



Legislation Details (With Text)

File #: 24-0532 **Version:** 0 **Name:** Fire and Police Employees' Retirement System - Benefits Enhancements

Type: Ordinance **Status:** Enacted

File created: 5/16/2024 **In control:** Baltimore City Council

On agenda: **Final action:** 9/4/2024

Enactment date: **Enactment #:** 24-379

Title: Fire and Police Employees' Retirement System - Benefits Enhancements FOR the purpose of amending certain provisions of the Fire and Police Employees' Retirement System; changing the definition of "average final compensation"; providing a new deferred vested benefit; eliminating the 2-year waiting period for commencement of post-retirement benefit increases; repealing obsolete provisions relating to post-retirement benefit increases; changing the interest earned on DROP 2 accounts; providing for a special effective date; and generally relating to the Fire and Police Employees' Retirement System.

Sponsors: Administration City Council

Indexes: Benefits, Fire & Police Retirement Systems

Code sections:

Attachments: 1. 24-0532~1st Reader, 2. F&PRS 24-0532, 3. 24-0532 - Law, 4. Finance 24-0532, 5. 24-0532~3rd Reader, 6. 24-0532 Signed, 7. Completed Ordinance 24-0532 - 24-379

Date	Ver.	Action By	Action	Result
10/7/2024	0	Mayor	Signed by Mayor	
9/16/2024	0	Baltimore City Council	Approved and Sent to the Mayor	
8/26/2024	0	Baltimore City Council	3rd Reader, for final passage	
8/26/2024	0	Education Workforce and Youth	Recommended Favorably	
7/25/2024	0	Education Workforce and Youth	Recommended Favorably	Pass
7/22/2024	0	Education Workforce and Youth	Scheduled for a Public Hearing	
6/24/2024	0	Education Workforce and Youth	Scheduled for a Public Hearing	
5/21/2024	0	Baltimore City Council	Refer to Dept. of Finance	
5/21/2024	0	Baltimore City Council	Refer to City Solicitor	
5/21/2024	0	Baltimore City Council	Refer to Fire and Police Employees' Retirement System	
5/16/2024	0	Baltimore City Council	Introduced	
5/16/2024	0	Baltimore City Council	Assigned	

DLR DRAFT III 13MAY24

DLR DRAFT III 13MAY24
INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL

Introduced by: The Council President
At the request of: The Administration (Office of the Mayor)

A BILL ENTITLED

AN ORDINANCE concerning

Fire and Police Employees' Retirement System - Benefits Enhancements

FOR the purpose of amending certain provisions of the Fire and Police Employees' Retirement System; changing the definition of "average final compensation"; providing a new deferred vested benefit; eliminating the 2-year waiting period for commencement of post-retirement benefit increases; repealing obsolete provisions relating to post-retirement benefit increases; changing the interest earned on DROP 2 accounts; providing for a special effective date; and generally relating to the Fire and Police Employees' Retirement System.

BY repealing and re-ordaining, with amendments, Article 22 - Retirement Systems Sections 30(11), 34(a-2), new section 34(a-4), and 36C(b) Baltimore City Code (Edition 2000)

BY renumbering Article 22 - Retirement Systems Sections 34(a-3), 36A(h) to (j), and 36C(q) and (r) to be New sections 34(a-4), 36A(b) to (d), and 36C(p) and (q) Baltimore City Code (Edition 2000)

BY adding Article 22 - Retirement Systems New section 34(a-3) 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.

dlr24-1514(3)-intro/13May24 art22/FPRSBenefits/NM:rf:bg BY repealing Article 22 - Retirement Systems Sections 36A(b) to (g) and 36C(p) Baltimore City Code (Edition 2000)

SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That the Laws of Baltimore City read as follows:

Baltimore City Code

Article 22. Retirement Systems

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:

- (11)(a) “Average final compensation” means the member’s average annual earnable compensation for the [36] 24 consecutive months of service as an employee during which his or her earnable compensation was highest or, if he or she had less than [36] 24 consecutive months of service, then the average annual earnable compensation during his or her total years of service.
- (b) “Earnable compensation” means the annual salary authorized for the member. It does not include overtime pay, differential pay, out-of-title pay, environmental pay, hazardous duty pay, pay for conversion of leave or other fringe benefits, or any like additional payments.
- (c) For members who retired on or after July 1, 1986, and before July 1, 1988, “average final compensation” means the average annual compensation, pay, or salary earnable by a member for the 2 consecutive years of service as an employee during which his or her earnable compensation was highest, if the member had at least 2 years of service in that grade, or if he or she had less than 2 years of service, then the average annual compensation, pay, or salary earnable by him or her during his or her actual year(s) of service.
 - (d) For members who:
 - (i) retired on or after July 1, 1988, and on or before June 30, 2010, or
 - (ii) retire on or after July 1, 2010, and who, as of June 30, 2010, meet the applicable age and service requirements for a normal service retirement under § 34(a-1)(1) or have acquired 15 or more years of service,

“average final compensation” means the average annual earnable compensation for the 18 consecutive months of service as an employee during which his or her earnable compensation was highest.(e) In no event may the retirement benefits of a member retired under § 30(11)(d)(ii) as a result of the application of the definition of “average final compensation”, effective July 1, 2010, be less than the benefit the member would have been entitled to prior to July 1, 2010.

(F) FOR MEMBERS WHO:

- (I) RETIRED ON OR AFTER JULY 1, 2010, AND ON OR BEFORE JUNE 30, 2025, AND
- (II) DO NOT MEET THE ELIGIBILITY REQUIREMENTS OF § 30(11)(D)(II), “AVERAGE

FINAL COMPENSATION” MEANS THE AVERAGE ANNUAL EARNABLE COMPENSATION FOR THE 36 CONSECUTIVE MONTHS OF SERVICE AS AN EMPLOYEE DURING WHICH THE MEMBER’S EARNABLE COMPENSATION WAS HIGHEST.

§ 34. Benefits.

(a-2) *Early service retirement benefits - age and service requirements.*

- (1) On or after July 1, 2010, a member of this System [on or after June 30, 2010,] WHO HAS NOT TERMINATED EMPLOYMENT AND who does not satisfy the conditions of either paragraph (2)(i) or paragraph (2)(ii) of subsection (a-1) of this [section] SECTION, may retire with an early service retirement when he or she first meets the applicable age or service requirements for a normal service retirement under subsection (a-1)(1) of this section.
- (2) The benefit commencement date of an early service retirement is any date elected by the member in accordance with subsection [(a-3)] (A-4) of this section and that is:
 - (A) on or after the date the member first meets the applicable age or service requirements for a normal service retirement under subsection (a-1)(1) of this section; and
 - (B) before the date as of which the member would have first met the age and service requirements for a normal service retirement under subsection (a-1)(2)(iii) of this section had he or she continued employment with the City.

(A-3) *DEFERRED VESTED PENSION.*

(1) *ELIGIBILITY REQUIREMENTS.*

THIS SUBSECTION APPLIES TO ANY MEMBER WHO ENTERS SERVICE ON OR AFTER JULY 1, 2025 AND WHO TERMINATES CITY EMPLOYMENT:

- (A) AFTER ACQUIRING 10 OR MORE YEARS OF SERVICE AS A CONTRIBUTING MEMBER OF THIS SYSTEM;
- (B) WITHOUT SATISFYING THE CONDITIONS FOR A NORMAL SERVICE RETIREMENT UNDER SUBSECTION (A-1)(2) OF THIS SECTION;
- (C) WITHOUT ELECTING TO RECEIVE AN EARLY SERVICE RETIREMENT BENEFIT UNDER SUBSECTION (A-2) OF THIS SECTION; AND(D) WITHOUT WITHDRAWING THE ACCUMULATED CONTRIBUTIONS CREDITED TO THE MEMBER'S ACCOUNT IN THE ANNUITY SAVINGS FUND.

(2) *DEFERRED VESTED BENEFIT.*

(A) *BENEFIT.*

A MEMBER DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION IS ENTITLED TO RECEIVE, COMMENCING ON OR AFTER THE 1ST DAY OF THE MONTH IMMEDIATELY FOLLOWING THE MEMBER'S 60TH BIRTHDAY, A DEFERRED VESTED BENEFIT, CALCULATED IN ACCORDANCE WITH THE RULES FOR NORMAL SERVICE RETIREMENTS SET FORTH IN SUBSECTION (B-1)(4) OF THIS SECTION WITHOUT REDUCTION.

(B) *DEATH OF A TERMINATED VESTED MEMBER.*

IF A MEMBER DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION DIES BEFORE COMMENCING RECEIPT OF A DEFERRED VESTED BENEFIT, THEN NO DEATH BENEFITS ARE PAYABLE ON ACCOUNT OF THE MEMBER'S DEATH, EXCEPT FOR THE RETURN OF THE MEMBER'S ACCUMULATED CONTRIBUTIONS.

(A-4) [(a-3)] *Application.*

To retire under subsection [(a-1) or (a-2)] (A-1), (A-2), OR (A-3) of this section, the member must:

- (i) apply to the Board of Trustees, on a form approved by the Board; (ii) set forth the date he or she wants to retire; and
- (iii) submit the application to the Board no less than 30 days nor more than 90 days before the date of retirement.

§ 36A. Post-retirement benefit increases to certain retirees and beneficiaries.

[Each retired member or beneficiary who is receiving periodic benefits under the provisions of the Retirement System is eligible for an increase in the amount of those periodic benefits subject to the following provisions.]

(a) *Eligibility.*

[(1) (i)] Each RETIRED member [who has retired from active service] and each beneficiary of a deceased member [who is or will be] receiving periodic retirement, DEATH OR SURVIVORSHIP benefits [and who receives periodic benefit payments for 2 or more years] AS OF JUNE 30 is eligible [for] TO RECEIVE an increase in the periodic benefit[, as determined under this § 36A] ON THE FOLLOWING JANUARY 1, PROVIDED THAT THE RETIRED MEMBER OR BENEFICIARY MEETS THE APPLICABLE AGE REQUIREMENT SET FORTH IN § 36A(B)(2). ELIGIBILITY FOR INCREASES TO A BENEFICIARY OF A DECEASED RETIRED MEMBER SHALL BE DETERMINED AS IF THE BENEFICIARY WAS RECEIVING RETIREMENT BENEFITS ON THE DATE OF DEATH. [The 2-year period shall be calculated beginning with the effective date of the 1st retirement benefit payment paid to either the retired member or the beneficiary of a deceased member and shall be determined on June 30 of each year beginning with June 30, 1983. Years retired as a beneficiary of a former retired member include the years that the member was retired. Eligible members and beneficiaries are also referred to in this section as “persons”.]

[(ii) For a member who has retired during or at the conclusion of his or her Deferred Retirement Option Plan (“DROP”) participation period, as defined in § 36B of this subtitle, and for each beneficiary who is or will be receiving periodic retirement benefits as a result of a member who dies during or at the conclusion of his or her DROP participation period, the months of participation in DROP shall be counted toward the eligibility requirement described in subparagraph (i) of this paragraph.]

[(iii) For a member who has retired on intermediate DROP benefits or full DROP benefits, his or her months of participation in DROP shall not be counted toward the eligibility requirement described in subparagraph (i) of this paragraph.]

[(2) (i) This paragraph (2) applies to members who are no longer employed in a permanent full-time or permanent part-time position with the City and were either:]

1. members of this system who were eligible to retire but chose to postpone receipt of retirement benefits to begin employment in a position covered by another City system; or]
2. retirees who were receiving retirement benefits from this system but chose to suspend receipt of those benefits to begin employment in a position covered by another City system.]

[(ii) Pursuant to § 48 of this article and notwithstanding the waiting period required by this section, members described in subparagraph (i) of this paragraph (2), on ceasing all permanent full-time and permanent part-time employment with the City, shall receive benefits calculated to include all post-retirement increases, in accordance with the rates of increase set by this system, that the member or retiree would have been eligible to receive as a retiree had retirement benefits not been postponed or suspended.]

[(3) (A) This paragraph (3) applies to a member's surviving spouse who:]

[(i) on the member's death, was awarded line-of-duty death benefits;]

[(ii) remarried on or before June 29, 1998, and, as a result, stopped receiving these line-of-duty death benefits; and]

[(iii) pursuant to § 34(i)(2)(E), has resumed receiving these line-of-duty death benefits effective June 30, 1998.]

[(B) A surviving spouse described in subparagraph (A) of this paragraph (3) shall receive line-of-duty death benefits calculated to include all post-retirement increases, in accordance with the rates or increases set by this system, that the surviving spouse would have been eligible to receive had line-of-duty death benefits not been terminated.][*(b) Amount of benefit increase payable for fiscal years ending on or before June 30, 2009.*]

[As of the end of each fiscal year ending on or before June 30, 2009, a determination shall be made of the amount of increase (if any) of retirement benefit payments which may be payable to eligible persons. The amount of retirement benefit increase shall be calculated with reference to excess investment earnings of the Annuity Reserve Fund and the Pension Reserve Fund only, and according to the method described in subsection (c) below.]

[After determination of the amount of excess investment earnings available for retirement benefit increases, such excess investment earnings shall be allocated to eligible retired members and beneficiaries according to the following method. The percentage by which the benefits shall be increased shall be determined by the actuary as the amount that the investment earnings determined in subsection (c) below would be sufficient to fund on a single premium paid up annuity basis using the actuarial valuation assumptions on the June 30 preceding the effective date of the increase.]

[(i) Effective as of January 1, 1984, an increase may be payable to each retiree or beneficiary eligible pursuant to subsection (a) of this section as of June 30, 1983.]

[(ii) Until the benefit increase objectives set forth in paragraph (iii) below have been met, the allocation to eligible persons shall be made with reference to the number of full continuous years that each person has been receiving retirement benefits from this plan and the amount of each person's benefit being paid as of June 30, 1983. A percentage factor will be determined by the actuary to increase benefits to those eligible. The percent increase in an eligible member's or beneficiary's benefit will equal the percentage factor times full years which the member or beneficiary has been receiving benefits. No fractional years will be used.]

[(iii) The allocation method set forth in paragraph (ii) above shall apply only until the following benefit increase objectives have been met:]

<i>[Date benefit payments began</i>	<i>Percent increase]</i> [7/1/80 -
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6/30/81	1%]	
[7/1/79 - 6/30/80		2%]
[7/1/78 - 6/30/79		3%]
[7/1/77 - 6/30/78		4%]
[7/1/76 - 6/30/77		5%]
[7/1/75 - 6/30/76		6%]
[7/1/74 - 6/30/75		7%]
[7/1/73 - 6/30/74		8%]
[7/1/72 - 6/30/73		9%]
	[7/1/71 - 6/30/72	10%]
	[7/1/70 - 6/30/71	11%]
	[7/1/69 - 6/30/70	12%]
	[7/1/68 - 6/30/69	13%]
	[7/1/67 - 6/30/68	14%]
	[7/1/66 - 6/30/67	15%]
	[7/1/65 - 6/30/66	16%]
	[7/1/64 - 6/30/65	17%]
	[7/1/63 - 6/30/64	18%]
[7/1/62 - 6/30/63	19%][before 7/1/62	
20%]		

[After the above objectives have been met, the allocation of new excess investment earnings shall be made without reference to the number of years any member or beneficiary has been receiving benefits. The allocation to eligible persons shall then be made by the actuary on an equal percentage basis.]

[(iv) For each June 30 after June 30, 1983, the determination of the amount of excess investment earnings and allocation of such earnings to eligible persons shall be calculated using the appropriate method outlined in paragraph (ii) or (iii) above with the amount of distribution and the allocation of such amount being calculated as of the end of the fiscal year, with any increase to commence effective as of the following January 1.]

[The benefit increase payable pursuant to this section shall be payable in the same form as the basic benefit being received by the eligible person.]

[(c) *Amount of investment income to be used to increase benefits.*]

[Notwithstanding § 36 as it applies to excess earnings, the amount of excess investment earnings available as of each June 30 for an increase in benefits will be equal to the product of items (i), (ii), and (iii) of this subsection. Each item, except for item (ii), is determined as of each June 30 beginning with June 30, 1983, and any benefit increase becomes effective as of the following January 1. Item (ii) is determined as of the June 30 that is 18 months prior to the effective date of the benefit increase, beginning with June 30, 1982.]

[(i) The dollar amount of net excess investment earnings determined on the following basis:]

[Before the Reserve for Book Value is paid off, net excess investment earnings shall be that portion of total fund earnings between 8% and 10½% of average market value, plus ½ of the fund earnings in excess of 10½%.]

[After the Reserve for Book Value is paid off, net excess investment earnings shall be that portion of total fund earnings between 7½% and 10% of average market value, plus ½ of fund earnings in excess of 10%.]

[For purposes of the above calculations, earnings shall be net of investment expenses and include realized and unrealized gains and losses and all other sources of investment gains and losses as shown in the actuary's report. The investment return used in this section shall be based on the annual return as of each June 30, commencing with the year ending June 30, 1983. The average market value for the year shall equal $\frac{1}{2}$ of the market value of the 4 funds as of the beginning of the year plus $\frac{1}{2}$ of the market value of the funds as of the end of the year minus $\frac{1}{2}$ of the earnings during the year. The earnings and market value of the funds for the purpose of this section are assumed to be equal to the values contained in the actuary's report. Any later audit changes shall be ignored.]

[(ii) The ratio of the sum of the Annuity Reserve Fund plus the Pension Reserve Fund to the sum of all 4 funds: Annuity Savings Fund, Annuity Reserve Fund, Pension Accumulation Fund, and the Pension Reserve Fund.] [(iii) $\frac{3}{4}$ on June 30, 1983, for the initial increase (if any) and $\frac{3}{4}$ for each subsequent year until a Contingency Reserve Fund has been accumulated according to the following method. The remaining $\frac{1}{4}$ of excess investment earnings as of June 30, 1983, and each succeeding June 30 shall be set aside as a Contingency Reserve Fund until the value of that fund is at least equal to $2\frac{1}{2}\%$ of the Annuity Reserve Fund and the Pension Reserve Fund as of the end of the most recent June 30. For each year in which the Contingency Reserve Fund is more than $2\frac{1}{2}\%$ of the Annuity Reserve Fund and the Pension Reserve Fund, the $\frac{3}{4}$ fraction does not apply and the amount available to increase benefits is the product of items (i) and (ii).]

[(d) *Paid-Up Benefit Fund and Contingency Reserve Fund.*]

[(i) The existence of a Paid-Up Benefit Fund and a Contingency Reserve Fund is specifically authorized, § 36 to the contrary notwithstanding.]

[(ii) (A) The Paid-Up Benefit Fund is the primary fund from which all benefit increases provided under this section shall be paid. The Paid-Up Benefit Fund shall be funded with excess investment earnings consistent with subsection (c) of this section.]

[(B) For any year in which the investment return of the Paid-Up Benefit Fund exceeds the interest assumption on which the purchase of paid-up benefits is based, that excess shall remain in the fund.]

[(C) For any year in which the Paid-Up Benefit Fund experiences higher mortality rates than expected, the excess assets shall remain in the fund.]

[(D) On determination of the amount of the excess assets in this Fund by the system's actuary, the Board of Trustees may allocate all or part of the excess assets to provide additional benefit increases to those retirees and beneficiaries eligible for increases under § 36A(a)(1) of this subtitle.]

[(iii) (A) The Contingency Reserve Fund is a reserve to insure payment of previously accrued benefit increases for any year in which the Paid-Up Benefit Fund has a deficit or does not meet its investment return assumption. If there is a deficit in the Paid-Up Benefit Fund, the Board of Trustees shall transfer assets from the Contingency Reserve Fund to the Paid-Up Benefit Fund to offset that deficit. The Contingency Reserve Fund shall be funded with excess investment earnings consistent with subsection (c) of this section.]

[(B) For any year in which the value of the Contingency Reserve Fund is equal to or exceeds $2\frac{1}{2}\%$ of the Annuity Reserve Fund and the Pension Reserve Fund, the Board of Trustees shall apply earnings on the Contingency Reserve Fund, in the amount or amounts it

determines:]

[(1) to decrease the amount contributed by the City of Baltimore; or]

[(2) to decrease the period over which the unfunded accrued liability will be amortized.][(iv) The Board shall periodically determine investment policies for the Paid-Up Benefit Fund and the Contingency Reserve Fund. These policies must be consistent with the limitations set forth in this section.]

[(v)(A) The Board shall segregate or invest separately the assets of the Paid-Up Benefit Fund and the Contingency Reserve Fund in accordance with the standards set forth in § 35(h) of this subtitle.]

[(B) The Board is specifically empowered to invest and reinvest the assets of the Paid-Up Benefit Fund and the Contingency Reserve Fund in the medium of paid-up annuity contracts or guaranteed investment contracts purchased from one or more insurance companies, as long as each insurance company has no less than the highest rating from A.M. Best Company or a comparable company.]

[(C) If, in the purchase of an annuity contract, the single premium paid-up annuity cost offered by the insurance company results in a cost savings to this System, the Board of Trustees shall apply the amount of that cost savings, in the amount or amounts it determines:]

[(1) to decrease the amount contributed by the City; or]

[(2) to decrease the period over which the unfunded accrued liability will be amortized.]

[(e) *Benefit increases to be paid only from Paid-Up Benefit Fund and Contingency Reserve Fund.*]

[(i) Any benefit increase provided under this section shall be funded on a single-premium paid-up annuity basis. For this purpose, “single-premium paid-up annuity basis” has the common actuarial meaning of spreading the amount available to provide a benefit over the lifetime of an individual in the form of an annuity. It is intended that any benefit increase continue for the lifetime of the eligible member and any beneficiary, consistent with any option elected under § 34.]

[(ii) The granting of any benefit increase under this section is contingent on the performance of the Retirement System’s investment funds. The continuation of any benefit increase previously accrued under this section is specifically made contingent on the ability of the Paid-Up Benefit Fund and the Contingency Reserve Fund to provide these benefits in the future. §§ 37 and 42 to the contrary notwithstanding, any benefit increase provided under this section is not and does not become an obligation of the City of Baltimore. In the event of any conflict between this section and either or both § 37 or § 42, this section prevails.]

[(iii) If the members’ longevity or the performance of this System’s investment funds causes a decline in the value of the Paid-Up Benefit Fund and the Contingency Reserve Fund, with the result that the actuarial value of benefit increases previously accrued under this section exceeds the value of the Paid-Up Benefit Fund and the Contingency Reserve Fund, the Board of Trustees shall reduce or eliminate previously accrued increases on an equal percentage basis, effective as of January 1 following the June 30 on which a deficit exists. An equal percentage reduction shall be made to all benefits granted under this section, regardless of when those increases were granted.

If the Paid-Up Benefit Fund and the Contingency Reserve Fund become exhausted or decline in

value to the point of having no value, previously accrued increases shall be eliminated in full. Any excess investment earnings available under subsection (c) of this section in a subsequent year shall be used to provide an increase in benefits without restoration of any prior reduction or elimination of benefit increases previously accrued.]

[(f) *Paid-Up Benefit Fund to provide increase in widow's and children's benefit.*] [Notwithstanding the

provisions of subsections (d) and (e) above, \$17.2-million from the Paid-Up Benefit Fund shall be transferred to the Pension Reserve Fund effective June 30, 1993. The purpose of the transfer is to partially fund the benefit improvements made by this Ordinance 93-262. The total \$17.2-million transfer shall reduce the system's unfunded liability and shall be amortized with interest as a credit to reduce the City's contribution by \$4.5-million for 4 years (beginning in fiscal year 1995) and at a reduced level dollar credit in the 5th year.]

[The provisions of subsections (d) and (e) above shall remain in effect even after the changes described here in subsection (f).]

[(g) *Increase for certain retirees and beneficiaries as of June 30, 2000.*]

[(i) Retired members and beneficiaries of retired members who retired on or before June 30, 2000, and any surviving beneficiary of a member who began receiving periodically paid benefits from this System on or before June 30, 2000, will receive a 1% increase in their periodic benefits.]

[(ii) This increase is effective June 30, 2000, and payable beginning with the first full pay period that follows.]

[(iii) This increase shall be paid from the Pension Reserve Fund and may not be paid from the Paid-Up Benefit Fund or the Contingency Reserve Fund.]

(B)[(h) *Amount of benefit increase payable for fiscal years beginning on or after July 1, 2009.*

...

(C) [(i) *Transfer of assets and liabilities.*

...

(D) [(j) *Guarantee of post-retirement increases.*

...

§ 36C. Deferred Retirement Option Plan 2.

(b) *Definitions.*

(1) In this § 36C, the following terms have the meanings indicated. (2) "DROP

2" means the benefits established under this § 36C.

(3) "DROP 2 start date" means the first day of a member's DROP participation period.(4) "DROP 2

end date” means the last day of a member’s DROP participation period.

(5) “DROP 2 participation period” means a minimum period of 1 year and a maximum period of 3 consecutive years during which the member makes regular contributions and during which DROP 2 contributions and benefits are accumulated on behalf of the DROP 2 participant.

(6) “DROP 2 participant” means a member who has elected to be covered by the benefits of this § 36C.

[(7) (i) Except as provided in subparagraph (ii) of this paragraph, “interest” means the regular interest rate for the Annuity Savings Reserve as defined in § 30(9) of this subtitle.]

[(ii) For a member of this System who, as of June 30, 2010, has acquired 15 or more years of service, interest means 5½% per annum compounded daily.]

(7) “INTEREST” MEANS 5½% per annum compounded daily.

(8) “Early DROP 2 service retirement” means retirement after a member completes at least 1 year of DROP 2 participation and retires during or at the conclusion of the member’s DROP 2 participation period.

(9) “Mid DROP 2 service retirement” means retirement after the conclusion of a member’s DROP 2 participation period with the following years of service acquired through employment covered by this System immediately following the member’s DROP 2 participation period:

(A) for police members, less than 3½ years of service, and

(B) for fire members, less than 5 years of service.

(10) “Complete DROP 2 service retirement” means retirement after the conclusion of a member’s DROP 2 participation period with the following years of service acquired through employment covered by this System immediately following the member’s DROP 2 participation period:

(A) for police members, 3½ or more years of service, (B) for fire

members, 5 or more years of service.

[(p) *DROP 2 benefit recipients and post-retirement increase eligibility.*]

[Eligibility for post-retirement increases payable under § 36A of this subtitle shall be determined pursuant to § 36A(a)(1)(i).]

(P) [(q)] *Retirement benefits for reemployed DROP 2 retiree.*

...

(Q) [(r)] *DROP 2 experience reports and savings tests.*

.. **SECTION 2. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect as follows:

(A) Changes to § 30 are effective for calculations of retirements taking effect on or after July 1, 2025, death benefits for deaths occurring on or after July 1, 2025, and DROP 2 participation beginning on or after July 1, 2025;

- (B) Changes to § 34 are effective for contributing members entering the system on or after July 1, 2025;
- (C) Changes to § 36A are effective for retired members or beneficiaries achieving post-retirement increase eligibility on or after June 30, 2025; and
- (D) Changes to § 36C are effective for calculation of interest on DROP 2 accounts beginning July 1, 2025.

SECTION 3. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect on the 30th day after the date it is enacted.