

Introduced 09/02/2014
Public Hearing 09/15/2014
Council Action 10/06/2014
Executive Action 10/15/2014
Effective Date 12/15/2014

County Council Of Howard County, Maryland

2014 Legislative Session

Legislative Day No.

Bill No. 51-2014

Introduced by: The Chairperson at the request of the County Executive

AN ACT amending the Howard County Police and Fire Employees' Retirement Plan in order to create a Deferred Retirement Option Program II (DROP II) to replace the currently existing Deferred Retirement Option Program; defining certain terms; establishing certain deadlines; providing for the transfer to DROP II; setting forth the eligibility for DROP II to include certain employees of the Department of Fire and Rescue Services; providing for the term of DROP II participation; providing for the termination of participation in the DROP II program; requiring that certain accounts be established and maintained; setting forth provisions related to the disability, death, or retirement of DROP II participants; providing for the status of certain County employees whose employment continues past the DROP II term; and generally relating to the Howard County Police and Fire Employees' Retirement Plan.

Introduced and read first time September 2, 2014. Ordered posted and hearing scheduled.

By order Sheila M. Tolliver
Sheila M. Tolliver, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on September 15, 2014.

By order Sheila M. Tolliver
Sheila M. Tolliver, Administrator

This Bill was read the third time on October 6, 2014 and Passed , Passed with amendments , Failed .

By order Sheila M. Tolliver
Sheila M. Tolliver, Administrator

Sealed with the County Seal and presented to the County Executive for approval this 7th day of October, 2014 at 11:30 a.m.

By order Sheila M. Tolliver
Sheila M. Tolliver, Administrator

Approved/Vetoed by the County Executive October 15, 2014

Ken Ulman
Ken Ulman, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; Strike-out indicates material deleted by amendment; Underlining indicates material added by amendment

1 **Section 1. Be It Enacted** by the County Council of Howard County, Maryland that the Howard
2 County Code is amended as follows:

3
4 1. By amending:

5 Title 1- Human Resources

6 Section 1.437A “Deferred Retirement Option Program”

7
8 2. By adding:

9 Title 1 – Human Resources

10 Section 1.438A “Deferred Retirement Option Program II”

11
12 **Title 1. Human Resources.**

13 **Subtitle 4A. Police and Fire Employees' Retirement Plan.**

14 **Article IIIA. Trust Fund.**

15
16 **Section 1.437A. Deferred Retirement Option Program I.**

17 (a) *Definitions.* In this section, the following words have the meanings indicated:

18 (1) *DROP I* means the Deferred Retirement Option Program established pursuant to
19 this section AND IN EFFECT BETWEEN MAY 1, 2004 AND JANUARY 1, 2015.

20 (2) *DROP I account* means the account established for the DROP participant in
21 accordance with subsection (h).

22 (3) *DROP I effective date* means May 1, 2004.

23 (4) *DROP I participant* means a participant in the Howard County Police and Fire
24 Employees' Retirement Plan who:

25 a. Is eligible to participate in [[the]] DROP I as provided in this section
26 1.437A; and

27 b. Elects to participate in [[the]] DROP I as provided in this section.

28 (b) *Eligibility.* A participant in the Howard County Police and Fire Employees' Retirement
29 Plan is eligible to participate in [[the]] DROP I if the participant:

30 (1) Is a Police Officer; and

31 (2) Either:

- 1 a. Has completed at least 25 years of creditable service as of [[the DROP
2 effective date,]]MAY 1, 2004 or
3 b. Has not completed 25 years of creditable service as of [[the DROP
4 effective date]]MAY 1, 2004 but [[thereafter]]completes 25 years of
5 creditable service, 26 years of creditable service, or 27 years of creditable
6 service BEFORE JANUARY 1, 2015.

7 For purposes of this subsection, years of creditable service attributable to unused sick leave that
8 may otherwise be credited pursuant to section 1.428A(c) shall not be counted. All other years of
9 creditable service are counted for purposes of this subsection.

10 (c) *Election.* An eligible participant may elect to participate in [[the]] DROP I for a period of
11 either:

- 12 (1) Four years, or
13 (2) Three years.

14 ANY SUCH ELECTION SHALL BE MADE BY NOVEMBER 1, 2014.

15 (d) *Application.* An eligible participant who elects to participate in [[the]] DROP I shall:

- 16 (1) Complete and submit a written election form to the retirement coordinator, on a
17 form approved by or acceptable to the Retirement Plan Committee, stating:
18 a. The participant's intention to participate in [[the]] DROP I;
19 b. The date, WHICH SHALL BE NO LATER THAN DECEMBER 1, 2014, when the
20 participant desires to begin to participate in [[the]] DROP I;
21 c. The period that the participant desires to participate in [[the]] DROP I, as
22 provided in subsection (c) of this section; and
23 d. Such other information required by the Retirement Plan Committee to
24 implement [[the]] DROP I with respect to the participant, including a
25 binding letter of resignation accepted by the County Executive, or the
26 Executive's designee, setting forth the date the participant intends to
27 terminate employment following completion of the elected DROP I
28 period.
29 (2) Submit the application to the retirement coordinator by one of the following dates,
30 provided that if the applicable due date falls on a Saturday, Sunday or day when

1 the County's offices are closed, the due date shall be the next day during which
2 the County's offices are open:

3 a. If the participant will have completed at least 25 years of creditable
4 service as of [[the DROP effective date]] MAY 1, 2004, the application is
5 due to be submitted no later than March 1, 2004, but no earlier than
6 February 3, 2004.

7 [[b. If the participant had not earned 25 years of creditable service as of the
8 DROP effective date, the application is due to be submitted no later than
9 the first day of the month that is one month but no earlier than the first day
10 of the month that is three months, prior to the first day of the month
11 coincident with or next following the date the participant earns 25 years of
12 creditable service, 26 years of creditable service, or 27 years of creditable
13 service.]]

14 B. IF THE PARTICIPANT HAS NOT EARNED 25 YEARS OF CREDITABLE SERVICE AS
15 OF MAY 1, 2004, THE APPLICATION IS DUE TO BE SUBMITTED NO LATER
16 THAN ONE MONTH BEFORE THE FIRST DAY OF THE MONTH COINCIDENT WITH
17 OR NEXT FOLLOWING THE DATE THE PARTICIPANT EARNS 25 YEARS OF
18 CREDITABLE SERVICE, 26 YEARS OF CREDITABLE SERVICE, OR 27 YEARS OF
19 CREDITABLE SERVICE AND NO EARLIER THAN THREE MONTHS BEFORE THE
20 FIRST DAY OF THE MONTH COINCIDENT WITH OR NEXT FOLLOWING THE DATE
21 THE PARTICIPANT EARNS 25 YEARS OF CREDITABLE SERVICE, 26 YEARS OF
22 CREDITABLE SERVICE, OR 27 YEARS OF CREDITABLE SERVICE.

23 C. AN APPLICATION TO PARTICIPATE IN DROP I WILL NOT BE ACCEPTED AFTER
24 NOVEMBER 1, 2014.

25 (e) *Irrevocability of Election/Failure to Elect.*

26 (1) A participant's election to participate in DROP I is irrevocable on the 15th day
27 following the date the election to participate is delivered to the retirement
28 coordinator.

29 (2) Failure to elect to participate in DROP I at a time prescribed in subsection (d)(2)
30 when eligible to participate in DROP I in accordance with subsection (b) is
31 deemed to be an election not to participate in DROP I at that time.

1 (3) Failure to elect to participate in DROP I at the last time prescribed in subsection
2 (d)(2) when eligible to participate in DROP I in accordance with subsection (b) is
3 deemed to be an irrevocable election not to participate in DROP I.

4 (f) *Termination of Participation.* Participation in DROP I terminates if the DROP I participant:

5 (1) Reaches a termination date;

6 (2) ELECTS TO TRANSFER TO *DROP II* DESCRIBED IN SECTION 1.438A AS PROVIDED IN
7 SUBSECTION (K) OF THIS SECTION: OR

8 ([[2]]3)Dies.

9 (g) *Extension of Employment Beyond Scheduled DROP I Period.*

10 (1) A DROP I participant may remain in the employ of the County as a covered
11 employee for a period of not less than six months, but for no longer than one year
12 beyond the last day of DROP I participation provided for in subsection (d), by
13 submitting an application to extend County employment as a covered employee
14 no later than the first day of the month that is three months prior to the date
15 DROP I participation is scheduled to end. The application shall be made on a
16 form approved by or acceptable to the Retirement Plan Committee and shall be
17 contingent on the approval of the County Executive, or his or her designee. A
18 DROP I participant may accept employment with the County in a position other
19 than that of a covered employee without submitting the application and receiving
20 the approval of the County Executive, or his or her designee, as described in this
21 subsection 1.437A(g)(1).

22 (2) If a DROP I participant who had elected a four-year DROP period receives
23 approval to remain in the employ of the County beyond the last day of DROP I
24 participation provided for in subsection (d), the DROP I participant's
25 compensation will be subject to pick-up contributions pursuant to section 1.426A,
26 except as provided in subsection 1.426A(b). For purposes of determining whether
27 a participant has earned 30 years of creditable service under subsection
28 1.426A(b), creditable service shall not include any period of DROP I
29 participation, even if the DROP I participant's compensation was subject to the
30 County pick up contributions during the period of DROP I participation under
31 subsection (h)(4)(a) below.

1 (3) IF THE CHIEF OF POLICE (“CHIEF”) IS A DROP I PARTICIPANT: THE CHIEF MAY
2 REMAIN IN THE EMPLOY OF THE COUNTY AS THE CHIEF BEYOND THE LAST DAY OF THE
3 DROP I PARTICIPATION AS PROVIDED UNDER SUBSECTION (L) OF SECTION 1.438A.

4 A. ~~THE CHIEF MAY REMAIN IN THE EMPLOY OF THE COUNTY AS THE CHIEF BEYOND~~
5 ~~THE LAST DAY OF THE DROP I PARTICIPATION AS PROVIDED UNDER SUBSECTION (L) OF~~
6 ~~SECTION 1.438A, AND~~

7 B. ~~THE COMPENSATION OF THE CHIEF DURING ANY FULL CALENDAR MONTH OF~~
8 ~~EMPLOYMENT AS THE CHIEF, INCLUDING EMPLOYMENT DURING AND AFTER HIS OR HER~~
9 ~~DROP I PARTICIPATION SHALL BE INCLUDED IN THE DETERMINATION OF AVERAGE~~
10 ~~COMPENSATION UNDER SECTION 1.406A(F).~~

11 (h) *Payment of Retirement Benefit, Accrual of Service Credit, Disposition of Other Benefits*
12 *During DROP I Participation.*

13 (1) As of the effective date of participation in DROP I, the Retirement Plan
14 Committee shall determine the DROP I participant's normal retirement benefit as
15 provided for in section 1.428A, without the adjustment for unused sick leave
16 pursuant to subsection 1.428A(c).

17 (2) During the period of the DROP I participant's participation in [[the]] DROP I, the
18 trustees shall:

19 a. Credit the DROP I participant's monthly retirement income determined
20 pursuant to section 1.428A, without the adjustment for unused sick leave
21 pursuant to subsection 1.428A(c), to a DROP I account for the benefit of
22 the DROP I participant; and

23 b. Adjust the DROP I participant's credit under subsection (h)(2)a. for cost of
24 living increases in accordance with section 1.435A.

25 (3) A DROP I participant will not accrue credit for years of creditable service during
26 the period of DROP I participation.

27 (4) A DROP I participant's compensation during the period of DROP I participation:

28 a. Shall be subject to the County pick up contributions provided for in
29 section 1.426A until such time as the provisions of subsection 1.426A(b)
30 apply to the DROP I participant assuming, solely for purposes of this

- 1 subsection (h)(4)a., that the DROP I participant continues to earn years of
2 creditable Service while a DROP I participant; and
- 3 b. Shall not be used to increase the DROP I participant's average
4 compensation.
- 5 (5) If during the period of a DROP I participant's participation in DROP I, or an
6 extension granted pursuant to subsection (g)(2), the participant reaches a
7 termination date by reason of total and permanent disability in accordance with
8 section 1.431A, the participant, individually, or by a representative if the
9 participant is unable to make an election due to the disability, may elect to receive
10 one of the following benefits:
- 11 a. The benefit calculated pursuant to section 1.431A, based upon the
12 participant's actual years of creditable service, if applicable, and average
13 compensation earned through the termination date and calculated as if the
14 DROP I participant had not elected to participate in [[the]] DROP I. A
15 DROP I participant who elects the benefit provided for in this subsection
16 (h)(5)a. will forfeit his or her DROP I account; or
- 17 b. The sum of:
- 18 (i) One hundred percent of the balance of the DROP I participant's
19 DROP I account as of the DROP I participant's termination date,
20 paid in the form described in subsection 1.437A(i)(1)a. or
21 1.437A(i)(1)b., plus
- 22 (ii) The monthly benefit which, when combined with 100 percent of
23 the balance of the DROP I participant's DROP I account described
24 in subsection (h)(5)b.(i), is the actuarial equivalent of the monthly
25 benefit described in subsection (h)(5)a.
- 26 (6) If during the period of a DROP I participant's participation in DROP I or an
27 extension granted pursuant to subsection (g)(2) the participant reaches a
28 termination date by reason of death, one of the following benefits will be paid:
- 29 a. The participant's beneficiary will receive:
- 30 (i) The general benefit described in subsection 1.439A(a)(1), plus

1 (ii) One hundred percent of the balance of the DROP I participant's
2 DROP I account as of the DROP I participant's termination date,
3 paid in the form described in subsection 1.437A(i)(1)a. or
4 1.437A(i)(1)b., or

5 b. The participant's surviving spouse or surviving children, as applicable,
6 will receive:

7 (i) One hundred percent of the balance of the DROP I participant's
8 DROP I account as of the DROP I participant's termination date,
9 paid in the form described in subsection 1.437A(i)(1)a. or
10 1.437A(i)(1)b., plus

11 (ii) The monthly benefit determined pursuant to subsection
12 1.439A(a)(2) or 1.439A(b) based upon the participant's actual
13 years of creditable service and average compensation earned
14 through the date of death and calculated as if the DROP I
15 participant had not elected to participate in [[the]] DROP I.

16
17 Benefits will be paid to the DROP I participant's surviving spouse or
18 surviving children only to the extent the requirements of subsections
19 1.439A(a)(2) and 1.439A(b)(2) or 1.439A(b)(3) are met. If the
20 requirements of subsections 1.439A(a)(2) and 1.439A(b)(2) or
21 1.439A(b)(3) are not met, the DROP I participant's surviving spouse or
22 surviving children, as applicable, will receive the benefit described in
23 subsection (h)(6)a.

24 (7) During the period of a DROP I participant's participation in DROP I, and any
25 extension of participation in DROP I granted pursuant to subsection 1.437A(g),
26 the DROP I participant shall continue to be eligible to participate in any Health
27 and Welfare Plan and Deferred Compensation Plan, and receive any other benefits
28 otherwise available to County employees who are Police Officers and shall
29 continue to be subject to the personnel laws, regulations and policies applicable to
30 an employee.

1 (8) The DROP I account is maintained solely for purposes of accounting for the
2 DROP I participant's benefit from [[the]] DROP I. The trustees shall be under no
3 obligation to segregate funds from the trust for the participant's DROP I account.

4 (i) *Payment of Retirement Income and DROP I Account at Termination Date.*

5 (1) Upon the termination of a DROP I participant's employment with the County no
6 earlier than the end of the DROP I participation period pursuant to subsection (d),
7 the trustees shall pay to the participant, or to the DROP I participant's beneficiary,
8 if the participant has died, the applicable percentage of the amount accrued in the
9 DROP I account for the DROP I participant, determined in accordance with
10 subsection (j) and as adjusted for unused sick leave, determined at the end of the
11 DROP I participant's participation in DROP I, without regard to an extension
12 granted pursuant to subsection 1.437A(g)(2), in the form of:

- 13 a. An eligible rollover distribution, pursuant to section 1.444A;
- 14 b. A lump sum distribution, reduced by any withholding taxes remitted to the
15 Internal Revenue Service or other taxing authority;
- 16 c. The normal form of monthly benefit specified in section 1.428A if the
17 participant's monthly income is payable in the normal form of monthly
18 benefit specified in section 1.428A; or
- 19 d. The form of monthly benefit elected by the DROP I participant in
20 accordance with section 1.442A with respect to the DROP I participant's
21 monthly income.

22
23 The form of payment shall be at the election of the DROP I participant or the
24 DROP I participant's beneficiary, as applicable. In the event the DROP I
25 participant or the DROP I participant's beneficiary elects payment in the form
26 described in subsection c. or d. of this subsection 1.437A(i), the monthly benefit
27 shall be the actuarial equivalent of the balance of the DROP I account as of the
28 date benefit payments commence.

29 (2) Upon the termination of a DROP I participant's employment with the County no
30 earlier than the end of the DROP I participation period pursuant to subsection (d),
31 but subject to the provisions pertaining to extension of employment pursuant to

1 subsection (g), the participant will receive the monthly retirement income
2 determined in accordance with section 1.428A or 1.442A, as adjusted for cost of
3 living increases pursuant to section 1.435A and as adjusted for unused sick leave,
4 pursuant to subsection 1.428A(c).

5 (3) If the DROP I participant reaches a termination date, other than by reason of
6 disability determined pursuant to section 1.431A or death, prior to the end of the
7 DROP I participation period pursuant to subsection (d), without regard to whether
8 the termination of employment is voluntary by the participant or involuntary and
9 at the request of the County:

10 a. The participant's DROP I account shall be forfeited; and

11 b. The participant's monthly retirement income shall be determined in
12 accordance with section 1.428A including the years of creditable service
13 and compensation earned while the participant was a DROP I participant.

14 c. Notwithstanding the foregoing:

15 (i) Subsections 1.437A(i)(3)a. and b. do not apply if the DROP I
16 participant is:

17 (A) The Chief of Police and reaches a termination date as a
18 result of his or her removal by the County Executive; or

19 (B) A Police Major and reaches a termination date as a result of
20 his or her removal by the Chief of Police.

21 (ii) If the Chief of Police or a Police Major is removed by the DROP I
22 participant's appointing authority prior to completing four years of
23 DROP I participation, the DROP I participant, or the DROP I
24 participant's beneficiary if the DROP I participant has died, will
25 receive, without regard to the period the participant elected to
26 participate in [[the]] DROP I pursuant to subsection (d), the
27 following:

28 (A) A percentage of the DROP I account determined in
29 accordance with subsection (j) as if the DROP I participant
30 had elected a three-year DROP period pursuant to

1 subsection (d) and remained in the employ of the County as
2 a covered employee for the greater of:

- 3 i. Three years; or
- 4 ii. The actual number of years and months of DROP I
5 participation, plus

6 (B) The benefit determined in accordance with subsection
7 1.437A(i)(2).

8 (4) *Extension of employment beyond four-year DROP I period.* A DROP I participant
9 who elected a four-year DROP period pursuant to subsection (c) and who receives
10 approval to remain in the employ of the County beyond the DROP I period
11 pursuant to subsection (g)(1) and who remains in the employ of the County for at
12 least six months beyond the DROP I period, will receive the following benefit
13 upon his or her termination date:

- 14 a. The balance of the DROP I account, determined pursuant to subsection (i)
15 as adjusted for interest at five percent per year, compounded annually,
16 from the date of the expiration of the DROP I period pursuant to the
17 participant's original election to participate in DROP I, through the DROP
18 I participant's termination date, compounded annually, plus
- 19 b. The monthly retirement income pursuant to section 1.428A or 1.442A as
20 of the date of the participant's participation in DROP I, as adjusted for
21 unused sick leave pursuant to subsection 1.428A(c) and cost of living
22 adjustments pursuant to section 1.435A, plus
- 23 c. An additional monthly retirement income equal to one percent multiplied
24 by the participant's average compensation determined as of the participant's
25 termination date and including, as applicable, periods of participation in
26 [[the]] DROP I, multiplied by the years of creditable service earned
27 between the date of the expiration of the DROP I period pursuant to the
28 participant's original election to participate in DROP I and the participant's
29 termination date, to the extent that the additional credit for years of
30 creditable service pursuant to this subsection (i)(4)c. does not cause the
31 participant's total years of creditable service to exceed 30 years. The

1 foregoing limit does not include additional credit for accrued sick leave
2 determined at the participant's termination date.

3
4 If the DROP I participant reaches a termination date for reasons other than death
5 or disability prior to completing at least six full months of service for the County
6 as a Police Officer after the four-year DROP I period shall receive benefit
7 described in subsection (i).

8 (5) *Extension of employment beyond three-year DROP period.* A DROP I participant
9 who elected a three-year DROP period pursuant to subsection (c) and who
10 receives approval to remain in the employ of the County beyond the DROP I
11 period pursuant to subsection (g)(1) shall receive one additional deposit to his or
12 her DROP I account pursuant to subsection (h)(2), for each additional full month
13 of employment for the County as a Police Officer to a maximum of 12 additional
14 deposits. Notwithstanding the foregoing, if the DROP I participant reaches a
15 termination date for reasons other than death or disability prior to completing at
16 least six full months of service as a Police Officer, any additions to the DROP I
17 participant's DROP I account described in this subsection (i)(5) made during the
18 period of extension of employment shall be forfeited.

19 (j) *Percentage of DROP I Account Payable.*

20 (1) The applicable percentage of the DROP I account payable to a DROP I
21 participant who elects and completes a four-year DROP I participation period in
22 accordance with subsection (c) shall be 100 percent.

23 (2) The applicable percentage of the DROP I account payable to a DROP I
24 participant who elects and completes a three-year DROP I participation period in
25 accordance with subsection (c) shall be determined in accordance with the
26 following table:

Creditable Service at DROP I Entry Date	Applicable Percentage
25 years	89
More than 25 years	87

27

1 (3) Notwithstanding the provisions of subsection (j)(2) and subject to subsection
 2 (j)(4), if a DROP I participant who elected a three-year DROP participation
 3 period in accordance with subsection (c) continues in the employ of the County as
 4 a Police Officer for at least six months beyond the three-year period, in
 5 accordance with subsection (g), the applicable percentage will be increased in
 6 accordance with the following table, but will not increase to more than 100
 7 percent:
 8

Applicable Percentage	Increase per Full Month of Employment as a Police Officer After Expiration of Three-Year DROP Period
89 percent	.9167
87 percent	1.083

9
 10 (4) Notwithstanding the provisions of subsections (j)(2) and (j)(3), with respect to a
 11 DROP I participant who elected a three-year DROP participation period in
 12 accordance with subsection (c) and who elected to continue in the employ of the
 13 County as a Police Officer for at least six months beyond the three-year DROP
 14 participation period, in accordance with subsection (g), but reached a termination
 15 date for reasons other than death or disability prior to completing six full months
 16 of service as a Police Officer beyond the three-year DROP participation period,
 17 the increase in the applicable percentage shall be zero.

18 (K) *ELECTION TO TRANSFER TO DROP II.*

19 (1) A DROP I PARTICIPANT WHO IS ~~AN ACTIVE PARTICIPANT IN DROP I~~ A COVERED
 20 EMPLOYEE ON JANUARY 1, 2015, INCLUDING A COVERED EMPLOYEE WHO IS IN THE
 21 EMPLOY OF THE COUNTY BEYOND THE LAST DAY OF HIS OR HER DROP I
 22 PARTICIPATION AS PERMITTED BY SUBSECTION (G), MAY ELECT TO PARTICIPATE IN
 23 DROP II. IF THE DROP I PARTICIPANT MAKES SUCH AN ELECTION:

24 A. THE DROP I PARTICIPANT'S DROP ACCOUNT SHALL BE RECALCULATED AS
 25 IF HE OR SHE ELECTED TO PARTICIPATE IN DROP II FOR THE ENTIRE PERIOD
 26 OF HIS OR HER DROP I PARTICIPATION;

- 1 B. THE DATE OF RESIGNATION SET FORTH IN THE DROP I PARTICIPANT'S
2 BINDING LETTER OF RESIGNATION, AS PROVIDED IN SUBSECTION (D)(1)D.
3 SHALL NO LONGER BE BINDING;
4 C. THE DROP I PARTICIPANT SHALL BE SUBJECT IN ALL RESPECTS TO SECTION
5 1.438A; AND
6 D. THE APPLICABLE INTEREST RATE FOR PERIODS PRIOR TO JANUARY 1, 2015
7 SHALL BE 3.5%.

- 8 (2) ANY ELECTION UNDER THIS SUBSECTION (K) SHALL BE IRREVOCABLE WHEN MADE
9 AND SHALL BE MADE NO LATER THAN ~~90 DAYS AFTER JANUARY~~ APRIL 1, 2015.

10 ([[k]]L) *Adjustment for Maximum Limitations on Benefits.* The benefits payable pursuant to this
11 section 1.437A shall be adjusted, if necessary, to conform to the limitations on the accrual of
12 benefits pursuant to section 1.433A.

13
14 **SECTION 1.438A. DEFERRED RETIREMENT OPTION PROGRAM II.**

15 (A) *DEFINITIONS.* IN THIS SECTION, THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED:

- 16 (1) *DROP II* MEANS THE DEFERRED RETIREMENT OPTION PROGRAM ESTABLISHED
17 UNDER THIS SECTION 1.438A, PURSUANT TO WHICH A PARTICIPANT AGREES TO
18 DELAY RECEIPT OF RETIREMENT BENEFITS WHILE THE PARTICIPANT CONTINUES TO
19 WORK.
20 (2) *DROP II PARTICIPANT* MEANS A PARTICIPANT WHO IS ELIGIBLE AND WHO ELECTS TO
21 PARTICIPATE IN DROP II.
22 (3) *DROP II PARTICIPATION PERIOD* MEANS THE TIME DURING WHICH A PARTICIPANT
23 PARTICIPATES IN DROP II WHILE ACTIVELY EMPLOYED BY THE COUNTY. DROP II
24 PARTICIPATION PERIODS MAY BEGIN ON THE FIRST DAY OF ANY MONTH ON OR
25 AFTER JANUARY 1, 2015.
26 (4) *DROP II ACCOUNT* MEANS THE ACCOUNT ESTABLISHED FOR A DROP II
27 PARTICIPANT IN ACCORDANCE WITH SUBSECTION (H) INTO WHICH THE
28 PARTICIPANT'S EMPLOYEE CONTRIBUTIONS AND RETIREMENT BENEFITS PLUS
29 INTEREST ARE PAID WHILE THE PARTICIPANT CONTINUES TO WORK FOR THE
30 COUNTY.
31 (5) *DROP II EFFECTIVE DATE* MEANS JANUARY 1, 2015.

1 (6) *APPLICABLE INTEREST RATE* MEANS 3.5% PER ANNUM; PROVIDED, HOWEVER, THAT IF
2 THE ASSUMED RATE OF RETURN (NET OF INVESTMENT EXPENSES) ON THE PLAN'S
3 INVESTMENTS ("INVESTMENT RETURN RATE") AS MOST RECENTLY ADOPTED BY THE
4 COMMITTEE CHANGES FROM THE CURRENT INVESTMENT RETURN RATE OF 7.5%,
5 THE APPLICABLE INTEREST RATE SHALL BE THE INVESTMENT RETURN RATE MINUS
6 4.0%; BUT FURTHER PROVIDED THAT THE APPLICABLE INTEREST RATE SHALL NOT
7 BE LESS THAN 1.5%.

8 (B) *ELIGIBILITY.*

9 (1) ~~A-EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3) OF THIS SUBSECTION (B), A~~
10 PARTICIPANT IN THE PLAN, ~~OTHER THAN A PARTICIPANT IN DROP I,~~ IS ELIGIBLE TO
11 PARTICIPATE IN DROP II IF THE PARTICIPANT HAS COMPLETED AT LEAST 25 YEARS
12 OF CREDITABLE SERVICE.

13 (2) A PARTICIPANT IN DROP I WHO HAS NOT REACHED THE LAST DAY OF HIS OR HER
14 DROP I PARTICIPATION PERIOD AS OF JANUARY 1, 2015 IS ELIGIBLE TO
15 PARTICIPATE IN DROP II UNDER THE TRANSFER PROVISIONS OF SECTION 1.437A(K)
16 OF THIS SUBTITLE.

17 (3) ~~AN ACTIVE PARTICIPANT~~ A COVERED EMPLOYEE WHO, ON JANUARY 1, 2015, HAS
18 ACCRUED 33 OR MORE YEARS OF CREDITABLE SERVICE WILL BE ALLOWED A ~~90-DAY~~
19 ~~PERIOD IMMEDIATELY FOLLOWING JANUARY 1, 2015~~ UNTIL APRIL 1, 2015 TO ELECT
20 TO ENTER DROP II FOR A DROP II PARTICIPATION PERIOD OF 2 YEARS WHICH WILL
21 BEGIN AS OF JANUARY 1, 2015 AND END ON DECEMBER 31, 2016.

22 (4) FOR PURPOSES OF THIS SUBSECTION, YEARS OF CREDITABLE SERVICE
23 ATTRIBUTABLE TO UNUSED SICK LEAVE THAT MAY OTHERWISE BE CREDITED
24 PURSUANT TO SECTION 1.428A(C) SHALL NOT BE COUNTED. ALL OTHER YEARS OF
25 CREDITABLE SERVICE ARE COUNTED FOR PURPOSES OF THIS SUBSECTION.

26 (C) *TERM OF DROP II PARTICIPATION.* THE TERM OF DROP II PARTICIPATION SHALL BE
27 DETERMINED BY THE DROP II PARTICIPANT; PROVIDED, HOWEVER, THAT, EXCEPT AS PROVIDED IN
28 SUBSECTION (B)(3) OF THIS SECTION, THE MINIMUM ~~DROP II~~ PARTICIPATION PERIOD IS TWO YEARS
29 AND THE MAXIMUM ~~DROP II~~ PARTICIPATION PERIOD IS FIVE YEARS. A PARTICIPANT WHO ENTERS
30 DROP II BUT DOES NOT COMPLETE THE MINIMUM PARTICIPATION PERIOD OF TWO YEARS BEFORE
31 HIS OR HER TERMINATION DATE SHALL HAVE HIS OR HER RETIREMENT INCOME RECALCULATED AS

1 IF HE OR SHE NEVER ENTERED DROP. IN SUCH A CASE, THE PARTICIPANT'S DROP II ACCOUNT
2 WILL BE ZERO DOLLARS. FOR PURPOSES OF THIS SUBSECTION (C), DROP PARTICIPATION PERIOD IS
3 THE TOTAL OF A PARTICIPANT'S DROP I PARTICIPATION PERIOD PLUS HIS OR HER DROP II
4 PARTICIPATION PERIOD.

5 (D) *APPLICATION.* AN ELIGIBLE PARTICIPANT WHO ELECTS TO PARTICIPATE IN DROP II SHALL:

6 (1) COMPLETE AND SUBMIT A WRITTEN ELECTION TO THE COORDINATOR ON A FORM
7 APPROVED BY OR ACCEPTABLE TO THE COMMITTEE, STATING:

8 A. THE PARTICIPANT'S INTENTION TO PARTICIPATE IN DROP II;

9 B. THE DATE WHEN THE PARTICIPANT INTENDS TO BEGIN TO PARTICIPATE IN
10 DROP II; AND

11 C. SUCH OTHER INFORMATION REQUIRED BY THE COMMITTEE TO IMPLEMENT
12 DROP II WITH RESPECT TO THE PARTICIPANT.

13 (2) EXCEPT AS PROVIDED IN PARAGRAPHS (3) AND (4) OF THIS SUBSECTION (D), SUBMIT
14 THE APPLICATION TO THE COORDINATOR BETWEEN 90 AND 30 DAYS PRIOR TO THE
15 DATE THE PARTICIPANT INTENDS TO BEGIN TO PARTICIPATE IN DROP II.

16 (3) A PARTICIPANT WHO TRANSFERS FROM DROP I TO DROP II PURSUANT TO SECTION
17 1.437A(K) OF THIS SUBTITLE SHALL SUBMIT AN APPLICATION TO THE
18 COORDINATOR NO LATER THAN ~~90 DAYS FOLLOWING JANUARY 1, 2015~~ APRIL 1,
19 2015.

20 (4) ~~AN ACTIVE PARTICIPANT~~ A COVERED EMPLOYEE WHO, AS OF JANUARY 1, 2015, HAS
21 ACCRUED 33 OR MORE YEARS OF CREDITABLE SERVICE AND ELECTS TO PARTICIPATE
22 IN DROP II SHALL SUBMIT AN APPLICATION TO THE COORDINATOR NO LATER THAN
23 ~~90 DAYS FOLLOWING JANUARY 1, 2015~~ APRIL 1, 2015.

24 (E) *TERMINATION OF PARTICIPATION.* PARTICIPATION IN DROP II TERMINATES IF THE DROP II
25 PARTICIPANT:

26 (1) REACHES A TERMINATION DATE BY REASON OF DEATH, DISABILITY OR
27 TERMINATION OF EMPLOYMENT;

28 (2) ACCRUES 35 YEARS OF CREDITABLE SERVICE (EXCEPT AS PROVIDED IN SUBSECTION
29 (B)(3)), OR

30 (3) REACHES THE FIFTH ANNIVERSARY OF HIS OR HER DROP PARTICIPATION DATE.

31 (F) *TERMINATION OF DROP II PARTICIPATION PERIOD.*

1 (1) A DROP II PARTICIPANT SHALL PROVIDE AT LEAST 18 MONTHS' WRITTEN NOTICE
2 TO THE COORDINATOR OF HIS OR HER INTENT TO TERMINATE EMPLOYMENT AND
3 END THE DROP PARTICIPATION PERIOD PRIOR TO THE DATE HE OR SHE ACCRUES 35
4 YEARS OF CREDITABLE SERVICE OR REACHES THE FIFTH ANNIVERSARY OF HIS OR
5 HER DROP PARTICIPATION DATE. THIS NOTICE SHALL BE IRREVOCABLE 60 DAYS
6 AFTER THE NOTICE IS RECEIVED BY THE COORDINATOR.

7 (2) *TERMINATION OF DROP II PARTICIPATION.* EXCEPT AS PROVIDED IN SUBSECTION (L)
8 OF THIS SECTION 1.438A, THE TERMINATION DATE OF A DROP II PARTICIPANT
9 SHALL BE THE LAST DAY OF HIS OR HER DROP II PARTICIPATION PERIOD. THE
10 DROP II PARTICIPANT WILL BEGIN RECEIVING A RETIREMENT BENEFIT AS OF THE
11 FIRST DAY OF THE MONTH FOLLOWING THE END OF THE DROP II PARTICIPATION
12 PERIOD . THE TERMINATION DATE OF A PARTICIPANT WHO FAILS TO SUBMIT THE
13 DOCUMENTS REQUESTING RETIREMENT SHALL BE THE DATE HE OR SHE COMPLETES
14 FIVE YEARS AS A DROP PARTICIPANT.

15 (3) *PENALTY FOR EARLY TERMINATION.* A DROP II PARTICIPANT WHO HAS COMPLETED
16 TWO YEARS OF DROP II PARTICIPATION AND TERMINATES EMPLOYMENT PRIOR TO
17 COMPLETION OF THE 18 MONTH PERIOD PROVIDED IN THE NOTICE DESCRIBED IN
18 SUBSECTION (F)(1) OF THIS SECTION SHALL FORFEIT A PORTION OF THE INTEREST
19 ACCRUED IN THE PREVIOUS MONTHS. THE NUMBER OF MONTHS OF INTEREST
20 FORFEITED IS EQUAL TO THE LESSER OF (A) 12 MONTHS OR (B) 18 MINUS THE
21 NUMBER OF FULL CALENDAR MONTHS ACTUALLY SERVED AFTER WRITTEN NOTICE
22 OF INTENT TO TERMINATE EMPLOYMENT AND END THE DROP PARTICIPATION
23 PERIOD WAS PROVIDED TO THE COORDINATOR. IF A DROP II PARTICIPANT FAILS TO
24 GIVE ANY NOTICE, THE INTEREST PENALTY SHALL BE 12 MONTHS. THERE SHALL BE
25 NO PENALTY UNDER THIS SUBSECTION (F)(3) WITH RESPECT TO A DROP II
26 PARTICIPANT WHO (i) TRANSFERS FROM DROP I TO DROP II PURSUANT TO
27 SUBSECTION (K) OF SECTION 1.437A AFTER HAVING COMPLETED THREE OR MORE
28 YEARS OF DROP I PARTICIPATION, (ii) TERMINATES DROP II ON THE DATE HE OR
29 SHE ACCRUES 35 YEARS OF CREDITABLE SERVICE OR REACHES THE FIFTH
30 ANNIVERSARY OF HIS OR HER DROP PARTICIPATION DATE, OR (3) IS SUBJECT TO AN
31 INVOLUNTARY TERMINATION OF EMPLOYMENT.

1 (4) *EXTENSION OF PARTICIPATION.* A DROP II PARTICIPANT WHO HAS DECLARED HIS
2 OR HER WRITTEN INTENT TO TERMINATE EMPLOYMENT AND END HIS OR HER DROP
3 II PARTICIPATION MAY REQUEST A ONE-TIME EXTENSION OF NOT MORE THAN SIX
4 MONTHS. APPROVAL OF THE EXTENSION SHALL BE AT THE DISCRETION OF THE
5 COUNTY EXECUTIVE OR HIS OR HER DESIGNEE. NO EXTENSION SHALL EXTEND THE
6 LENGTH OF DROP II PARTICIPATION TO MORE THAN FIVE YEARS.

7 (G) *STATUS DURING PARTICIPATION.*

8 (1) ~~ACTIVE-PLAN PARTICIPANT.~~ A DROP II PARTICIPANT WILL REMAIN AN ~~ACTIVE~~
9 PARTICIPANT IN THE PLAN UNTIL THE LAST DAY OF HIS OR HER DROP II
10 PARTICIPATION PERIOD.

11 (2) *APPLICATION OF COST OF LIVING ADJUSTMENTS:* DURING THE DROP II
12 PARTICIPATION PERIOD, THE MONTHLY RETIREMENT INCOME OF DROP II
13 PARTICIPANTS WHICH IS ACCUMULATED IN THEIR DROP II ACCOUNTS WILL NOT BE
14 SUBJECT TO COST OF LIVING ADJUSTMENTS UNDER SECTION 1.435A.

15 (3) A DROP II PARTICIPANT WILL NOT ACCRUE CREDIT FOR YEARS OF CREDITABLE
16 SERVICE DURING THE PERIOD OF DROP II PARTICIPATION.

17 (4) A DROP II PARTICIPANT'S COMPENSATION DURING THE DROP II PARTICIPATION
18 PERIOD:

19 A. SHALL BE SUBJECT TO THE COUNTY PICK UP CONTRIBUTIONS PROVIDED FOR
20 IN SECTION 1.426A UNTIL SUCH TIME AS THE PROVISIONS OF SUBSECTION
21 1.426A(B) APPLY TO THE DROP II PARTICIPANT ASSUMING, SOLELY FOR
22 PURPOSES OF THIS SUBSECTION (G)(4)A., THAT THE DROP II PARTICIPANT
23 CONTINUES TO EARN YEARS OF CREDITABLE SERVICE WHILE A DROP II
24 PARTICIPANT; AND

25 B. SHALL NOT BE USED TO INCREASE THE DROP II PARTICIPANT'S AVERAGE
26 COMPENSATION.

27 (5) DURING THE PERIOD OF A DROP II PARTICIPANT'S PARTICIPATION IN DROP II, THE
28 DROP II PARTICIPANT SHALL CONTINUE TO BE ELIGIBLE TO PARTICIPATE IN ANY
29 HEALTH AND WELFARE PLAN AND DEFERRED COMPENSATION PLAN, AND RECEIVE
30 ANY OTHER BENEFITS OTHERWISE AVAILABLE TO COUNTY EMPLOYEES WHO ARE
31 POLICE OFFICERS OR FIREFIGHTERS (AS APPLICABLE) AND SHALL CONTINUE TO BE

1 SUBJECT TO THE PERSONNEL LAWS, REGULATIONS AND POLICIES APPLICABLE TO
2 POLICE OFFICERS OR FIREFIGHTERS (AS APPLICABLE).

3 (H) *DROP II ACCOUNT.*

4 (1) AS OF THE EFFECTIVE DATE OF PARTICIPATION IN DROP II, THE COORDINATOR
5 SHALL ESTABLISH AND MAINTAIN A DROP II ACCOUNT FOR EACH DROP II
6 PARTICIPANT. THE DROP II ACCOUNT IS MAINTAINED SOLELY FOR PURPOSES OF
7 ACCOUNTING FOR THE DROP II PARTICIPANT'S BENEFIT FROM DROP II. THE
8 COMMITTEE SHALL BE UNDER NO OBLIGATION TO SEGREGATE FUNDS FROM THE
9 TRUST FOR THE PARTICIPANT'S DROP II ACCOUNT.

10 (2) DURING THE PERIOD OF THE DROP II PARTICIPANT'S PARTICIPATION IN DROP II,
11 THE COORDINATOR SHALL CREDIT EACH MONTH THE FOLLOWING AMOUNTS TO THE
12 DROP II PARTICIPANT'S DROP II ACCOUNT:

13 A. THE DROP II PARTICIPANT'S MONTHLY RETIREMENT INCOME DETERMINED
14 PURSUANT TO SECTION 1.428A, AS OF THE PARTICIPANT'S DROP II
15 PARTICIPATION DATE WITHOUT THE ADJUSTMENT FOR UNUSED SICK LEAVE
16 PURSUANT TO SUBSECTION 1.428A(C), AND WITHOUT ADJUSTMENT FOR
17 COST OF LIVING INCREASES PROVIDED TO RETIREES UNDER SECTION 1.435A
18 OF THIS SUBTITLE AND SUBSECTION (G)(4)A OF THIS SECTION.

19 ~~B. AN AMOUNT EQUAL TO THE PICK-UP CONTRIBUTIONS MADE BY THE COUNTY~~
20 ~~ON BEHALF OF THE PARTICIPANT AS DESCRIBED IN SECTION 1.426A OF THIS~~
21 ~~SUBTITLE AND SUBSECTION (G)(4)A OF THIS SECTION.~~

22 B. SUBJECT TO SUBSECTION (G)(4)A OF THIS SECTION, AN AMOUNT EQUAL TO
23 THE PARTICIPANT'S COMPENSATION AS DEFINED IN SECTION 1.406A(K) OF
24 THIS SUBTITLE MULTIPLIED BY THE CONTRIBUTION RATE APPLICABLE TO
25 THE PARTICIPANT UNDER SECTION 1.426A OF THIS SUBTITLE. SOLELY FOR
26 THE PURPOSES OF THIS SUB-PARAGRAPH, THE CONTRIBUTION RATE WILL BE
27 0% FOR EVERY MONTH FOLLOWING THE DATE THE PARTICIPANT HAS
28 ATTAINED 30 YEARS OF CREDITABLE SERVICE.

29 C. INTEREST ON THE AMOUNTS DESCRIBED IN SUB-PARAGRAPHS A. AND B.
30 ~~COMPOUNDED ANNUALLY IN ACCORDANCE WITH THE FOLLOWING RULES:~~

1 (I) INTEREST COMPOUNDED MONTHLY, BUT WITH AN EFFECTIVE
2 ANNUAL RATE EQUAL TO ~~AT ONE-TWELFTH~~ OF THE APPLICABLE
3 INTEREST RATE, WILL BE APPLIED TO THE BALANCE OF THE DROP II
4 ACCOUNT AS OF THE LAST DAY OF EACH MONTH DURING THE DROP
5 II PARTICIPATION PERIOD.

6 (II) NO INTEREST WILL BE APPLIED TO ADDITIONS TO THE ACCOUNT
7 MADE DURING THE CURRENT CALENDAR MONTH.

8 (3) *STATEMENT OF ACCOUNT BALANCE.* AT LEAST ONCE A YEAR, THE COORDINATOR
9 SHALL PROVIDE TO A *DROP PARTICIPANT* A STATEMENT OF THE ACCOUNT BALANCE
10 CREDITED TO THE *DROP ACCOUNT* AS DESCRIBED IN PARAGRAPH (2).

11 (I) *DISABILITY DURING DROP II PARTICIPATION.* IF DURING THE PERIOD OF A DROP II
12 PARTICIPANT'S PARTICIPATION IN DROP II, THE PARTICIPANT REACHES A TERMINATION DATE BY
13 REASON OF TOTAL AND PERMANENT DISABILITY IN ACCORDANCE WITH SECTION 1.431A, THE
14 PARTICIPANT, INDIVIDUALLY, OR BY A REPRESENTATIVE IF THE PARTICIPANT IS UNABLE TO MAKE
15 AN ELECTION DUE TO THE DISABILITY, MAY ELECT TO RECEIVE ONE OF THE FOLLOWING BENEFITS:

16 (1) THE BENEFIT CALCULATED PURSUANT TO SECTION 1.431A, BASED UPON THE
17 PARTICIPANT'S ACTUAL YEARS OF CREDITABLE SERVICE, IF APPLICABLE, AND
18 AVERAGE COMPENSATION EARNED THROUGH THE TERMINATION DATE AND
19 CALCULATED AS IF THE DROP II PARTICIPANT HAD NOT ELECTED TO PARTICIPATE
20 IN DROP II. A DROP II PARTICIPANT WHO ELECTS THE BENEFIT PROVIDED FOR IN
21 THIS SUBSECTION (I)(1) WILL FORFEIT HIS OR HER DROP II ACCOUNT; OR

22 (2) THE SUM OF:

23 (A) THE BALANCE OF THE PARTICIPANT'S DROP II ACCOUNT AS OF THE
24 PARTICIPANT'S TERMINATION DATE, PAID IN THE FORM DESCRIBED IN
25 SUBSECTION 1.438A(K)(2) A. OR 1.438A(K)(2) B., PLUS

26 (B) THE MONTHLY BENEFIT CALCULATED PURSUANT TO SECTION 1.431A,
27 BASED UPON THE PARTICIPANT'S ACTUAL YEARS OF CREDITABLE SERVICE, IF
28 APPLICABLE AND AVERAGE COMPENSATION EARNED THROUGH THE DAY
29 BEFORE HE OR SHE BECAME A DROP PARTICIPANT.

30 (J) *DEATH DURING DROP II PARTICIPATION.*

1 (1) IF DURING THE PERIOD OF A DROP II PARTICIPANT'S PARTICIPATION IN DROP II,
2 THE PARTICIPANT REACHES A TERMINATION DATE BY REASON OF DEATH, ONE OF
3 THE FOLLOWING BENEFITS WILL BE PAID:

4 A. THE PARTICIPANT'S BENEFICIARY WILL RECEIVE:

5 (I) THE GENERAL BENEFIT DESCRIBED IN SUBSECTION 1.439A(A)(1),
6 PLUS

7 (II) ONE HUNDRED PERCENT OF THE BALANCE OF THE PARTICIPANT'S
8 DROP II ACCOUNT AS OF THE DROP II PARTICIPANT'S
9 TERMINATION DATE, PAID IN THE FORM DESCRIBED IN SUBSECTION
10 1.438A(K)(2)A. OR 1.438A(K)(2)B., OR

11 B. THE PARTICIPANT'S SURVIVING SPOUSE OR SURVIVING CHILDREN, AS
12 APPLICABLE, WILL RECEIVE:

13 (I) ONE HUNDRED PERCENT OF THE BALANCE OF THE PARTICIPANT'S
14 DROP II ACCOUNT AS OF THE DROP II PARTICIPANT'S
15 TERMINATION DATE, PAID IN THE FORM DESCRIBED IN SUBSECTION
16 1.438A(K)(2)A. OR 1.438A(K)(2)B., PLUS

17 (II) THE MONTHLY BENEFIT DETERMINED PURSUANT TO SUBSECTION
18 1.439A(A)(2) OR 1.439A(B) BASED UPON THE PARTICIPANT'S
19 ACTUAL YEARS OF CREDITABLE SERVICE AND AVERAGE
20 COMPENSATION EARNED THROUGH THE DATE OF DEATH AND
21 CALCULATED AS IF THE DROP II PARTICIPANT HAD NOT ELECTED TO
22 PARTICIPATE IN DROP II.

23 C. BENEFITS WILL BE PAID TO THE DROP II PARTICIPANT'S SURVIVING SPOUSE
24 OR SURVIVING CHILDREN ONLY TO THE EXTENT THE REQUIREMENTS OF
25 SUBSECTIONS 1.439A(A)(2) AND 1.439A(B)(2) OR 1.439A(B)(3) ARE MET.
26 IF THE REQUIREMENTS OF SUBSECTIONS 1.439A(A)(2) AND 1.439A(B)(2) OR
27 1.439A(B)(3) ARE NOT MET, THE DROP II PARTICIPANT'S SURVIVING
28 SPOUSE OR SURVIVING CHILDREN, AS APPLICABLE, WILL RECEIVE THE
29 BENEFIT DESCRIBED IN SUBSECTION (J)(1).

30 (K) *RETIREMENT BENEFITS OF DROP II PARTICIPANTS.* ON THE FIRST DAY OF THE MONTH
31 FOLLOWING THE DROP II PARTICIPANT'S TERMINATION DATE, THE DROP II PARTICIPANT, OR TO

1 THE DROP II PARTICIPANT'S BENEFICIARY, IF THE PARTICIPANT HAS DIED BEFORE BENEFITS
2 COMMENCE, SHALL BE ENTITLED TO RECEIVE THE FOLLOWING BENEFITS UNDER THE PLAN:

3 (1) *MONTHLY INCOME.* A MONTHLY RETIREMENT INCOME DETERMINED IN
4 ACCORDANCE WITH SECTION 1.428A OR 1.442A, ADJUSTED FOR UNUSED SICK
5 LEAVE, PURSUANT TO SUBSECTION 1.428A(C).

6 (2) *DROP PAYMENT.* THE AMOUNT ACCRUED IN THE PARTICIPANT'S DROP II
7 ACCOUNT, DETERMINED IN ACCORDANCE WITH SUBSECTION (H) AT THE END OF THE
8 DROP II PARTICIPANT'S PARTICIPATION, IN THE FORM OF:

- 9 A. AN ELIGIBLE ROLLOVER DISTRIBUTION, PURSUANT TO SECTION 1.444A; OR
- 10 B. A LUMP SUM DISTRIBUTION, REDUCED BY ANY WITHHOLDING TAXES
11 REMITTED TO THE INTERNAL REVENUE SERVICE OR OTHER TAXING
12 AUTHORITY.
- 13 C. THE NORMAL FORM OF MONTHLY BENEFIT SPECIFIED IN SECTION 1.428A IF
14 THE PARTICIPANT'S MONTHLY INCOME IS PAYABLE IN THE NORMAL FORM OF
15 MONTHLY BENEFIT SPECIFIED IN SECTION 1.428A AND THE FORM OF
16 ANNUITY SELECTED SHALL BE CONSISTENT WITH THE FORM ELECTED FOR
17 THE BASE PENSION AMOUNT; OR
- 18 D. THE FORM OF MONTHLY BENEFIT ELECTED BY THE DROP II PARTICIPANT IN
19 ACCORDANCE WITH SECTION 1.442A WITH RESPECT TO THE DROP II
20 PARTICIPANT'S MONTHLY INCOME AND THE FORM OF ANNUITY SELECTED
21 SHALL BE CONSISTENT WITH THE FORM ELECTED FOR THE BASE PENSION
22 AMOUNT.

23 (L) *EMPLOYMENT OF CHIEF OF POLICE AND CHIEF, FIRE AND RESCUE SERVICES FOLLOWING*
24 *CONCLUSION OF DROP II PARTICIPATION.*

25 (1) IF THE CHIEF OF POLICE OR THE CHIEF, FIRE AND RESCUE SERVICES ("CHIEF") IS A
26 DROP II PARTICIPANT, THE CHIEF MAY REMAIN IN THE EMPLOY OF THE COUNTY AS
27 THE CHIEF BEYOND THE LAST DAY OF DROP II PARTICIPATION PERIOD WITH THE
28 WRITTEN APPROVAL OF THE COUNTY EXECUTIVE OR HIS OR HER DESIGNEE.

29 ~~(2) THE COMPENSATION OF THE CHIEF DURING ANY FULL CALENDAR MONTH OF~~
30 ~~EMPLOYMENT AS THE CHIEF, INCLUDING EMPLOYMENT DURING AND AFTER HIS OR~~

1 ~~HER DROP I OR DROP II PARTICIPATION PERIOD SHALL BE INCLUDED IN THE~~
2 ~~DETERMINATION OF AVERAGE COMPENSATION UNDER SECTION 1.406A(F).~~

3 (32) THE COMPENSATION OF THE CHIEF DURING AND AFTER HIS OR HER DROP I OR
4 DROP II PARTICIPATION PERIOD SHALL NOT BE INCLUDED IN THE DETERMINATION
5 OF HIS OR HER DROP I OR DROP II ACCOUNT BALANCE OR THE DETERMINATION
6 OF AVERAGE COMPENSATION UNDER SECTION 1.406A(F).

7 (M) *ADJUSTMENT FOR MAXIMUM LIMITATIONS ON BENEFITS.* THE BENEFITS PAYABLE PURSUANT TO
8 THIS SECTION 1.438A SHALL BE ADJUSTED, IF NECESSARY, TO CONFORM TO THE LIMITATIONS ON
9 THE ACCRUAL OF BENEFITS PURSUANT TO SECTION 1.433A.

10
11 ***Section 2. And Be It Further Enacted by the County Council of Howard County, Maryland that***
12 ***this Act shall become effective 61 days after its enactment.***

Amendment 1 to Council Bill No. 51-2014

BY: The Chairperson at the
request of the County Executive

Legislative Day No. *11*
Date: October 6, 2014

Amendment No. 1

(This amendment removes provisions that the salaries of the Chief of Police and the Fire Chief will be included in the determination of "average compensation".)

1 On page 5, in line 1, strike the colon and substitute "THE CHIEF MAY REMAIN IN THE EMPLOY OF
2 THE COUNTY AS THE CHIEF BEYOND THE LAST DAY OF THE DROP I PARTICIPATION AS PROVIDED
3 UNDER SUBSECTION (L) OF SECTION 1.438A.".

4
5 On page 5, strike lines 2 through 8, inclusive and in their entirety.

6
7 On page 21, strike lines 3 through 6, inclusive and in their entirety.

8
9 On page 21, in line 7, strike "3" and substitute "2".

10
11 On page 21, in line 9, after "BALANCE" insert "OR THE DETERMINATION OF AVERAGE
12 COMPENSATION UNDER SECTION 1.406A(F).".

ADOPTED 10/06/2014
FAILED _____
SIGNATURE Shiva Sellen

Amendment 2 to Council Bill No. 51-2014

BY: The Chairperson at the
request of the County Executive

Legislative Day No. 11
Date: October 6, 2014

Amendment No. 2

(This amendment clarifies that:

- 1. DROP I participants who are on an approved extension of employment may be eligible to transfer to DROP II;*
- 2. The minimum of 2 years and the maximum of 5 years applies to the total DROP I plus DROP II participation;*
- 3. A DROP I participant who transfers to DROP II after completing more than 3 ½ years in DROP I participation is unable to give the required 18 months' notice and is exempt from certain penalties for early termination; and*
- 4. A DROP participant who completes five years of DROP participation or 35 years of creditable service is not required to give 18 months' notice and is exempt from certain penalties for early termination.)*

1 On page 12, in line 16, strike "AN ACTIVE PARTICIPANT IN DROP I" and substitute "A COVERED
2 EMPLOYEE".

3
4 On page 12, in line 17, after "2015" insert ", INCLUDING A COVERED EMPLOYEE WHO IS IN THE
5 EMPLOY OF THE COUNTY BEYOND THE LAST DAY OF HIS OR HER DROP I PARTICIPATION AS
6 PERMITTED BY SUBSECTION (G).".

7
8 On page 14, in line 25, after "DOLLARS." insert "FOR PURPOSES OF THIS SUBSECTION (C), DROP
9 PARTICIPATION PERIOD IS THE TOTAL OF A PARTICIPANT'S DROP I PARTICIPATION PERIOD PLUS HIS
10 OR HER DROP II PARTICIPATION PERIOD.".

ADOPTED

10/06/2014

FAILED

SIGNATURE

Shane Jackson

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On page 15, in line 23 after "PERIOD" insert "PRIOR TO THE DATE HE OR SHE ACCRUES 35 YEARS OF CREDITABLE SERVICE OR REACHES THE FIFTH ANNIVERSARY OF HIS OR HER DROP PARTICIPATION DATE.".

On page 16, in line 14, after "WHO" insert "(I) TRANSFERS FROM DROP I TO DROP II PURSUANT TO SUBSECTION (K) OF SECTION 1.437A AFTER HAVING COMPLETED THREE OR MORE YEARS OF DROP I PARTICIPATION, (II) TERMINATES DROP II ON THE DATE HE OR SHE ACCRUES 35 YEARS OF CREDITABLE SERVICE OR REACHES THE FIFTH ANNIVERSARY OF HIS OR HER DROP PARTICIPATION DATE, OR (3)".

Amendment 3 to Council Bill No. 51-2014

**BY: The Chairperson at the
request of the County Executive**

**Legislative Day No. 11
Date: October 6, 2014**

Amendment No. 3

(This amendment changes dates, clarifies which DROP program is being referenced, clarifies that an interest rate is per annum, and makes other technical corrections.)

1 On page 13, in line 2, after “THAN” strike “90 DAYS AFTER JANUARY” and substitute “APRIL”.

2
3 On page 13, in line 16, after “DROP”, in each instance, insert “II”.

4
5 On page 13, in line 25, after “3.5%” insert “PER ANNUM”.

6
7 On page 14, in line 2, strike “A” and substitute “EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND
8 (3) OF THIS SUBSECTION (B), A” and, in the same line, after “PLAN” strike “, OTHER THAN A
9 PARTICIPANT IN DROP I,”.

10
11 On page 14, in line 9, strike “AN ACTIVE PARTICIPANT” and substitute “A COVERED EMPLOYEE”.

12
13 On page 14, in lines 10 through 11, strike “A 90 DAY PERIOD IMMEDIATELY FOLLOWING JANUARY
14 1, 2015” and substitute “UNTIL APRIL 1, 2015”.

15
16 On page 14, in lines 20 and 21, in each instance, after “DROP” strike “II”.

17
18 On page 15, in line 8, strike “90 DAYS FOLLOWING JANUARY 1, 2015” and substitute “APRIL 1,
19 2015”.

ADOPTED 10/06/2014
PASSED _____
SIGNATURE Shada McVine

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On page 15, in line 9, strike “AN ACTIVE PARTICIPANT” and substitute “A COVERED EMPLOYEE”.

On page 15, in lines 11 through 12, strike “90 DAYS FOLLOWING JANUARY 1, 2015” and substitute “APRIL 1, 2015”.

On page 16, in line 21, after “DROP” strike “II”.

On page 16, in line 23, strike the first “ACTIVE” and substitute “PLAN” and strike “AN ACTIVE” and substitute “A”.

Amendment 4 to Council Bill No. 51-2014

BY: The Chairperson at the
request of the County Executive

Legislative Day No. 17
Date: October 6, 2014

Amendment No. 4

(This amendment changes some of the requirements related to how credits for pickup contributions will be calculated and clarifies the interest credit.)

1 On page 17, in line 26, after "CREDIT" insert "EACH MONTH".

2
3 On page 18, strike lines 3 through 5, inclusive and in their entirety, and substitute:

4 "B. SUBJECT TO SUBSECTION (G)(4)A OF THIS SECTION, AN AMOUNT EQUAL TO THE
5 PARTICIPANT'S COMPENSATION AS DEFINED IN SECTION 1.406A(K) OF THIS SUBTITLE
6 MULTIPLIED BY THE CONTRIBUTION RATE APPLICABLE TO THE PARTICIPANT UNDER SECTION
7 1.426A OF THIS SUBTITLE. SOLELY FOR THE PURPOSES OF THIS SUB-PARAGRAPH, THE
8 CONTRIBUTION RATE WILL BE 0% FOR EVERY MONTH FOLLOWING THE DATE THE
9 PARTICIPANT HAS ATTAINED 30 YEARS OF CREDITABLE SERVICE.".

10
11 On page 18, in line 7, strike "COMPOUNDED ANNUALLY".

12
13 On page 18, in line 8, strike "AT ONE-TWELFTH OF" and substitute "COMPOUNDED MONTHLY, BUT
14 WITH AN EFFECTIVE ANNUAL RATE EQUAL TO".

ADOPTED 10/06/2014
FAILED _____
SIGNATURE Shirley Sullivan

08973
08973

Introduced _____
Public Hearing _____
Council Action _____
Executive Action _____
Effective Date _____

County Council Of Howard County, Maryland

2014 Legislative Session

Legislative Day No. 10

Bill No. 51 -2014

Introduced by: The Chairperson at the request of the County Executive

AN ACT amending the Howard County Police and Fire Employees' Retirement Plan in order to create a Deferred Retirement Option Program II (DROP II) to replace the currently existing Deferred Retirement Option Program; defining certain terms; establishing certain deadlines; providing for the transfer to DROP II; setting forth the eligibility for DROP II to include certain employees of the Department of Fire and Rescue Services; providing for the term of DROP II participation; providing for the termination of participation in the DROP II program; requiring that certain accounts be established and maintained; setting forth provisions related to the disability, death, or retirement of DROP II participants; providing for the status of certain County employees whose employment continues past the DROP II term; and generally relating to the Howard County Police and Fire Employees' Retirement Plan.

Introduced and read first time _____, 2014. Ordered posted and hearing scheduled.

By order _____
Sheila M. Tolliver, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on _____, 2014.

By order _____
Sheila M. Tolliver, Administrator

This Bill was read the third time on _____, 2014 and Passed __, Passed with amendments ____, Failed ____.

By order _____
Sheila M. Tolliver, Administrator

Sealed with the County Seal and presented to the County Executive for approval this ___ day of _____, 2014 at ___ a.m./p.m.

By order _____
Sheila M. Tolliver, Administrator

Approved/Vetoed by the County Executive _____, 2014

Ken Ulman, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; Strike-out indicates material deleted by amendment; Underlining indicates material added by amendment

1 **Section 1. Be It Enacted** by the County Council of Howard County, Maryland that the Howard
2 County Code is amended as follows:

3
4 1. By amending:

5 Title 1- Human Resources

6 Section 1.437A "Deferred Retirement Option Program"

7
8 2. By adding:

9 Title 1 – Human Resources

10 Section 1.438A "Deferred Retirement Option Program II"

11
12 **Title 1. Human Resources.**

13 **Subtitle 4A. Police and Fire Employees' Retirement Plan.**

14 **Article IIIA. Trust Fund.**

15
16 **Section 1.437A. Deferred Retirement Option Program I.**

17 (a) *Definitions.* In this section, the following words have the meanings indicated:

18 (1) *DROP I* means the Deferred Retirement Option Program established pursuant to
19 this section AND IN EFFECT BETWEEN MAY 1, 2004 AND JANUARY 1, 2015.

20 (2) *DROP I account* means the account established for the DROP participant in
21 accordance with subsection (h).

22 (3) *DROP I effective date* means May 1, 2004.

23 (4) *DROP I participant* means a participant in the Howard County Police and Fire
24 Employees' Retirement Plan who:

25 a. Is eligible to participate in [[the]] DROP I as provided in this section
26 1.437A; and

27 b. Elects to participate in [[the]] DROP I as provided in this section.

28 (b) *Eligibility.* A participant in the Howard County Police and Fire Employees' Retirement
29 Plan is eligible to participate in [[the]] DROP I if the participant:

30 (1) Is a Police Officer; and

31 (2) Either:

- 1 a. Has completed at least 25 years of creditable service as of [[the DROP
2 effective date,]]MAY 1, 2004 or
- 3 b. Has not completed 25 years of creditable service as of [[the DROP
4 effective date]]MAY 1, 2004 but [[thereafter]]completes 25 years of
5 creditable service, 26 years of creditable service, or 27 years of creditable
6 service BEFORE JANUARY 1, 2015.

7 For purposes of this subsection, years of creditable service attributable to unused sick leave that
8 may otherwise be credited pursuant to section 1.428A(c) shall not be counted. All other years of
9 creditable service are counted for purposes of this subsection.

10 (c) *Election.* An eligible participant may elect to participate in [[the]] DROP I for a period of
11 either:

- 12 (1) Four years, or
- 13 (2) Three years.

14 ANY SUCH ELECTION SHALL BE MADE BY NOVEMBER 1, 2014.

15 (d) *Application.* An eligible participant who elects to participate in [[the]] DROP I shall:

- 16 (1) Complete and submit a written election form to the retirement coordinator, on a
17 form approved by or acceptable to the Retirement Plan Committee, stating:
 - 18 a. The participant's intention to participate in [[the]] DROP I;
 - 19 b. The date, WHICH SHALL BE NO LATER THAN DECEMBER 1, 2014, when the
20 participant desires to begin to participate in [[the]] DROP I;
 - 21 c. The period that the participant desires to participate in [[the]] DROP I, as
22 provided in subsection (c) of this section; and
 - 23 d. Such other information required by the Retirement Plan Committee to
24 implement [[the]] DROP I with respect to the participant, including a
25 binding letter of resignation accepted by the County Executive, or the
26 Executive's designee, setting forth the date the participant intends to
27 terminate employment following completion of the elected DROP I
28 period.
- 29 (2) Submit the application to the retirement coordinator by one of the following dates,
30 provided that if the applicable due date falls on a Saturday, Sunday or day when

1 the County's offices are closed, the due date shall be the next day during which
2 the County's offices are open:

3 a. If the participant will have completed at least 25 years of creditable
4 service as of [[the DROP effective date]] MAY 1, 2004, the application is
5 due to be submitted no later than March 1, 2004, but no earlier than
6 February 3, 2004.

7 [[b. If the participant had not earned 25 years of creditable service as of the
8 DROP effective date, the application is due to be submitted no later than
9 the first day of the month that is one month but no earlier than the first day
10 of the month that is three months, prior to the first day of the month
11 coincident with or next following the date the participant earns 25 years of
12 creditable service, 26 years of creditable service, or 27 years of creditable
13 service.]]

14 B. IF THE PARTICIPANT HAS NOT EARNED 25 YEARS OF CREDITABLE SERVICE AS
15 OF MAY 1, 2004, THE APPLICATION IS DUE TO BE SUBMITTED NO LATER
16 THAN ONE MONTH BEFORE THE FIRST DAY OF THE MONTH COINCIDENT WITH
17 OR NEXT FOLLOWING THE DATE THE PARTICIPANT EARNS 25 YEARS OF
18 CREDITABLE SERVICE, 26 YEARS OF CREDITABLE SERVICE, OR 27 YEARS OF
19 CREDITABLE SERVICE AND NO EARLIER THAN THREE MONTHS BEFORE THE
20 FIRST DAY OF THE MONTH COINCIDENT WITH OR NEXT FOLLOWING THE DATE
21 THE PARTICIPANT EARNS 25 YEARS OF CREDITABLE SERVICE, 26 YEARS OF
22 CREDITABLE SERVICE, OR 27 YEARS OF CREDITABLE SERVICE.

23 C. AN APPLICATION TO PARTICIPATE IN DROP I WILL NOT BE ACCEPTED AFTER
24 NOVEMBER 1, 2014.

25 (e) *Irrevocability of Election/Failure to Elect.*

26 (1) A participant's election to participate in DROP I is irrevocable on the 15th day
27 following the date the election to participate is delivered to the retirement
28 coordinator.

29 (2) Failure to elect to participate in DROP I at a time prescribed in subsection (d)(2)
30 when eligible to participate in DROP I in accordance with subsection (b) is
31 deemed to be an election not to participate in DROP I at that time.

1 (3) Failure to elect to participate in DROP I at the last time prescribed in subsection
2 (d)(2) when eligible to participate in DROP I in accordance with subsection (b) is
3 deemed to be an irrevocable election not to participate in DROP I.

4 (f) *Termination of Participation.* Participation in DROP I terminates if the DROP I participant:

5 (1) Reaches a termination date;

6 (2) ELECTS TO TRANSFER TO *DROP II* DESCRIBED IN SECTION 1.438A AS PROVIDED IN
7 SUBSECTION (K) OF THIS SECTION: OR

8 ([[2]]3) Dies.

9 (g) *Extension of Employment Beyond Scheduled DROP I Period.*

10 (1) A DROP I participant may remain in the employ of the County as a covered
11 employee for a period of not less than six months, but for no longer than one year
12 beyond the last day of DROP I participation provided for in subsection (d), by
13 submitting an application to extend County employment as a covered employee
14 no later than the first day of the month that is three months prior to the date
15 DROP I participation is scheduled to end. The application shall be made on a
16 form approved by or acceptable to the Retirement Plan Committee and shall be
17 contingent on the approval of the County Executive, or his or her designee. A
18 DROP I participant may accept employment with the County in a position other
19 than that of a covered employee without submitting the application and receiving
20 the approval of the County Executive, or his or her designee, as described in this
21 subsection 1.437A(g)(1).

22 (2) If a DROP I participant who had elected a four-year DROP period receives
23 approval to remain in the employ of the County beyond the last day of DROP I
24 participation provided for in subsection (d), the DROP I participant's
25 compensation will be subject to pick-up contributions pursuant to section 1.426A,
26 except as provided in subsection 1.426A(b). For purposes of determining whether
27 a participant has earned 30 years of creditable service under subsection
28 1.426A(b), creditable service shall not include any period of DROP I
29 participation, even if the DROP I participant's compensation was subject to the
30 County pick up contributions during the period of DROP I participation under
31 subsection (h)(4)(a) below.

1 (3) IF THE CHIEF OF POLICE (“CHIEF”) IS A DROP I PARTICIPANT:

2 A. THE CHIEF MAY REMAIN IN THE EMPLOY OF THE COUNTY AS THE CHIEF
3 BEYOND THE LAST DAY OF THE DROP I PARTICIPATION AS PROVIDED UNDER
4 SUBSECTION (L) OF SECTION 1.438A, AND

5 B. THE COMPENSATION OF THE CHIEF DURING ANY FULL CALENDAR MONTH OF
6 EMPLOYMENT AS THE CHIEF, INCLUDING EMPLOYMENT DURING AND AFTER
7 HIS OR HER *DROP I* PARTICIPATION SHALL BE INCLUDED IN THE
8 DETERMINATION OF *AVERAGE COMPENSATION* UNDER SECTION 1.406A(F).

9 (h) *Payment of Retirement Benefit, Accrual of Service Credit, Disposition of Other Benefits*
10 *During DROP I Participation.*

11 (1) As of the effective date of participation in DROP I, the Retirement Plan
12 Committee shall determine the DROP I participant's normal retirement benefit as
13 provided for in section 1.428A, without the adjustment for unused sick leave
14 pursuant to subsection 1.428A(c).

15 (2) During the period of the DROP I participant's participation in [[the]] DROP I, the
16 trustees shall:

17 a. Credit the DROP I participant's monthly retirement income determined
18 pursuant to section 1.428A, without the adjustment for unused sick leave
19 pursuant to subsection 1.428A(c), to a DROP I account for the benefit of
20 the DROP I participant; and

21 b. Adjust the DROP I participant's credit under subsection (h)(2)a. for cost of
22 living increases in accordance with section 1.435A.

23 (3) A DROP I participant will not accrue credit for years of creditable service during
24 the period of DROP I participation.

25 (4) A DROP I participant's compensation during the period of DROP I participation:

26 a. Shall be subject to the County pick up contributions provided for in
27 section 1.426A until such time as the provisions of subsection 1.426A(b)
28 apply to the DROP I participant assuming, solely for purposes of this
29 subsection (h)(4)a., that the DROP I participant continues to earn years of
30 creditable Service while a DROP I participant; and

1 b. Shall not be used to increase the DROP I participant's average
2 compensation.

3 (5) If during the period of a DROP I participant's participation in DROP I, or an
4 extension granted pursuant to subsection (g)(2), the participant reaches a
5 termination date by reason of total and permanent disability in accordance with
6 section 1.431A, the participant, individually, or by a representative if the
7 participant is unable to make an election due to the disability, may elect to receive
8 one of the following benefits:

9 a. The benefit calculated pursuant to section 1.431A, based upon the
10 participant's actual years of creditable service, if applicable, and average
11 compensation earned through the termination date and calculated as if the
12 DROP I participant had not elected to participate in [[the]] DROP I. A
13 DROP I participant who elects the benefit provided for in this subsection
14 (h)(5)a. will forfeit his or her DROP I account; or

15 b. The sum of:

16 (i) One hundred percent of the balance of the DROP I participant's
17 DROP I account as of the DROP I participant's termination date,
18 paid in the form described in subsection 1.437A(i)(1)a. or
19 1.437A(i)(1)b., plus

20 (ii) The monthly benefit which, when combined with 100 percent of
21 the balance of the DROP I participant's DROP I account described
22 in subsection (h)(5)b.(i), is the actuarial equivalent of the monthly
23 benefit described in subsection (h)(5)a.

24 (6) If during the period of a DROP I participant's participation in DROP I or an
25 extension granted pursuant to subsection (g)(2) the participant reaches a
26 termination date by reason of death, one of the following benefits will be paid:

27 a. The participant's beneficiary will receive:

28 (i) The general benefit described in subsection 1.439A(a)(1), plus

29 (ii) One hundred percent of the balance of the DROP I participant's
30 DROP I account as of the DROP I participant's termination date,

1 paid in the form described in subsection 1.437A(i)(1)a. or
2 1.437A(i)(1)b., or

3 b. The participant's surviving spouse or surviving children, as applicable,
4 will receive:

5 (i) One hundred percent of the balance of the DROP I participant's
6 DROP I account as of the DROP I participant's termination date,
7 paid in the form described in subsection 1.437A(i)(1)a. or
8 1.437A(i)(1)b., plus

9 (ii) The monthly benefit determined pursuant to subsection
10 1.439A(a)(2) or 1.439A(b) based upon the participant's actual
11 years of creditable service and average compensation earned
12 through the date of death and calculated as if the DROP I
13 participant had not elected to participate in [[the]] DROP I.

14
15 Benefits will be paid to the DROP I participant's surviving spouse or
16 surviving children only to the extent the requirements of subsections
17 1.439A(a)(2) and 1.439A(b)(2) or 1.439A(b)(3) are met. If the
18 requirements of subsections 1.439A(a)(2) and 1.439A(b)(2) or
19 1.439A(b)(3) are not met, the DROP I participant's surviving spouse or
20 surviving children, as applicable, will receive the benefit described in
21 subsection (h)(6)a.

22 (7) During the period of a DROP I participant's participation in DROP I, and any
23 extension of participation in DROP I granted pursuant to subsection 1.437A(g),
24 the DROP I participant shall continue to be eligible to participate in any Health
25 and Welfare Plan and Deferred Compensation Plan, and receive any other benefits
26 otherwise available to County employees who are Police Officers and shall
27 continue to be subject to the personnel laws, regulations and policies applicable to
28 an employee.

29 (8) The DROP I account is maintained solely for purposes of accounting for the
30 DROP I participant's benefit from [[the]] DROP I. The trustees shall be under no
31 obligation to segregate funds from the trust for the participant's DROP I account.

1 (i) *Payment of Retirement Income and DROP I Account at Termination Date.*

- 2 (1) Upon the termination of a DROP I participant's employment with the County no
3 earlier than the end of the DROP I participation period pursuant to subsection (d),
4 the trustees shall pay to the participant, or to the DROP I participant's beneficiary,
5 if the participant has died, the applicable percentage of the amount accrued in the
6 DROP I account for the DROP I participant, determined in accordance with
7 subsection (j) and as adjusted for unused sick leave, determined at the end of the
8 DROP I participant's participation in DROP I, without regard to an extension
9 granted pursuant to subsection 1.437A(g)(2), in the form of:
- 10 a. An eligible rollover distribution, pursuant to section 1.444A;
 - 11 b. A lump sum distribution, reduced by any withholding taxes remitted to the
12 Internal Revenue Service or other taxing authority;
 - 13 c. The normal form of monthly benefit specified in section 1.428A if the
14 participant's monthly income is payable in the normal form of monthly
15 benefit specified in section 1.428A; or
 - 16 d. The form of monthly benefit elected by the DROP I participant in
17 accordance with section 1.442A with respect to the DROP I participant's
18 monthly income.

19
20 The form of payment shall be at the election of the DROP I participant or the
21 DROP I participant's beneficiary, as applicable. In the event the DROP I
22 participant or the DROP I participant's beneficiary elects payment in the form
23 described in subsection c. or d. of this subsection 1.437A(i), the monthly benefit
24 shall be the actuarial equivalent of the balance of the DROP I account as of the
25 date benefit payments commence.

- 26 (2) Upon the termination of a DROP I participant's employment with the County no
27 earlier than the end of the DROP I participation period pursuant to subsection (d),
28 but subject to the provisions pertaining to extension of employment pursuant to
29 subsection (g), the participant will receive the monthly retirement income
30 determined in accordance with section 1.428A or 1.442A, as adjusted for cost of

1 living increases pursuant to section 1.435A and as adjusted for unused sick leave,
2 pursuant to subsection 1.428A(c).

3 (3) If the DROP I participant reaches a termination date, other than by reason of
4 disability determined pursuant to section 1.431A or death, prior to the end of the
5 DROP I participation period pursuant to subsection (d), without regard to whether
6 the termination of employment is voluntary by the participant or involuntary and
7 at the request of the County:

8 a. The participant's DROP I account shall be forfeited; and

9 b. The participant's monthly retirement income shall be determined in
10 accordance with section 1.428A including the years of creditable service
11 and compensation earned while the participant was a DROP I participant.

12 c. Notwithstanding the foregoing:

13 (i) Subsections 1.437A(i)(3)a. and b. do not apply if the DROP I
14 participant is:

15 (A) The Chief of Police and reaches a termination date as a
16 result of his or her removal by the County Executive; or

17 (B) A Police Major and reaches a termination date as a result of
18 his or her removal by the Chief of Police.

19 (ii) If the Chief of Police or a Police Major is removed by the DROP I
20 participant's appointing authority prior to completing four years of
21 DROP I participation, the DROP I participant, or the DROP I
22 participant's beneficiary if the DROP I participant has died, will
23 receive, without regard to the period the participant elected to
24 participate in [[the]] DROP I pursuant to subsection (d), the
25 following:

26 (A) A percentage of the DROP I account determined in
27 accordance with subsection (j) as if the DROP I participant
28 had elected a three-year DROP period pursuant to
29 subsection (d) and remained in the employ of the County as
30 a covered employee for the greater of:

31 i. Three years; or

1 ii. The actual number of years and months of DROP I
2 participation, plus

3 (B) The benefit determined in accordance with subsection
4 1.437A(i)(2).

5 (4) *Extension of employment beyond four-year DROP I period.* A DROP I participant
6 who elected a four-year DROP period pursuant to subsection (c) and who receives
7 approval to remain in the employ of the County beyond the DROP I period
8 pursuant to subsection (g)(1) and who remains in the employ of the County for at
9 least six months beyond the DROP I period, will receive the following benefit
10 upon his or her termination date:

11 a. The balance of the DROP I account, determined pursuant to subsection (i)
12 as adjusted for interest at five percent per year, compounded annually,
13 from the date of the expiration of the DROP I period pursuant to the
14 participant's original election to participate in DROP I, through the DROP
15 I participant's termination date, compounded annually, plus

16 b. The monthly retirement income pursuant to section 1.428A or 1.442A as
17 of the date of the participant's participation in DROP I, as adjusted for
18 unused sick leave pursuant to subsection 1.428A(c) and cost of living
19 adjustments pursuant to section 1.435A, plus

20 c. An additional monthly retirement income equal to one percent multiplied
21 by the participant's average compensation determined as of the participant's
22 termination date and including, as applicable, periods of participation in
23 [[the]] DROP I, multiplied by the years of creditable service earned
24 between the date of the expiration of the DROP I period pursuant to the
25 participant's original election to participate in DROP I and the participant's
26 termination date, to the extent that the additional credit for years of
27 creditable service pursuant to this subsection (i)(4)c. does not cause the
28 participant's total years of creditable service to exceed 30 years. The
29 foregoing limit does not include additional credit for accrued sick leave
30 determined at the participant's termination date.
31

1 If the DROP I participant reaches a termination date for reasons other than death
2 or disability prior to completing at least six full months of service for the County
3 as a Police Officer after the four-year DROP I period shall receive benefit
4 described in subsection (i).

5 (5) *Extension of employment beyond three-year DROP period.* A DROP I participant
6 who elected a three-year DROP period pursuant to subsection (c) and who
7 receives approval to remain in the employ of the County beyond the DROP I
8 period pursuant to subsection (g)(1) shall receive one additional deposit to his or
9 her DROP I account pursuant to subsection (h)(2), for each additional full month
10 of employment for the County as a Police Officer to a maximum of 12 additional
11 deposits. Notwithstanding the foregoing, if the DROP I participant reaches a
12 termination date for reasons other than death or disability prior to completing at
13 least six full months of service as a Police Officer, any additions to the DROP I
14 participant's DROP I account described in this subsection (i)(5) made during the
15 period of extension of employment shall be forfeited.

16 (j) *Percentage of DROP I Account Payable.*

17 (1) The applicable percentage of the DROP I account payable to a DROP I
18 participant who elects and completes a four-year DROP I participation period in
19 accordance with subsection (c) shall be 100 percent.

20 (2) The applicable percentage of the DROP I account payable to a DROP I
21 participant who elects and completes a three-year DROP I participation period in
22 accordance with subsection (c) shall be determined in accordance with the
23 following table:

Creditable Service at DROP I Entry Date	Applicable Percentage
25 years	89
More than 25 years	87

24
25 (3) Notwithstanding the provisions of subsection (j)(2) and subject to subsection
26 (j)(4), if a DROP I participant who elected a three-year DROP participation
27 period in accordance with subsection (c) continues in the employ of the County as

1 a Police Officer for at least six months beyond the three-year period, in
2 accordance with subsection (g), the applicable percentage will be increased in
3 accordance with the following table, but will not increase to more than 100
4 percent:
5

Applicable Percentage	Increase per Full Month of Employment as a Police Officer After Expiration of Three-Year DROP Period
89 percent	.9167
87 percent	1.083

- 6
7 (4) Notwithstanding the provisions of subsections (j)(2) and (j)(3), with respect to a
8 DROP I participant who elected a three-year DROP participation period in
9 accordance with subsection (c) and who elected to continue in the employ of the
10 County as a Police Officer for at least six months beyond the three-year DROP
11 participation period, in accordance with subsection (g), but reached a termination
12 date for reasons other than death or disability prior to completing six full months
13 of service as a Police Officer beyond the three-year DROP participation period,
14 the increase in the applicable percentage shall be zero.

15 (K) *ELECTION TO TRANSFER TO DROP II.*

- 16 (1) A DROP I PARTICIPANT WHO IS AN ACTIVE PARTICIPANT IN DROP I ON JANUARY 1,
17 2015 MAY ELECT TO PARTICIPATE IN DROP II. IF THE DROP I PARTICIPANT MAKES
18 SUCH AN ELECTION:

- 19 A. THE DROP I PARTICIPANT'S DROP ACCOUNT SHALL BE RECALCULATED AS
20 IF HE OR SHE ELECTED TO PARTICIPATE IN DROP II FOR THE ENTIRE PERIOD
21 OF HIS OR HER DROP I PARTICIPATION;
- 22 B. THE DATE OF RESIGNATION SET FORTH IN THE DROP I PARTICIPANT'S
23 BINDING LETTER OF RESIGNATION, AS PROVIDED IN SUBSECTION (D)(1)D.
24 SHALL NO LONGER BE BINDING;
- 25 C. THE DROP I PARTICIPANT SHALL BE SUBJECT IN ALL RESPECTS TO SECTION
26 1.438A; AND
- 27 D. THE APPLICABLE INTEREST RATE FOR PERIODS PRIOR TO JANUARY 1, 2015
28 SHALL BE 3.5%.

- 1 (2) ANY ELECTION UNDER THIS SUBSECTION (K) SHALL BE IRREVOCABLE WHEN MADE
2 AND SHALL BE MADE NO LATER THAN 90 DAYS AFTER JANUARY 1, 2015.

3 ([[k]]L) *Adjustment for Maximum Limitations on Benefits.* The benefits payable pursuant to this
4 section 1.437A shall be adjusted, if necessary, to conform to the limitations on the accrual of
5 benefits pursuant to section 1.433A.

6
7 **SECTION 1.438A. DEFERRED RETIREMENT OPTION PROGRAM II.**

8 (A) *DEFINITIONS.* IN THIS SECTION, THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED:

- 9 (1) *DROP II* MEANS THE DEFERRED RETIREMENT OPTION PROGRAM ESTABLISHED
10 UNDER THIS SECTION 1.438A, PURSUANT TO WHICH A PARTICIPANT AGREES TO
11 DELAY RECEIPT OF RETIREMENT BENEFITS WHILE THE PARTICIPANT CONTINUES TO
12 WORK.
- 13 (2) *DROP II PARTICIPANT* MEANS A PARTICIPANT WHO IS ELIGIBLE AND WHO ELECTS TO
14 PARTICIPATE IN DROP II.
- 15 (3) *DROP II PARTICIPATION PERIOD* MEANS THE TIME DURING WHICH A PARTICIPANT
16 PARTICIPATES IN DROP WHILE ACTIVELY EMPLOYED BY THE COUNTY. DROP
17 PARTICIPATION PERIODS MAY BEGIN ON THE FIRST DAY OF ANY MONTH ON OR
18 AFTER JANUARY 1, 2015.
- 19 (4) *DROP II ACCOUNT* MEANS THE ACCOUNT ESTABLISHED FOR A DROP II
20 PARTICIPANT IN ACCORDANCE WITH SUBSECTION (H) INTO WHICH THE
21 PARTICIPANT'S EMPLOYEE CONTRIBUTIONS AND RETIREMENT BENEFITS PLUS
22 INTEREST ARE PAID WHILE THE PARTICIPANT CONTINUES TO WORK FOR THE
23 COUNTY.
- 24 (5) *DROP II EFFECTIVE DATE* MEANS JANUARY 1, 2015.
- 25 (6) *APPLICABLE INTEREST RATE* MEANS 3.5%; PROVIDED, HOWEVER, THAT IF THE
26 ASSUMED RATE OF RETURN (NET OF INVESTMENT EXPENSES) ON THE PLAN'S
27 INVESTMENTS ("INVESTMENT RETURN RATE") AS MOST RECENTLY ADOPTED BY THE
28 COMMITTEE CHANGES FROM THE CURRENT INVESTMENT RETURN RATE OF 7.5%,
29 THE APPLICABLE INTEREST RATE SHALL BE THE INVESTMENT RETURN RATE MINUS
30 4.0%; BUT FURTHER PROVIDED THAT THE APPLICABLE INTEREST RATE SHALL NOT
31 BE LESS THAN 1.5%.

1 (B) *ELIGIBILITY.*

- 2 (1) A PARTICIPANT IN THE PLAN, OTHER THAN A PARTICIPANT IN DROP I, IS ELIGIBLE
3 TO PARTICIPATE IN DROP II IF THE PARTICIPANT HAS COMPLETED AT LEAST 25
4 YEARS OF CREDITABLE SERVICE.
- 5 (2) A PARTICIPANT IN DROP I WHO HAS NOT REACHED THE LAST DAY OF HIS OR HER
6 DROP I PARTICIPATION PERIOD AS OF JANUARY 1, 2015 IS ELIGIBLE TO
7 PARTICIPATE IN DROP II UNDER THE TRANSFER PROVISIONS OF SECTION 1.437A(K)
8 OF THIS SUBTITLE.
- 9 (3) AN ACTIVE PARTICIPANT WHO, ON JANUARY 1, 2015, HAS ACCRUED 33 OR MORE
10 YEARS OF CREDITABLE SERVICE WILL BE ALLOWED A 90 DAY PERIOD IMMEDIATELY
11 FOLLOWING JANUARY 1, 2015 TO ELECT TO ENTER DROP II FOR A DROP II
12 PARTICIPATION PERIOD OF 2 YEARS WHICH WILL BEGIN AS OF JANUARY 1, 2015 AND
13 END ON DECEMBER 31, 2016.
- 14 (4) FOR PURPOSES OF THIS SUBSECTION, YEARS OF CREDITABLE SERVICE
15 ATTRIBUTABLE TO UNUSED SICK LEAVE THAT MAY OTHERWISE BE CREDITED
16 PURSUANT TO SECTION 1.428A(C) SHALL NOT BE COUNTED. ALL OTHER YEARS OF
17 CREDITABLE SERVICE ARE COUNTED FOR PURPOSES OF THIS SUBSECTION.

18 (C) *TERM OF DROP II PARTICIPATION.* THE TERM OF DROP II PARTICIPATION SHALL BE
19 DETERMINED BY THE DROP II PARTICIPANT; PROVIDED, HOWEVER, THAT, EXCEPT AS PROVIDED IN
20 SUBSECTION (B)(3) OF THIS SECTION, THE MINIMUM DROP II PARTICIPATION PERIOD IS TWO YEARS
21 AND THE MAXIMUM DROP II PARTICIPATION PERIOD IS FIVE YEARS. A PARTICIPANT WHO ENTERS
22 DROP II BUT DOES NOT COMPLETE THE MINIMUM PARTICIPATION PERIOD OF TWO YEARS BEFORE
23 HIS OR HER TERMINATION DATE SHALL HAVE HIS OR HER RETIREMENT INCOME RECALCULATED AS
24 IF HE OR SHE NEVER ENTERED DROP. IN SUCH A CASE, THE PARTICIPANT'S DROP II ACCOUNT
25 WILL BE ZERO DOLLARS.

26 (D) *APPLICATION.* AN ELIGIBLE PARTICIPANT WHO ELECTS TO PARTICIPATE IN DROP II SHALL:

- 27 (1) COMPLETE AND SUBMIT A WRITTEN ELECTION TO THE COORDINATOR ON A FORM
28 APPROVED BY OR ACCEPTABLE TO THE COMMITTEE, STATING:
- 29 A. THE PARTICIPANT'S INTENTION TO PARTICIPATE IN DROP II;
30 B. THE DATE WHEN THE PARTICIPANT INTENDS TO BEGIN TO PARTICIPATE IN
31 DROP II; AND

1 C. SUCH OTHER INFORMATION REQUIRED BY THE COMMITTEE TO IMPLEMENT
2 DROP II WITH RESPECT TO THE PARTICIPANT.

3 (2) EXCEPT AS PROVIDED IN PARAGRAPHS (3) AND (4) OF THIS SUBSECTION (D), SUBMIT
4 THE APPLICATION TO THE COORDINATOR BETWEEN 90 AND 30 DAYS PRIOR TO THE
5 DATE THE PARTICIPANT INTENDS TO BEGIN TO PARTICIPATE IN DROP II.

6 (3) A PARTICIPANT WHO TRANSFERS FROM DROP I TO DROP II PURSUANT TO SECTION
7 1.437A(K) OF THIS SUBTITLE SHALL SUBMIT AN APPLICATION TO THE
8 COORDINATOR NO LATER THAN 90 DAYS FOLLOWING JANUARY 1, 2015.

9 (4) AN ACTIVE PARTICIPANT WHO, AS OF JANUARY 1, 2015, HAS ACCRUED 33 OR MORE
10 YEARS OF CREDITABLE SERVICE AND ELECTS TO PARTICIPATE IN DROP II SHALL
11 SUBMIT AN APPLICATION TO THE COORDINATOR NO LATER THAN 90 DAYS
12 FOLLOWING JANUARY 1, 2015.

13 (E) *TERMINATION OF PARTICIPATION.* PARTICIPATION IN DROP II TERMINATES IF THE DROP II
14 PARTICIPANT:

15 (1) REACHES A TERMINATION DATE BY REASON OF DEATH, DISABILITY OR
16 TERMINATION OF EMPLOYMENT;

17 (2) ACCRUES 35 YEARS OF CREDITABLE SERVICE (EXCEPT AS PROVIDED IN SUBSECTION
18 (B)(3)), OR

19 (3) REACHES THE FIFTH ANNIVERSARY OF HIS OR HER DROP PARTICIPATION DATE.

20 (F) *TERMINATION OF DROP II PARTICIPATION PERIOD.*

21 (1) A DROP II PARTICIPANT SHALL PROVIDE AT LEAST 18 MONTHS' WRITTEN NOTICE
22 TO THE COORDINATOR OF HIS OR HER INTENT TO TERMINATE EMPLOYMENT AND
23 END THE DROP PARTICIPATION PERIOD. THIS NOTICE SHALL BE IRREVOCABLE 60
24 DAYS AFTER THE NOTICE IS RECEIVED BY THE COORDINATOR.

25 (2) *TERMINATION OF DROP II PARTICIPATION.* EXCEPT AS PROVIDED IN SUBSECTION (L)
26 OF THIS SECTION 1.438A, THE TERMINATION DATE OF A DROP II PARTICIPANT
27 SHALL BE THE LAST DAY OF HIS OR HER DROP II PARTICIPATION PERIOD. THE
28 DROP II PARTICIPANT WILL BEGIN RECEIVING A RETIREMENT BENEFIT AS OF THE
29 FIRST DAY OF THE MONTH FOLLOWING THE END OF THE DROP II PARTICIPATION
30 PERIOD. THE TERMINATION DATE OF A PARTICIPANT WHO FAILS TO SUBMIT THE

1 DOCUMENTS REQUESTING RETIREMENT SHALL BE THE DATE HE OR SHE COMPLETES
2 FIVE YEARS AS A DROP PARTICIPANT.

3 (3) *PENALTY FOR EARLY TERMINATION.* A DROP II PARTICIPANT WHO HAS COMPLETED
4 TWO YEARS OF DROP II PARTICIPATION AND TERMINATES EMPLOYMENT PRIOR TO
5 COMPLETION OF THE 18 MONTH PERIOD PROVIDED IN THE NOTICE DESCRIBED IN
6 SUBSECTION (F)(1) OF THIS SECTION SHALL FORFEIT A PORTION OF THE INTEREST
7 ACCRUED IN THE PREVIOUS MONTHS. THE NUMBER OF MONTHS OF INTEREST
8 FORFEITED IS EQUAL TO THE LESSER OF (A) 12 MONTHS OR (B) 18 MINUS THE
9 NUMBER OF FULL CALENDAR MONTHS ACTUALLY SERVED AFTER WRITTEN NOTICE
10 OF INTENT TO TERMINATE EMPLOYMENT AND END THE DROP PARTICIPATION
11 PERIOD WAS PROVIDED TO THE COORDINATOR. IF A DROP II PARTICIPANT FAILS TO
12 GIVE ANY NOTICE, THE INTEREST PENALTY SHALL BE 12 MONTHS. THERE SHALL BE
13 NO PENALTY UNDER THIS SUBSECTION (F)(3) WITH RESPECT TO A DROP II
14 PARTICIPANT WHO IS SUBJECT TO AN INVOLUNTARY TERMINATION OF
15 EMPLOYMENT.

16 (4) *EXTENSION OF PARTICIPATION.* A DROP II PARTICIPANT WHO HAS DECLARED HIS
17 OR HER WRITTEN INTENT TO TERMINATE EMPLOYMENT AND END HIS OR HER DROP
18 II PARTICIPATION MAY REQUEST A ONE-TIME EXTENSION OF NOT MORE THAN SIX
19 MONTHS. APPROVAL OF THE EXTENSION SHALL BE AT THE DISCRETION OF THE
20 COUNTY EXECUTIVE OR HIS OR HER DESIGNEE. NO EXTENSION SHALL EXTEND THE
21 LENGTH OF DROP II PARTICIPATION TO MORE THAN FIVE YEARS.

22 (G) *STATUS DURING PARTICIPATION.*

23 (1) *ACTIVE PARTICIPANT.* A DROP II PARTICIPANT WILL REMAIN AN ACTIVE
24 PARTICIPANT IN THE PLAN UNTIL THE LAST DAY OF HIS OR HER DROP II
25 PARTICIPATION PERIOD.

26 (2) *APPLICATION OF COST OF LIVING ADJUSTMENTS:* DURING THE DROP II
27 PARTICIPATION PERIOD, THE MONTHLY RETIREMENT INCOME OF DROP II
28 PARTICIPANTS WHICH IS ACCUMULATED IN THEIR DROP II ACCOUNTS WILL NOT BE
29 SUBJECT TO COST OF LIVING ADJUSTMENTS UNDER SECTION 1.435A.

30 (3) A DROP II PARTICIPANT WILL NOT ACCRUE CREDIT FOR YEARS OF CREDITABLE
31 SERVICE DURING THE PERIOD OF DROP II PARTICIPATION.

1 (4) A DROP II PARTICIPANT'S COMPENSATION DURING THE DROP II PARTICIPATION
2 PERIOD:

3 A. SHALL BE SUBJECT TO THE COUNTY PICK UP CONTRIBUTIONS PROVIDED FOR
4 IN SECTION 1.426A UNTIL SUCH TIME AS THE PROVISIONS OF SUBSECTION
5 1.426A(B) APPLY TO THE DROP II PARTICIPANT ASSUMING, SOLELY FOR
6 PURPOSES OF THIS SUBSECTION (G)(4)A., THAT THE DROP II PARTICIPANT
7 CONTINUES TO EARN YEARS OF CREDITABLE SERVICE WHILE A DROP II
8 PARTICIPANT; AND

9 B. SHALL NOT BE USED TO INCREASE THE DROP II PARTICIPANT'S AVERAGE
10 COMPENSATION.

11 (5) DURING THE PERIOD OF A DROP II PARTICIPANT'S PARTICIPATION IN DROP II, THE
12 DROP II PARTICIPANT SHALL CONTINUE TO BE ELIGIBLE TO PARTICIPATE IN ANY
13 HEALTH AND WELFARE PLAN AND DEFERRED COMPENSATION PLAN, AND RECEIVE
14 ANY OTHER BENEFITS OTHERWISE AVAILABLE TO COUNTY EMPLOYEES WHO ARE
15 POLICE OFFICERS OR FIREFIGHTERS (AS APPLICABLE) AND SHALL CONTINUE TO BE
16 SUBJECT TO THE PERSONNEL LAWS, REGULATIONS AND POLICIES APPLICABLE TO
17 POLICE OFFICERS OR FIREFIGHTERS (AS APPLICABLE).

18 (H) *DROP II ACCOUNT.*

19 (1) AS OF THE EFFECTIVE DATE OF PARTICIPATION IN DROP II, THE COORDINATOR
20 SHALL ESTABLISH AND MAINTAIN A DROP II ACCOUNT FOR EACH DROP II
21 PARTICIPANT. THE DROP II ACCOUNT IS MAINTAINED SOLELY FOR PURPOSES OF
22 ACCOUNTING FOR THE DROP II PARTICIPANT'S BENEFIT FROM DROP II. THE
23 COMMITTEE SHALL BE UNDER NO OBLIGATION TO SEGREGATE FUNDS FROM THE
24 TRUST FOR THE PARTICIPANT'S DROP II ACCOUNT.

25 (2) DURING THE PERIOD OF THE DROP II PARTICIPANT'S PARTICIPATION IN DROP II,
26 THE COORDINATOR SHALL CREDIT THE FOLLOWING AMOUNTS TO THE DROP II
27 PARTICIPANT'S DROP II ACCOUNT:

28 A. THE DROP II PARTICIPANT'S MONTHLY RETIREMENT INCOME DETERMINED
29 PURSUANT TO SECTION 1.428A, AS OF THE PARTICIPANT'S DROP II
30 PARTICIPATION DATE WITHOUT THE ADJUSTMENT FOR UNUSED SICK LEAVE
31 PURSUANT TO SUBSECTION 1.428A(C), AND WITHOUT ADJUSTMENT FOR

1 COST OF LIVING INCREASES PROVIDED TO RETIREES UNDER SECTION 1.435A
2 OF THIS SUBTITLE AND SUBSECTION (G)(4)A OF THIS SECTION.

3 B. AN AMOUNT EQUAL TO THE PICK-UP CONTRIBUTIONS MADE BY THE COUNTY
4 ON BEHALF OF THE PARTICIPANT AS DESCRIBED IN SECTION 1.426A OF THIS
5 SUBTITLE AND SUBSECTION (G)(4)A OF THIS SECTION.

6 C. INTEREST ON THE AMOUNTS DESCRIBED IN SUB-PARAGRAPHS A. AND B.
7 COMPOUNDED ANNUALLY IN ACCORDANCE WITH THE FOLLOWING RULES:

8 (I) INTEREST AT ONE-TWELFTH OF THE APPLICABLE INTEREST RATE
9 WILL BE APPLIED TO THE BALANCE OF THE DROP II ACCOUNT AS OF
10 THE LAST DAY OF EACH MONTH DURING THE DROP II PARTICIPATION
11 PERIOD.

12 (II) NO INTEREST WILL BE APPLIED TO ADDITIONS TO THE ACCOUNT
13 MADE DURING THE CURRENT CALENDAR MONTH.

14 (3) *STATEMENT OF ACCOUNT BALANCE.* AT LEAST ONCE A YEAR, THE COORDINATOR
15 SHALL PROVIDE TO A *DROP PARTICIPANT* A STATEMENT OF THE ACCOUNT BALANCE
16 CREDITED TO THE *DROP ACCOUNT* AS DESCRIBED IN PARAGRAPH (2).

17 (I) *DISABILITY DURING DROP II PARTICIPATION.* IF DURING THE PERIOD OF A DROP II
18 PARTICIPANT'S PARTICIPATION IN DROP II, THE PARTICIPANT REACHES A TERMINATION DATE BY
19 REASON OF TOTAL AND PERMANENT DISABILITY IN ACCORDANCE WITH SECTION 1.431A, THE
20 PARTICIPANT, INDIVIDUALLY, OR BY A REPRESENTATIVE IF THE PARTICIPANT IS UNABLE TO MAKE
21 AN ELECTION DUE TO THE DISABILITY, MAY ELECT TO RECEIVE ONE OF THE FOLLOWING BENEFITS:

22 (1) THE BENEFIT CALCULATED PURSUANT TO SECTION 1.431A, BASED UPON THE
23 PARTICIPANT'S ACTUAL YEARS OF CREDITABLE SERVICE, IF APPLICABLE, AND
24 AVERAGE COMPENSATION EARNED THROUGH THE TERMINATION DATE AND
25 CALCULATED AS IF THE DROP II PARTICIPANT HAD NOT ELECTED TO PARTICIPATE
26 IN DROP II. A DROP II PARTICIPANT WHO ELECTS THE BENEFIT PROVIDED FOR IN
27 THIS SUBSECTION (I)(1) WILL FORFEIT HIS OR HER DROP II ACCOUNT; OR

28 (2) THE SUM OF:

29 (A) THE BALANCE OF THE PARTICIPANT'S DROP II ACCOUNT AS OF THE
30 PARTICIPANT'S TERMINATION DATE, PAID IN THE FORM DESCRIBED IN
31 SUBSECTION 1.438A(K)(2) A. OR 1.438A(K)(2) B., PLUS

1 (B) THE MONTHLY BENEFIT CALCULATED PURSUANT TO SECTION 1.431A,
2 BASED UPON THE PARTICIPANT'S ACTUAL YEARS OF CREDITABLE SERVICE, IF
3 APPLICABLE AND AVERAGE COMPENSATION EARNED THROUGH THE DAY
4 BEFORE HE OR SHE BECAME A DROP PARTICIPANT.

5 (J) *DEATH DURING DROP II PARTICIPATION.*

6 (1) IF DURING THE PERIOD OF A DROP II PARTICIPANT'S PARTICIPATION IN DROP II,
7 THE PARTICIPANT REACHES A TERMINATION DATE BY REASON OF DEATH, ONE OF
8 THE FOLLOWING BENEFITS WILL BE PAID:

9 A. THE PARTICIPANT'S BENEFICIARY WILL RECEIVE:

10 (I) THE GENERAL BENEFIT DESCRIBED IN SUBSECTION 1.439A(A)(1),
11 PLUS

12 (II) ONE HUNDRED PERCENT OF THE BALANCE OF THE PARTICIPANT'S
13 DROP II ACCOUNT AS OF THE DROP II PARTICIPANT'S
14 TERMINATION DATE, PAID IN THE FORM DESCRIBED IN SUBSECTION
15 1.438A(K)(2)A. OR 1.438A(K)(2)B., OR

16 B. THE PARTICIPANT'S SURVIVING SPOUSE OR SURVIVING CHILDREN, AS
17 APPLICABLE, WILL RECEIVE:

18 (I) ONE HUNDRED PERCENT OF THE BALANCE OF THE PARTICIPANT'S
19 DROP II ACCOUNT AS OF THE DROP II PARTICIPANT'S
20 TERMINATION DATE, PAID IN THE FORM DESCRIBED IN SUBSECTION
21 1.438A(K)(2)A. OR 1.438A(K)(2)B., PLUS

22 (II) THE MONTHLY BENEFIT DETERMINED PURSUANT TO SUBSECTION
23 1.439A(A)(2) OR 1.439A(B) BASED UPON THE PARTICIPANT'S
24 ACTUAL YEARS OF CREDITABLE SERVICE AND AVERAGE
25 COMPENSATION EARNED THROUGH THE DATE OF DEATH AND
26 CALCULATED AS IF THE DROP II PARTICIPANT HAD NOT ELECTED TO
27 PARTICIPATE IN DROP II.

28 C. BENEFITS WILL BE PAID TO THE DROP II PARTICIPANT'S SURVIVING SPOUSE
29 OR SURVIVING CHILDREN ONLY TO THE EXTENT THE REQUIREMENTS OF
30 SUBSECTIONS 1.439A(A)(2) AND 1.439A(B)(2) OR 1.439A(B)(3) ARE MET.
31 IF THE REQUIREMENTS OF SUBSECTIONS 1.439A(A)(2) AND 1.439A(B)(2) OR

1 1.439A(B)(3) ARE NOT MET, THE DROP II PARTICIPANT'S SURVIVING
2 SPOUSE OR SURVIVING CHILDREN, AS APPLICABLE, WILL RECEIVE THE
3 BENEFIT DESCRIBED IN SUBSECTION (J)(1).

4 (K) *RETIREMENT BENEFITS OF DROP II PARTICIPANTS.* ON THE FIRST DAY OF THE MONTH
5 FOLLOWING THE DROP II PARTICIPANT'S TERMINATION DATE, THE DROP II PARTICIPANT, OR TO
6 THE DROP II PARTICIPANT'S BENEFICIARY, IF THE PARTICIPANT HAS DIED BEFORE BENEFITS
7 COMMENCE, SHALL BE ENTITLED TO RECEIVE THE FOLLOWING BENEFITS UNDER THE PLAN:

8 (1) *MONTHLY INCOME.* A MONTHLY RETIREMENT INCOME DETERMINED IN
9 ACCORDANCE WITH SECTION 1.428A OR 1.442A, ADJUSTED FOR UNUSED SICK
10 LEAVE, PURSUANT TO SUBSECTION 1.428A(C).

11 (2) *DROP PAYMENT.* THE AMOUNT ACCRUED IN THE PARTICIPANT'S DROP II
12 ACCOUNT, DETERMINED IN ACCORDANCE WITH SUBSECTION (H) AT THE END OF THE
13 DROP II PARTICIPANT'S PARTICIPATION, IN THE FORM OF:

14 A. AN ELIGIBLE ROLLOVER DISTRIBUTION, PURSUANT TO SECTION 1.444A; OR

15 B. A LUMP SUM DISTRIBUTION, REDUCED BY ANY WITHHOLDING TAXES
16 REMITTED TO THE INTERNAL REVENUE SERVICE OR OTHER TAXING
17 AUTHORITY.

18 C. THE NORMAL FORM OF MONTHLY BENEFIT SPECIFIED IN SECTION 1.428A IF
19 THE PARTICIPANT'S MONTHLY INCOME IS PAYABLE IN THE NORMAL FORM OF
20 MONTHLY BENEFIT SPECIFIED IN SECTION 1.428A AND THE FORM OF
21 ANNUITY SELECTED SHALL BE CONSISTENT WITH THE FORM ELECTED FOR
22 THE BASE PENSION AMOUNT; OR

23 D. THE FORM OF MONTHLY BENEFIT ELECTED BY THE DROP II PARTICIPANT IN
24 ACCORDANCE WITH SECTION 1.442A WITH RESPECT TO THE DROP II
25 PARTICIPANT'S MONTHLY INCOME AND THE FORM OF ANNUITY SELECTED
26 SHALL BE CONSISTENT WITH THE FORM ELECTED FOR THE BASE PENSION
27 AMOUNT.

28 (L) *EMPLOYMENT OF CHIEF OF POLICE AND CHIEF, FIRE AND RESCUE SERVICES FOLLOWING*
29 *CONCLUSION OF DROP II PARTICIPATION.*

30 (1) IF THE CHIEF OF POLICE OR THE CHIEF, FIRE AND RESCUE SERVICES ("CHIEF") IS A
31 DROP II PARTICIPANT, THE CHIEF MAY REMAIN IN THE EMPLOY OF THE COUNTY AS

1 THE CHIEF BEYOND THE LAST DAY OF DROP II PARTICIPATION PERIOD WITH THE
2 WRITTEN APPROVAL OF THE COUNTY EXECUTIVE OR HIS OR HER DESIGNEE.

3 (2) THE COMPENSATION OF THE CHIEF DURING ANY FULL CALENDAR MONTH OF
4 EMPLOYMENT AS THE CHIEF, INCLUDING EMPLOYMENT DURING AND AFTER HIS OR
5 HER DROP I OR DROP II PARTICIPATION PERIOD SHALL BE INCLUDED IN THE
6 DETERMINATION OF AVERAGE COMPENSATION UNDER SECTION 1.406A(F).

7 (3) THE COMPENSATION OF THE CHIEF DURING AND AFTER HIS OR HER DROP I OR
8 DROP II PARTICIPATION PERIOD SHALL NOT BE INCLUDED IN THE DETERMINATION
9 OF HIS OR HER DROP I OR DROP II ACCOUNT BALANCE

10 (M) *ADJUSTMENT FOR MAXIMUM LIMITATIONS ON BENEFITS.* THE BENEFITS PAYABLE PURSUANT TO
11 THIS SECTION 1.438A SHALL BE ADJUSTED, IF NECESSARY, TO CONFORM TO THE LIMITATIONS ON
12 THE ACCRUAL OF BENEFITS PURSUANT TO SECTION 1.433A.

13
14 ***Section 2. And Be It Further Enacted*** by the County Council of Howard County, Maryland that
15 *this Act shall become effective 61 days after its enactment.*

BY THE COUNCIL

This Bill, having been approved by the Executive and returned to the Council, stands enacted on October 15, 2014.

Sheila M. Tolliver
Sheila M. Tolliver, Administrator to the County Council

BY THE COUNCIL

This Bill, having been passed by the yeas and nays of two-thirds of the members of the Council notwithstanding the objections of the Executive, stands enacted on _____, 2014.

Sheila M. Tolliver, Administrator to the County Council

BY THE COUNCIL

This Bill, having received neither the approval nor the disapproval of the Executive within ten days of its presentation, stands enacted on _____, 2014.

Sheila M. Tolliver, Administrator to the County Council

BY THE COUNCIL

This Bill, not having been considered on final reading within the time required by Charter, stands failed for want of consideration on _____, 2014.

Sheila M. Tolliver, Administrator to the County Council

BY THE COUNCIL

This Bill, having been disapproved by the Executive and having failed on passage upon consideration by the Council stands failed on _____, 2014.

Sheila M. Tolliver, Administrator to the County Council

BY THE COUNCIL

This Bill, the withdrawal of which received a vote of two-thirds (2/3) of the members of the Council, is withdrawn from further consideration on _____, 2014.

Sheila M. Tolliver, Administrator to the County Council

