



Legislation Details (With Text)

File #: 08-0220 **Version:** 0 **Name:** Fire and Police Employees' Retirement System - Benefits - Post-Retirement Increases

Type: Ordinance **Status:** Withdrawn

File created: 10/27/2008 **In control:** City Council

On agenda: **Final action:** 5/18/2009

Enactment date: **Enactment #:**

Title: Fire and Police Employees' Retirement System - Benefits - Post-Retirement Increases

FOR the purpose of amending provisions of the Fire and Police Employees' Retirement System law pertaining to the method for determining annual post-retirement increases; modifying certain System interest rate assumptions; discontinuing the current variable method for determining those increases and establishing a guaranteed fixed annual increase to be paid to System retirees and beneficiaries; discontinuing the utilization of certain existing System accounting reserves; clarifying, correcting, and conforming related provisions; providing for a special effective date; and generally relating to the Fire and Police Employees' Retirement System of the City of Baltimore.

Sponsors: City Council President (Administration)

Indexes: Benefits, Fire & Police Retirement Systems, Increases, Post-Retirement

Code sections:

Attachments: 1. 08-0220 - 1st Reader.pdf, 2. Labor Commissioner - 08-0220.pdf, 3. Law - 08-0220.pdf, 4. Finance - 08-0220.pdf, 5. F&P ERS - 08-0220.pdf, 6. Finance - 08-0220 - Amendments.pdf

Date	Ver.	Action By	Action	Result
5/18/2009	0	City Council	Withdrawn by Request of the Mayor	
5/18/2009	0	City Council	Withdrawn	
2/23/2009	0	Taxation, Finance and Economic Development Committee	Scheduled for a Public Hearing	
10/30/2008	0	The City Council	Referred for a Report	
10/30/2008	0	The City Council	Referred for a Report	
10/30/2008	0	The City Council	Referred for a Report	
10/30/2008	0	The City Council	Referred for a Report	
10/27/2008	0	City Council	Assigned	
10/27/2008	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 (Finance Department)

A BILL ENTITLED

AN ORDINANCE concerning

Fire and Police Employees' Retirement System - Benefits - Post-Retirement Increases

FOR the purpose of amending provisions of the Fire and Police Employees' Retirement System law pertaining to the method for determining annual post-retirement increases; modifying certain System interest rate assumptions; discontinuing the current variable method for determining those increases and establishing a guaranteed fixed annual increase to be paid to System retirees and beneficiaries; discontinuing the utilization of certain existing System accounting reserves; clarifying, correcting, and conforming related provisions; providing for a special effective date; and generally relating to the Fire and Police Employees' Retirement System of the City of Baltimore.

BY repealing and reordaining, with amendments

Article 22 - Retirement Systems

Section(s) 30(9), 34(i)(6)(E), 36(j)(3)(i), 36A(intro), (a)(1)(i), and (d)(ii)(D), and 36B(m)

Baltimore City Code

(Edition 2000)

BY renumbering, with amendments

Article 22 - Retirement Systems

Section(s) 36A

to be

Section 36A-1

Baltimore City Code

(Edition 2000)

BY adding

Article 22 - Retirement Systems

Section(s) 36A-2

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 - 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:

(9) ["Regular interest" for the Annuity Savings Fund shall mean interest at 5½% per annum compounded annually. "Regular interest" for the Annuity Reserve Fund and the Pension Reserve Fund shall mean interest at 7%

per annum compounded annually. For valuation purposes, regular interest shall mean 8¼% prior to commencement of benefit payments and 68/10% after commencement of benefit payments. “Regular interest” for the purposes of determining actuarial equivalents shall mean interest at 5% per annum compounded annually.] “REGULAR INTEREST” MEANS INTEREST COMPOUNDED ANNUALLY FOR THE RESERVES AND ITEMS LISTED AT THE FOLLOWING RATES:

- (I) THE ANNUITY SAVINGS RESERVE: 5.5%.
- (II) FOR VALUATION PURPOSES:
 - (A) BEFORE COMMENCEMENT OF BENEFIT PAYMENTS 8.25%.
 - (B) AFTER COMMENCEMENT OF BENEFIT PAYMENTS 7.75%.
- (III) FOR DETERMINING ACTUARIAL EQUIVALENTS: 5.0%.

§ 34. Benefits.

(i) Line of duty death benefit.

(6) Minimum accidental death pension benefit at June 30, 1994.

(E) If any beneficiary receiving an increased minimum pension in 1994 as a result of this paragraph is eligible for a January 1995 postretirement benefit increase under FORMER § 36A of this article, the member’s 1995 postretirement increase shall be calculated as though the beneficiary had received this increased minimum pension benefit on June 30, 1994.

§ 36. Method of financing.

(j) Interest and earnings.

(3) Any excess earnings shall be applied by the Board of Trustees in the following order:

(i) to provide post retirement benefit increases as provided by [§ 36A] § 36A-2 of this subtitle;

§ 36A-1. [§ 36A.] Postretirement benefit increases to certain retirees and beneficiaries DETERMINED ON AND AFTER JUNE 30, 1983, AND, ON AND BEFORE JUNE 30, 2008.

[Each] BEGINNING JUNE 30, 1983, AND ENDING JUNE 30, 2008, 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 member who has retired from active service and each beneficiary of a deceased member who is or will be receiving periodic retirement benefits and who receives periodic benefit payments for 2 or more years is eligible for an increase in the periodic benefit, as determined under this [§ 36A] § 36A-1. 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”.

(d) PaidUp Benefit Fund and Contingency Reserve Fund.

(ii)

(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] SUBSECTION (A)(1) OF THIS SECTION.

§ 36A-2. POST-RETIREMENT BENEFIT INCREASES TO CERTAIN RETIREES AND BENEFICIARIES DETERMINED ON AND AFTER JUNE 30, 2009.

(A) SCOPE OF SECTION.

COMMENCING JANUARY 2010, EACH ELIGIBLE RETIRED MEMBER OR BENEFICIARY, AS THAT ELIGIBILITY IS DETERMINED ACCORDING TO SUBSECTION (B) OF THIS SECTION, WHO IS RECEIVING PERIODIC BENEFITS UNDER THIS SUBTITLE SHALL RECEIVE AN INCREASE IN PERIODICALLY PAID RETIREMENT BENEFITS SUBJECT TO THE FOLLOWING PROVISIONS.

(B) ELIGIBILITY FOR POST-RETIREMENT BENEFIT INCREASES.

(1) ELIGIBILITY FOR THE POST-RETIREMENT BENEFIT INCREASES PROVIDED BY THIS § 36A2 SHALL BE DETERMINED AS OF JUNE 30 EACH YEAR (THE “DETERMINATION DATE”), BEGINNING WITH JUNE 30, 2009.

(2) TO BE ELIGIBLE FOR THE INCREASE, A MEMBER WHO HAS RETIRED FROM ACTIVE SERVICE OR THE BENEFICIARY(IES) OF A MEMBER MUST HAVE BEEN RECEIVING PERIODICALLY PAID RETIREMENT BENEFITS (ON THE RETIREMENT PAYROLL) FOR 2 OR MORE YEARS (THE “WAITING PERIOD”) AS OF THE JUNE 30 DETERMINATION DATE.

(3) EXCEPT FOR MEMBERS AND THEIR BENEFICIARIES WHO RECEIVE PERIODICALLY PAID BASIC DROP RETIREMENT BENEFITS UNDER § 36B(E), THE 2-YEAR WAITING PERIOD COMMENCES AS FOLLOWS FOR MEMBERS AND THEIR BENEFICIARIES:

(A) WITH THE FIRST DAY ON THE RETIREMENT PAYROLL (THE “RETIREMENT DATE”), FOR A MEMBER WHO RETIRES;

(B) WITH THE RETIRED MEMBER’S FIRST DAY ON THE RETIREMENT PAYROLL (THE “RETIREMENT DATE”), FOR A BENEFICIARY RECEIVING PERIODICALLY PAID SURVIVORSHIP BENEFITS (RETIREMENT BENEFITS) FOLLOWING THE DEATH OF A RETIRED MEMBER;

(C) WITH THE FIRST DAY ON THE RETIREMENT PAYROLL (THE “RETIREMENT DATE”), FOR THE BENEFICIARY(IES) OF A MEMBER WHO DIES WHILE ACTIVELY EMPLOYED;

(D) WITH THE MEMBER’S SUBSEQUENT RETIREMENT DATE, FOR A RETIRED MEMBER WHO RETURNS TO EMPLOYMENT COVERED BY THIS SYSTEM AND AGAIN RETIRES; AND

(E) WITH THE FIRST DAY ON THE RETIREMENT PAYROLL, FOR THE BENEFICIARY(IES) OF A MEMBER WHO RETURNS TO EMPLOYMENT COVERED BY THIS SYSTEM AND DIES WHILE

ACTIVELY EMPLOYED.

(4) NOTWITHSTANDING PARAGRAPH (3) OF THIS SUBSECTION, THE MONTHS OF A MEMBER'S DROP PARTICIPATION PERIOD, AS DEFINED IN § 36B(B) OF THIS SUBTITLE, ARE COUNTED TOWARD THE ELIGIBILITY REQUIREMENT DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION FOR:

(A) A MEMBER WHO RETIRES ON A BASIC DROP RETIREMENT BENEFIT, DEFINED IN § 36B(E) OF THIS SUBTITLE;

(B) A BENEFICIARY WHO RECEIVES NON-LINE-OF-DUTY DEATH BENEFITS UNDER § 36B(J) OF THIS SUBTITLE; OR

(C) THE BENEFICIARY(IES) OF A MEMBER WHO RETIRES ON A BASIC DROP RETIREMENT BENEFIT, DEFINED IN § 36B(E) OF THIS SUBTITLE, AND DIES.

(5) THE MONTHS OF A MEMBER'S DROP PARTICIPATION PERIOD, AS DEFINED IN § 36B(B) OF THIS SUBTITLE, ARE NOT COUNTED TOWARD THE ELIGIBILITY REQUIREMENT DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION FOR A MEMBER WHO RETIRES OR WHO RETIRED ON INTERMEDIATE DROP RETIREMENT BENEFITS UNDER § 36B(F) OR FULL DROP RETIREMENT BENEFITS PAID UNDER § 36B(G).

(6) SUBJECT TO THE WAITING PERIODS DEFINED BY PARAGRAPHS (2) THROUGH (5) OF THIS SUBSECTION, UPON CEASING ALL PERMANENT FULL-TIME AND PERMANENT PART-TIME EMPLOYMENT WITH THE CITY, THE FOLLOWING MEMBERS SHALL RECEIVE RETIREMENT BENEFITS CALCULATED TO INCLUDE ALL POST-RETIREMENT BENEFIT INCREASES, IN ACCORDANCE WITH THE RATES OF INCREASE SET BY THIS SYSTEM, THAT THE RETIRED MEMBER WOULD HAVE BEEN ELIGIBLE TO RECEIVE AS A RETIREE HAD RETIREMENT BENEFITS NOT BEEN POSTPONED OR SUSPENDED:

(A) 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

(B) RETIRED MEMBERS 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.

(C) BENEFIT INCREASE PERCENTAGE.

(1) IN GENERAL.

EFFECTIVE WITH THE INCREASE PAYABLE IN JANUARY 2010, THE PERCENTAGE INCREASE IN RETIREMENT BENEFITS PAYABLE TO ELIGIBLE RETIRED MEMBERS AND ELIGIBLE BENEFICIARIES UNDER SUBSECTION (B) OF THIS SECTION SHALL BE DETERMINED ACCORDING TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, SUBJECT TO THE CPI LIMIT DEFINED IN PARAGRAPH (4) OF THIS SUBSECTION.

(2) FIXED ANNUAL INCREASE PERCENTAGE.

EFFECTIVE JANUARY 2010 AND EVERY JANUARY THEREAFTER, EACH ELIGIBLE RETIRED MEMBER

OR BENEFICIARY SHALL RECEIVE A 1.5% INCREASE IN PERIODIC BENEFITS, SUBJECT TO THE LIMITATION OF ANNUAL INCREASES SET IN PARAGRAPH (4) OF THIS SUBSECTION.

(3) VARIABLE INCREASE PERCENTAGE.

EFFECTIVE JANUARY 2010, A VARIABLE INCREASE PERCENTAGE, IF ANY, IN RETIREMENT BENEFITS MAY BE PAYABLE TO ELIGIBLE RETIRED MEMBERS AND BENEFICIARIES IN ADDITION TO THE FIXED ANNUAL INCREASE DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION AND SHALL BE DETERMINED ACCORDING TO THE METHOD SET FORTH IN SUBSECTION (D) OF THIS SECTION. THIS INCREASE IS REFERRED TO AS THE "VARIABLE INCREASE." THE VARIABLE INCREASE IS SUBJECT TO THE LIMITATION OF ANNUAL INCREASES SET IN PARAGRAPH (4) OF THIS SUBSECTION.

(4) LIMITATION OF ANNUAL PERCENTAGE INCREASE.

(A) NOTWITHSTANDING PARAGRAPHS (2) AND (3) OF THIS SUBSECTION OR ANY OTHER PROVISION OF THIS § 36A-2, EFFECTIVE WITH THE INCREASE PAYABLE IN JANUARY 2010, AND IN EACH JANUARY THEREAFTER, THE PERCENTAGE INCREASE IN RETIREMENT BENEFITS PAYABLE TO ELIGIBLE RETIRED MEMBERS AND BENEFICIARIES MAY NOT EXCEED THE PERCENTAGE CHANGE IN THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) FOR THE U.S. CITY AVERAGE FOR ALL ITEMS (1982 - 84 = 100) FOR THE 12-MONTH PERIOD ENDING IN THE PRECEDING JUNE. THIS LIMIT IS REFERRED TO AS THE "CPI LIMIT."

(B) IF AN INCREASE IS LIMITED BY THIS PARAGRAPH, THE AMOUNT THAT IS NOT USED TO PROVIDE AN INCREASE DUE TO THIS LIMIT WILL REMAIN IN THE VARIABLE INCREASE ACCOUNT AND CARRIED FORWARD WITH INTEREST AS DESCRIBED IN SUBSECTION (D)(5) OF THIS SECTION.

(D) VARIABLE INCREASE ACCOUNT.

(1) THE BOARD OF TRUSTEES SHALL ESTABLISH AN ACCOUNT FOR THE SOLE PURPOSE OF DETERMINING WHETHER A VARIABLE INCREASE WILL BE PAYABLE IN ACCORDANCE WITH SUBSECTION (C)(3) OF THIS SECTION. THIS ACCOUNT IS REFERRED TO AS THE "VARIABLE INCREASE ACCOUNT."

(2) THE ESTABLISHMENT OF THE VARIABLE INCREASE ACCOUNT DOES NOT REQUIRE THE SEGREGATION OF ANY SYSTEM ASSETS.

(3) THE VARIABLE INCREASE ACCOUNT SHALL BE REPORTED EACH YEAR IN THE ANNUAL ACTUARIAL VALUATION REPORT.

(4) A VARIABLE INCREASE SHALL BE PAYABLE TO ELIGIBLE PERSONS IN EACH JANUARY (COMMENCING WITH JANUARY 2010) ONLY IF THE ACTUARY ENGAGED BY THE BOARD OF TRUSTEES DETERMINES THAT:

(I) THERE IS A POSITIVE BALANCE IN THE VARIABLE INCREASE ACCOUNT AS OF THE PRECEDING JUNE 30, AND

(II) THE BALANCE IS SUFFICIENT TO PAY AN INCREASE.

(5) ANY UNUSED BALANCE, WHETHER POSITIVE OR NEGATIVE, IN THE VARIABLE INCREASE

ACCOUNT AS OF A JUNE 30, SHALL BE CARRIED FORWARD IN THE VARIABLE INCREASE ACCOUNT TO THE NEXT JUNE 30, WITH INTEREST AT A RATE EQUAL TO THE REGULAR INTEREST RATE USED FOR VALUATION PURPOSES BEFORE THE COMMENCEMENT OF BENEFIT PAYMENTS.

(6) THE INITIAL BALANCE OF THE VARIABLE INCREASE ACCOUNT AS OF JUNE 30, 2009, SHALL INCLUDE THE NET EARNINGS DIFFERENTIAL OF THE ANNUITY RESERVE AND THE PENSION RESERVE AS OF JUNE 30, 2009, AS DETERMINED UNDER SUBSECTION (E) OF THIS SECTION.

(7) THE BALANCE OF THE VARIABLE INCREASE ACCOUNT AS OF EACH JUNE 30 SUBSEQUENT TO JUNE 30, 2009, SHALL CONSIST OF THE SUM OF THE ACCOUNT BALANCE, IF ANY, CARRIED FORWARD FROM THE PREVIOUS JUNE 30 AND THE NET EARNINGS DIFFERENTIAL OF THE ANNUITY RESERVE AND THE PENSION RESERVE AS OF THE CURRENT JUNE 30, AS DETERMINED UNDER SUBSECTION (E) OF THIS SECTION.

(8) IF THE ACTUARY ENGAGED BY THE BOARD DETERMINES THAT THERE IS A POSITIVE BALANCE IN THE VARIABLE INCREASE ACCOUNT AS OF A JUNE 30, A PERCENTAGE OF THE POSITIVE BALANCE, AS SPECIFIED IN PARAGRAPH (9) OF THIS SUBSECTION, LESS THE AMOUNT USED IN PREVIOUS YEARS TO PROVIDE VARIABLE INCREASES CARRIED FORWARD WITH INTEREST IN THE SAME MANNER AS DESCRIBED IN PARAGRAPH (5) OF THIS SUBSECTION SHALL BE ALLOCATED TO PROVIDE A VARIABLE INCREASE PERCENTAGE, SUBJECT TO SUBSECTION (C)(4) OF THIS SECTION, TO ELIGIBLE RETIRED MEMBERS AND BENEFICIARIES EFFECTIVE AS OF THE FOLLOWING JANUARY.

(9) THE PERCENTAGE OF THE VARIABLE INCREASE ACCOUNT TO BE USED FOR PURPOSES OF PARAGRAPH (8) OF THIS SUBSECTION EACH YEAR END IS AS FOLLOWS:

DATE	PERCENTAGE TO BE USED
JUNE 30, 2009	5%
JUNE 30, 2010	10%
JUNE 30, 2011	15%
JUNE 30, 2012, AND AFTER	20%

(E) NET EARNINGS DIFFERENTIAL OF THE ANNUITY RESERVE AND THE PENSION RESERVE.

THE NET EARNINGS DIFFERENTIAL OF THE ANNUITY RESERVE AND THE PENSION RESERVE AS OF EACH JUNE 30 (COMMENCING JUNE 30, 2009) SHALL BE EQUAL TO THE PRODUCT OF THE FOLLOWING ITEMS (1) AND (2):

(1) THE AVERAGE MARKET VALUE OF THE ANNUITY RESERVE AND THE PENSION RESERVE SHALL BE DETERMINED USING THE VALUES IN THE ACTUARIAL VALUATION REPORT AS OF THE END OF EACH FISCAL YEAR, AND SHALL BE CALCULATED BY MULTIPLYING 50% TIMES THE SUM OF:

(A) THE MARKET VALUES OF THE ANNUITY RESERVE AND THE PENSION RESERVE AS OF THE PREVIOUS JUNE 30 FISCAL YEAR END (AFTER ACTUARIAL RESERVE TRANSFERS), AND

(B) THE MARKET VALUES OF THE ANNUITY RESERVE AND THE PENSION RESERVE AS OF THE CURRENT JUNE 30 FISCAL YEAR END (AFTER ACTUARIAL RESERVE TRANSFERS FOR NEW RETIREES BUT BEFORE ANY TRANSFERS DUE TO INVESTMENT EARNINGS).

(2) THE DIFFERENCE, EXPRESSED AS A PERCENTAGE, BETWEEN:

(A) THE RATE OF INVESTMENT RETURN, NET OF INVESTMENT EXPENSES FOR THE CURRENT FISCAL YEAR FOR THE ANNUITY SAVINGS RESERVE, THE ANNUITY RESERVE, THE PENSION ACCUMULATION RESERVE, AND THE PENSION RESERVE, AND

(B) THE THRESHHOLD RETURN OF 8.0%.

(F) BENEFIT INCREASES GENERALLY.

(1) ANY BENEFIT INCREASE PROVIDED UNDER THIS § 36A-2 SHALL BE FUNDED ON A “SINGLE PREMIUM PAID-UP ANNUITY BASIS”, WHICH PHRASE 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 PROVIDED BY THIS § 36A-2 CONTINUE FOR THE LIFETIME OF THE ELIGIBLE RETIRED MEMBER AND BENEFICIARY, CONSISTENT WITH ANY OPTION SELECTED UNDER § 34(K) OF THIS SUBTITLE.

(2) THE BENEFIT INCREASES PAYABLE UNDER THIS § 36A-2 SHALL BE PAYABLE IN THE SAME FORM AS THE BASE BENEFIT BEING PAID TO THE RETIRED MEMBER OR BENEFICIARY.

(3) THE FIXED ANNUAL INCREASE PERCENTAGE DESCRIBED IN SUBSECTION (C)(2) OF THIS SECTION SHALL BE PROVIDED EACH JANUARY, COMMENCING JANUARY 2010, REGARDLESS OF THE INVESTMENT PERFORMANCE OF THE SYSTEM’S INVESTMENT ASSETS. HOWEVER, THE PAYMENT OF THIS PERCENTAGE IS SUBJECT TO THE CPI LIMIT OF SUBSECTION (C)(4) OF THIS SECTION.

(4) THE VARIABLE INCREASE DESCRIBED IN SUBSECTION (C)(3) OF THIS SECTION SHALL BE PROVIDED EACH JANUARY, COMMENCING JANUARY 2010, ONLY IF THE ACTUARY ENGAGED BY THE BOARD OF TRUSTEES DETERMINES THAT THERE IS A POSITIVE BALANCE IN THE VARIABLE INCREASE ACCOUNT AS OF THE PRECEDING JUNE 30 FISCAL YEAR END. THE VARIABLE INCREASE PERCENTAGE PLUS THE FIXED ANNUAL INCREASE PERCENTAGE MAY NOT EXCEED THE CPI LIMIT.

(5) THE VARIABLE INCREASE PERCENTAGE SHALL BE DETERMINED BY THE ACTUARY AS THE PERCENTAGE THAT THE POSITIVE BALANCE WOULD BE SUFFICIENT TO FUND ON A SINGLE PREMIUM PAID-UP ANNUITY BASIS USING THE REGULAR INTEREST RATE USED FOR VALUATION PURPOSES AFTER THE COMMENCEMENT OF BENEFIT PAYMENTS ON THE JUNE 30 PRECEDING THE EFFECTIVE DATE OF THE INCREASE AND ASSUMING THE INCREASES DESCRIBED IN SUBSECTION (C)(2) OF THIS SECTION IN EVERY FUTURE YEAR.

(6) THE INCREASES PROVIDED BY THIS SECTION SHALL BE APPLIED AS EQUAL PERCENTAGE INCREASES TO THE PERIODICALLY PAID BENEFIT AMOUNT TO EACH ELIGIBLE RETIRED MEMBER, BENEFICIARY, AND ALTERNATE PAYEE.

(7) (I) THE INCREASES PROVIDED BY THIS § 36A-2 SHALL BE APPLIED USING THE “PAYROLL RULE”, WHICH MEANS THAT THE INCREASE IS APPLIED TO THE FIRST PAYROLL PERIOD THAT HAS

7 OR MORE DAYS IN THAT JANUARY.

(II) FOR EXAMPLE, A BIWEEKLY PAYROLL PERIOD THAT ENDS ON JANUARY 7 OR LATER WOULD HAVE APPLIED TO IT THE INCREASE EFFECTIVE THAT JANUARY; A BIWEEKLY PAYROLL PERIOD THAT ENDS ON JANUARY 6 OR EARLIER WOULD NOT HAVE THE INCREASE APPLIED TO IT, AND INSTEAD THE INCREASE WOULD BE APPLIED TO THE BIWEEKLY PAYROLL PERIOD THAT ENDS JANUARY 20 (OR EARLIER).

(G) TRANSFER OF § 36A-1 ASSETS AND LIABILITIES.

(1) THE ASSETS OF THE PAID-UP BENEFIT FUND AND THE CONTINGENCY RESERVE FUND SHALL BE TRANSFERRED TO THE GENERAL ASSET ACCOUNT.

(2) THE POST-RETIREMENT BENEFIT LIABILITIES OF THE PAID-UP BENEFIT FUND SHALL BE TRANSFERRED TO THE PENSION RESERVE.

(3) FOLLOWING THESE TRANSFERS, THE PAID-UP BENEFIT FUND AND THE CONTINGENCY RESERVE FUND SHALL BE DISCONTINUED.

(H) GUARANTEE OF POST-RETIREMENT INCREASES.

EFFECTIVE JUNE 30, 2009, ALL POST-RETIREMENT BENEFIT INCREASES PAYABLE UNDER § 36A-1 AND THIS § 36A-2 BECOME THE OBLIGATION OF THE CITY OF BALTIMORE AND ARE GUARANTEED BY THE PROVISIONS OF § 37 OF THIS SUBTITLE.

§ 36B. Deferred Retirement Option Plan.

(m) Postretirement increases.

[Notwithstanding § 36A of this subtitle, for] FOR a member who retires during or at the conclusion of a DROP participation period, the member's DROP participation period shall be counted toward the eligibility requirement for postretirement benefit increases under [§ 36A] § 36A-1 OR § 36A-2, AS APPLICABLE. However, if a member resumes earning service credit following the conclusion of a DROP participation period, then the DROP participation period shall not be counted toward the eligibility requirement for postretirement increases. Postretirement benefit increases for former DROP participants shall be applied prospectively only (i.e., no increase shall be provided to make up for any postretirement benefit increases that the member would have received if the member had retired from service in lieu of electing to participate in the DROP). If a member elects under subsection (n) to receive the balance of his or her DROP account in the form of periodic payments, those payments shall be eligible for postretirement benefit increases under [§ 36A] § 36A-1 OR § 36A-2, AS APPLICABLE, upon satisfaction by the member of the APPLICABLE eligibility requirements [of § 36A(a), as modified by this subsection (m)]."

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.

dlr08-486(2)~intro/27Oct08
art22/F&P Post Ret 1.5%/tt:aa

dlr08-486(2)~intro/27Oct08
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