR IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER, TO THE DECEASED MEMBER'S ESTATE.

(2) *SURVIVORSHIP BENEFIT OPTIONS.*

(I) *IN GENERAL.*

(A) INSTEAD OF THE MAXIMUM RETIREMENT ALLOWANCE PROVIDED FOR IN PARAGRAPH (1) OF THIS SUBSECTION, A MEMBER WHO IS ENTITLED TO RECEIVE A RETIREMENT BENEFIT FROM THIS SYSTEM MAY ELECT TO RECEIVE AN ACTUARIALLY REDUCED BENEFIT IN THE FORM OF ONE OF THE SURVIVORSHIP OPTIONS SET FORTH IN SUBPARAGRAPHS (II) THROUGH (IV) OF THIS PARAGRAPH.

(B) OTHER THAN AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, A MEMBER WHO ELECTS TO RECEIVE ONE OF THESE OPTIONS WILL RECEIVE HIS OR HER BENEFIT IN THE FORM OF PERIODIC PAYMENTS DURING HIS OR HER LIFETIME.

(II) *RESERVE GUARANTEE OPTION.*

(A) AS SOON AS ADMINISTRATIVELY PRACTICABLE AFTER THE DEATH OF A RETIRED MEMBER WHO ELECTED THIS RESERVE GUARANTEE OPTION, THE BALANCE OF THE PRESENT VALUE OF THE RETIRED MEMBER'S BENEFIT AT HIS OR HER DEATH, AFTER DEDUCTING THE TOTAL AMOUNT OF PERIODIC PAYMENTS RECEIVED BY THE RETIRED MEMBER DURING HIS OR HER LIFETIME, SHALL BE PAID IN THE FORM OF A LUMP-SUM CASH PAYMENT AS FOLLOWS:

1. TO THE RETIRED MEMBER'S DESIGNATED BENEFICIARY; OR
2. IF NO DESIGNATED BENEFICIARY HAS BEEN DESIGNATED OR IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER, TO THE RETIRED MEMBER'S ESTATE.

(B) A MEMBER WHO ELECTS THIS OPTION MAY CHANGE HIS OR HER DESIGNATED BENEFICIARY AT ANY TIME THROUGHOUT THE MEMBER'S RETIREMENT.

(III) *JOINT-AND-SURVIVOR OPTIONS.*

(A) AS OF THE 1ST DAY OF THE CALENDAR MONTH IMMEDIATELY AFTER THE DEATH OF A RETIRED MEMBER WHO ELECTED A JOINT-AND-SURVIVOR OPTION, THE MEMBER'S DESIGNATED BENEFICIARY IS ENTITLED TO RECEIVE PERIODIC PAYMENTS DURING THE BENEFICIARY'S LIFETIME IN EITHER OF THE FOLLOWING AMOUNTS, AS ELECTED BY THE MEMBER:

1. 100% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS RECEIVING AT THE TIME OF HER OR HIS DEATH; OR
2. 50% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS RECEIVING AT THE TIME OF HER OR HIS DEATH.

(B) A MEMBER WHO ELECTS THIS OPTION MAY CHANGE HIS OR HER DESIGNATED BENEFICIARY WITHIN 30 DAYS AFTER THE MEMBER'S RETIREMENT DATE.

(C) IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN 30 DAYS AFTER THE RETIREMENT DATE, THE RETIRED MEMBER MAY

DESIGNATE A NEW BENEFICIARY WITHIN 30 DAYS AFTER THE DESIGNATED BENEFICIARY'S DEATH.

(D) IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN 30 DAYS AFTER THE RETIREMENT DATE AND THE RETIRED MEMBER DOES NOT DESIGNATE A NEW BENEFICIARY WITHIN 30 DAYS AFTER THE DESIGNATED BENEFICIARY'S DEATH OR IF THE DESIGNATED BENEFICIARY DIES ON OR AFTER THE 31ST DAY FOLLOWING THE RETIREMENT DATE:

1. THE RETIRED MEMBER CONTINUES DURING HIS OR HER LIFETIME TO RECEIVE PERIODIC PAYMENTS IN THE SAME AMOUNT THAT THE MEMBER HAS BEEN RECEIVING;
2. NO NEW BENEFICIARY MAY BE DESIGNATED; AND
3. ON THE RETIRED MEMBER'S DEATH, NO SURVIVORSHIP BENEFIT IS PAYABLE.

(IV) "POP-UP" JOINT-AND-SURVIVOR OPTIONS.

(A) AS OF THE 1ST DAY OF THE CALENDAR MONTH FOLLOWING THE DEATH OF A RETIRED MEMBER WHO ELECTED THIS "POP-UP" JOINT-AND-SURVIVOR OPTION, THE MEMBER'S DESIGNATED BENEFICIARY IS ENTITLED TO RECEIVE PERIODIC PAYMENTS DURING THE BENEFICIARY'S LIFETIME IN EITHER OF THE FOLLOWING AMOUNTS, AS ELECTED BY THE MEMBER:

1. 100% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS RECEIVING AT THE TIME OF HIS OR HER DEATH; OR
2. 50% OF THE PERIODIC PAYMENT THAT THE RETIRED MEMBER WAS RECEIVING AT THE TIME OF HIS OR HER DEATH.

(B) A MEMBER WHO ELECTS THIS OPTION MAY CHANGE HIS OR HER DESIGNATED BENEFICIARY WITHIN 30 DAYS AFTER THE MEMBER'S RETIREMENT DATE.

(C) IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN 30 DAYS AFTER THE RETIREMENT DATE, THE RETIRED MEMBER MAY DESIGNATE A NEW BENEFICIARY WITHIN 30 DAYS AFTER THE DESIGNATED BENEFICIARY'S DEATH.

(D) IF THE DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN 30 DAYS AFTER THE RETIREMENT DATE AND THE RETIRED MEMBER DOES NOT DESIGNATE A NEW BENEFICIARY WITHIN 30 DAYS AFTER THE DESIGNATED BENEFICIARY'S DEATH OR IF THE DESIGNATED BENEFICIARY DIES ON OR AFTER THE 31ST DAY FOLLOWING THE RETIREMENT DATE:

1. THE RETIRED MEMBER COMMENCES, AS OF THE 1ST DAY OF THE MONTH IMMEDIATELY AFTER THE DESIGNATED BENEFICIARY'S DEATH, TO RECEIVE THE MAXIMUM RETIREMENT ALLOWANCE, PAYABLE IN PERIODIC PAYMENTS DURING THE RETIRED MEMBER'S LIFETIME, PLUS POST-RETIREMENT INCREASES ALREADY GRANTED THE RETIRED MEMBER;

2. NO OTHER BENEFICIARY MAY BE DESIGNATED; AND
3. ON THE RETIRED MEMBER'S DEATH, NO SURVIVORSHIP BENEFIT IS PAYABLE, WHETHER UNDER THIS OPTION OR THE MAXIMUM RETIREMENT ALLOWANCE.

(3) *CHANGE OF ELECTION WITHIN 30 DAYS.*

- (i) A RETIRED MEMBER MAY ELECT TO MAKE THE CHANGES AUTHORIZED IN THIS PARAGRAPH ON OR BEFORE THE LATER OF:
 - (A) THE 30TH DAY AFTER THE RETIRED MEMBER'S RETIREMENT DATE; OR
 - (B) IF THE RETIRED MEMBER'S DESIGNATED BENEFICIARY PREDECEASES THE RETIRED MEMBER WITHIN 30 DAYS AFTER THE RETIREMENT DATE, THE 30TH DAY AFTER THE DESIGNATED BENEFICIARY'S DEATH.
- (ii) WITHIN THE PERIODS SPECIFIED, THE RETIRED MEMBER MAY ELECT TO CHANGE:
 - (A) THE RETIRED MEMBER'S MAXIMUM RETIREMENT ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION TO ANY ONE OF THE BENEFIT OPTIONS PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION;
 - (B) THE RETIRED MEMBER'S ELECTION OF A BENEFIT OPTION UNDER PARAGRAPH (2) OF THIS SUBSECTION TO THE MAXIMUM RETIREMENT ALLOWANCE PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION; OR
 - (C) THE RETIRED MEMBER'S ELECTION OF A BENEFIT OPTION UNDER PARAGRAPH (2) OF THIS SUBSECTION TO ANY OTHER BENEFIT OPTION PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION.
- (iii) ANY PAYMENTS MADE TO A RETIRED MEMBER UNDER THE ORIGINAL ELECTION SHALL BE TAKEN INTO ACCOUNT IN COMPUTING THE BENEFIT TO BE PAID UNDER THE SUBSEQUENT ELECTION.

§ 34.1. Benefit payments.

(D) *DIRECT DEPOSIT FOR PERIODIC BENEFIT PAYMENTS.*

(1) *"PERIODIC BENEFIT PAYMENTS" DEFINED.*

- (i) "PERIODIC BENEFIT PAYMENTS" MEANS ALL PERIODIC BENEFIT PAYMENTS MADE BY THIS SYSTEM.
- (ii) "PERIODIC BENEFIT PAYMENTS" DOES NOT INCLUDE ANY ONE-TIME, LUMP-SUM PAYMENT.

(2) *DIRECT DEPOSIT REQUIRED.*

EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION:

- (i) ALL PERIODIC BENEFIT PAYMENTS MADE BY THIS SYSTEM SHALL BE PAID BY ELECTRONIC FUNDS TRANSFER; AND

(II) EACH RECIPIENT OF PERIODIC BENEFIT PAYMENTS SHALL:

- (A) DESIGNATE A FINANCIAL INSTITUTION OR OTHER AUTHORIZED PAYMENT AGENT; AND
- (B) PROVIDE THE SYSTEM WITH THE INFORMATION NECESSARY FOR THE RECIPIENT TO RECEIVE ELECTRONIC FUNDS TRANSFER PAYMENTS THROUGH THE PAYMENT AGENT SO DESIGNATED.

(3) *WAIVER FOR HARDSHIP.*

- (I) THE BOARD OF TRUSTEES MAY WAIVE THE REQUIREMENTS OF THIS SECTION ON WRITTEN REQUEST OF A RECIPIENT OF PERIODIC BENEFIT PAYMENTS DEMONSTRATING HARDSHIP TO RECEIVE FUNDS BY ELECTRONIC TRANSFER.
- (II) PERIODIC BENEFIT PAYMENTS SHALL BE PAID TO ANY RECIPIENT GRANTED A WAIVER UNDER THIS PARAGRAPH BY ANY METHOD DETERMINED APPROPRIATE BY THE BOARD OF TRUSTEES.

Subtitle – General Provisions

§ 47. Definitions.

(h) *Minor child.*

- (1) [Subject to paragraph (2) of this subsection] FOR PURPOSES OF § 34 OF THIS ARTICLE, “minor child” means the child of a member, former member, or retiree who[: (i)] has not attained age [18; or] 22.
 - [(ii) if the child is a full-time student, as verified to the satisfaction of the Executive Director in accordance with policies set by the Board of Trustees, has not attained age 22.]
- (2) [Notwithstanding paragraph (1) of this subsection, for] FOR purposes of §§ 9, 9.2, and 22 of this article, “minor child” means the child of a member, former member, or retiree who:
 - (i) has not attained age 18; or
 - (ii) if the child is a student, as verified to the satisfaction of the Executive Director in accordance with policies set by the Board of Trustees, has not attained age 22.

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

SECTION 4. AND BE IT FURTHER ORDAINED, That the changes made by this Ordinance to Article 22, § 32, take effect with regard to members whose system entry dates are on or after July 1, 2019. Members whose system entry dates are on or before June 30, 2019, must purchase and transfer service pursuant to the law in effect on or before June 30, 2019.

SECTION 5. AND BE IT FURTHER ORDAINED, That the direct-deposit requirement of Article 22, § 34.1(d), as added by this Ordinance, applies only to members or beneficiaries whose first periodic benefit payment from this System is made on or after January 1, 2020.

SECTION 6. AND BE IT FURTHER ORDAINED, That, except as provided in Sections 4 and 5 of this Ordinance, this Ordinance takes effect when it is enacted.

ACTION BY THE CITY COUNCIL

MAR 25 2019

FIRST READING (INTRODUCTION) _____ 20 _____

PUBLIC HEARING HELD ON Thursday, April 25 20 19

COMMITTEE REPORT AS OF Monday, April 29 20 19

FAVORABLE UNFAVORABLE FAVORABLE AS AMENDED WITHOUT RECOMMENDATION

Shawn M. [Signature] 4/25/19
Chair

COMMITTEE MEMBERS:

COMMITTEE MEMBERS:

SECOND READING: The Council's action being favorable (unfavorable), this City Council bill was (was not) ordered printed for Third Reading on:

APR 29 2019

____ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING _____

MAY 02 2019

____ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING (ENROLLED) _____ 20 _____

____ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING (RE-ENROLLED) _____ 20 _____

WITHDRAWAL _____ 20 _____

There being no objections to the request for withdrawal, It was so ordered that this City Council Ordinance be withdrawn from the files of the City Council.

President

Chief Clerk