



Legislation Details (With Text)

**File #:** 14-0457    **Version:** 0    **Name:** Employees' Retirement System - Retirement Savings Plan - Clarifications  
**Type:** Ordinance    **Status:** Enacted  
**File created:** 12/4/2014    **In control:** City Council  
**On agenda:**    **Final action:** 3/3/2015  
**Enactment date:**    **Enactment #:** 15-329

**Title:** Employees' Retirement System - Retirement Savings Plan - Clarifications FOR the purpose of clarifying certain reemployment rules for Class D members of the Employees' Retirement System; characterizing the Retirement Savings Plan more specifically; changing the composition of the Plan's Board of Trustees; providing that members may elect to invest non-vested employer contributions in certain investment funds; clarifying the Plan's matching contribution formula; providing a special rule for certain Plan death benefits; providing for a special effective date; and generally relating to the Employees' Retirement System and the Retirement Savings Plan.

**Sponsors:** City Council President (Administration)

**Indexes:** Clarification, Employees Retirement System, Retirement Savings Plan

**Code sections:**

**Attachments:** 1. cb14-0457~1st.pdf, 2. DHR 14-0457.pdf, 3. Finance 14-0457.pdf, 4. Labor Commissioner 14-0457.pdf, 5. ERS 14-0457.pdf, 6. Retirement Savings Plan Board of Trustees 14-0457.pdf, 7. City Solicitor 14-0457.pdf, 8. 14-0457~3rd Reader

Date	Ver.	Action By	Action	Result
3/3/2015	0	Mayor	Signed by Mayor	
2/23/2015	0	City Council	Approved and Sent to the Mayor	
2/9/2015	0	Taxation, Finance and Economic Development Committee	Recommended Favorably	
2/9/2015	0	City Council	Advanced to 3rd Reader, for Final Passage	
1/26/2015	0	Taxation, Finance and Economic Development Committee	Scheduled for a Public Hearing	
12/9/2014	0	The City Council	Referred for a Report	
12/9/2014	0	The City Council	Referred for a Report	
12/9/2014	0	The City Council	Referred for a Report	
12/9/2014	0	The City Council	Referred for a Report	
12/9/2014	0	The City Council	Referred for a Report	
12/9/2014	0	The City Council	Referred for a Report	
12/4/2014	0	City Council	Assigned	
12/4/2014	0	City Council	Introduced	

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

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INTRODUCTORY\*

CITY OF BALTIMORE  
COUNCIL BILL

Introduced by: The Council President  
At the request of: The Administration (Department of Finance)

A BILL ENTITLED

AN ORDINANCE concerning

**Employees' Retirement System - Retirement Savings Plan - Clarifications**

FOR the purpose of clarifying certain reemployment rules for Class D members of the Employees' Retirement System; characterizing the Retirement Savings Plan more specifically; changing the composition of the Plan's Board of Trustees; providing that members may elect to invest non-vested employer contributions in certain investment funds; clarifying the Plan's matching contribution formula; providing a special rule for certain Plan death benefits; providing for a special effective date; and generally relating to the Employees' Retirement System and the Retirement Savings Plan.

BY repealing and reordaining, with amendments

Article 22 - Retirement Systems  
Section(s) 9.2(l)(1)(ii), (2)(i)(A), and (2)(ii)(A)  
Baltimore City Code  
(Edition 2000)

BY repealing and reordaining, with amendments

Article 22A - Retirement Savings Plan  
Section(s) 1-5(a)(1), 2-2, 2-3(c)(2), 2-7(b), 2-10(b), 5-3(d)(1), and  
6-2(a)(1), (b)(2), (b)(4), (c), (d), and (e)  
Baltimore City Code  
(Edition 2000)

BY repealing

Article 22A - Retirement Savings Plan  
Section(s) 6-2(h)  
Baltimore City Code  
(Edition 2000)

BY adding

Article 22A - Retirement Savings Plan  
Section(s) 9-4(f)  
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

Subtitle -- Employees' Retirement System

§ 9.2. Class D membership.

(l) Reemployment.

(1) Following termination of Class D member.

(ii) Before becoming eligible for certain benefits.

If a Class D member terminates City employment before becoming eligible for a retirement benefit or a deferred vested pension benefit under this section and is subsequently reemployed as an employee, the employee:

(A) on the 1st annual anniversary of her or his reemployment, will again become a Class D member; and

(B) [immediately on reemployment,] will be credited with his or her prior Class D service AS FOLLOWS:

1. IMMEDIATELY ON REEMPLOYMENT, UNLESS BEFORE REEMPLOYMENT THE MEMBER RECEIVED THE VALUE OF HIS OR HER ACCUMULATED CONTRIBUTIONS UNDER SUBSECTION (K)(6)(I) OF THIS SECTION; OR

2. IF BEFORE REEMPLOYMENT THE MEMBER RECEIVED THE VALUE OF HIS OR HER ACCUMULATED CONTRIBUTIONS UNDER SUBSECTION (K)(6)(I) OF THIS SECTION, THEN ONLY IF THE MEMBER PURCHASES THE SERVICE CREDIT UNDER SUBSECTION (C)(6)(I) OF THIS SECTION.

(2) Following pre-July 1, 2014, City employment.

(i) Termination after earning vested benefit.

(A) This subparagraph applies to any employee who:

1. was employed by the City on or before June 30, 2014;

2. terminated that employment FOR MORE THAN 30 CONSECUTIVE DAYS after earning a vested benefit under this System or another City retirement plan; and

3. is reemployed by the City on or after July 1, 2014.

(ii) Termination before earning vested benefit.

(A) This subparagraph applies to any employee who:

1. was employed by the City on or before June 30, 2014;

2. terminated that employment FOR MORE THAN 30 CONSECUTIVE DAYS before earning a vested benefit under this System or another City retirement plan, and;

3. is reemployed by the City on or after July 1, 2014.

Article 22A. Retirement Savings Plan

Subtitle 1. Definitions; General Provisions

§ 1-5. Qualification under Internal Revenue Code.

(a) In general.

The Retirement Savings Plan is intended to be:

- (1) A qualified PROFIT-SHARING PLAN under IRC § 401(a); and
- (2) a “governmental plan” under IRC § 414(d).

Subtitle 2. Administration

§ 2-2. Board composition.

(a) In general.

- (1) The Board consists of [12] 14 trustees.
- (2) Of these:
  - (i) [9] 11 trustees serve with voting privileges (“voting trustees”); and
  - (ii) 3 trustees serve in an advisory capacity only, without voting privileges (“non-voting trustees”).

(b) Voting trustees.

(1) In general.

The [9] 11 voting trustees are:

- (i) the Director of Finance or the Director’s designated representative, who must be either the Deputy Director of Finance or the Budget Director;
- (ii) the City Comptroller;
- (iii) the Director of Human Resources;
- (iv) the City Labor Commissioner;
- (v) the Executive Director of the Employees’ Retirement System of the City of Baltimore;

(VI) THE CHIEF EXECUTIVE OFFICER OF THE BALTIMORE CITY PUBLIC SCHOOL SYSTEM OR THE CEO’S DESIGNATED REPRESENTATIVE;

(VII) THE CHIEF FINANCIAL OFFICER OF THE BALTIMORE CITY PUBLIC SCHOOL SYSTEM;

(VIII) THE HUMAN CAPITAL OFFICER OF THE BALTIMORE CITY PUBLIC SCHOOL SYSTEM ; and

(IX) [(vi)] [4] 3 residents and registered voters of the City of Baltimore, to be appointed by the Mayor in accordance with City Charter Article IV, § 6[;].

(2) Appointed trustees - Qualifications.

(i) The [4] 3 voting trustees appointed under paragraph [(1)(vi)] 1(IX) of this subsection must each have at least 10 years of relevant institutional investment management expertise.

(ii) None of these appointed trustees may be an official or employee of the City at the time of his or her appointment or during the entire term of office.

(3) Appointed trustees - Term of office.

(i) Each of the [4] 3 VOTING trustees appointed under paragraph [(1)(vi)] 1(IX) of this subsection serves for a term of 4 years, concurrent with the term of the Mayor.

(ii) At the end of a term, an appointed member continues to serve until a successor is appointed and qualifies.

(iii) A trustee appointed to fill a vacancy in an unexpired term serves only for the remainder of that term.

(c) Non-voting trustees.

The 3 non-voting trustees are:

(1) [The president] THE PRESIDENT of AFSCME Local 44;

(2) [The president] THE PRESIDENT of the City Union of Baltimore (“CUB”); and

(3) [The president] THE PRESIDENT of the Managerial and Professional Society of Baltimore, Inc. (“MAPS”).

(d) Service without regard to political affiliation.

Notwithstanding City Charter Article IV, § 8, trustees may be appointed or hold their positions without regard to political affiliation.

§ 2-3. Board functions.

(c) Trustee of Plan assets.

(2) Subject to § 2-8 {“Retention of services; Right of reliance”} of this subtitle, the Board is responsible for:

[(i)] determining the manner of investing Employer Contribution Sub-Accounts that have not vested under § 7-2 {“Vesting: Employer Contribution Sub-Account”} of this article;

(I) [(ii)] selecting investment funds (including a default investment fund) under § 6-2 {“Accounts: Investments”} of this article;

- (II) [(iii)] monitoring these investment funds on an ongoing basis; and
- (III) [(iv)] adding or replacing these investment funds as the Board considers prudent.

§ 2-7. Meetings; Voting; Records.

(b) Voting.

- (2) [5] 6 voting trustees constitute a quorum.

§ 2-10. Compensation; Expenses.

(b) Stipend for appointed trustees.

- (1) Each [trustee] OF THE 3 TRUSTEES appointed under [§ 2-2(b)(1)(vi)] § 2-2(B)(1)(IX) of this subtitle is entitled to a stipend, in an amount determined by the Board of Estimates, for attending meetings of the Board of Trustees.
- (2) The Board of Trustees may establish meeting-attendance standards that THE appointed trustees must satisfy to be eligible for the stipend.

Subtitle 5. Contributions

§ 5-3. Employer contributions.

- (d) Non-hybrid members also contributing to Deferred Compensation Plan.

- (1) For each payroll period in which a non-hybrid member makes a voluntary deferral to the City's Deferred Compensation Plan, the member's employer must contribute to the Retirement Savings Plan an amount equal to 50% of the [first 2% of] compensation deferred by the member for that payroll period, BUT TAKING INTO ACCOUNT ONLY COMPENSATION DEFERRED THAT DOES NOT EXCEED 2% OF THE MEMBER'S COMPENSATION FOR THAT PAYROLL PERIOD.

Subtitle 6. Accounts

§ 6-2. Investments.

- (a) Board to select available investment funds.

- (1) The Board of Trustees must select:

- (i) 1 or more separate investment funds in which a member may elect to have the member's [vested] account invested; and
- (ii) a default investment fund for the automatic investment of the [vested] account of a member who fails to make an affirmative investment election under subsection (b) of this section.

- (b) Members' investment elections.

- (2) In accordance with procedures established by the Board, each member may affirmatively elect to have the

member's [vested] account invested in 1 or more of the listed investment funds.

(4) As soon as administratively practicable after a member's affirmative investment election is received, the member's [vested] account must be invested in accordance with that election.

(c) Default investments.

Unless and until a member makes an affirmative investment election under subsection (b) of this section, the member is deemed to have made an election to have the member's [vested] account invested automatically in the default investment fund.

(d) Fund gains and losses.

All gains and losses of an investment fund in which a member's [vested] account is invested will be allocated to that account based on established procedures applied on a uniform and nondiscriminatory basis.

(e) Fund fees and expenses.

All fees charged and expenses incurred by an investment fund in which a member's [vested] account is invested, including servicing fees paid by the investment fund to the Plan's third-party administrator, will be charged to that account based on established procedures applied on a uniform and nondiscriminatory basis.

[(h) Non-vested Employer Contribution Sub-Accounts.

Employer Contribution Sub-Accounts that have not vested under § 7-2 {"Vesting: Employer Contribution Sub-Account"} of this article will be invested as the Board of Trustees, in its sole discretion, determines.]

## Subtitle 9. Distributions

### § 9-4. Distributable events - Death.

(F) WHILE PERFORMING QUALIFIED MILITARY SERVICE.

TO THE EXTENT REQUIRED BY IRC § 401(A)(37), THE VALUE OF A MEMBER'S ACCOUNT PAYABLE TO THE BENEFICIARY OF A MEMBER WHO DIES WHILE PERFORMING "QUALIFIED MILITARY SERVICE", AS DEFINED IN IRC § 414(U)(5), WILL BE DETERMINED AS IF THE MEMBER DIED WHILE AN ACTIVE EMPLOYEE.

SECTION 2. 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 3. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect on the date it is enacted.

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