

Introduced March 28, 2013
Public Hearing April 15, 2013
Council Action May 6, 2013
Executive Action May 8, 2013
Effective Date July 8, 2013

County Council Of Howard County, Maryland

2013 Legislative Session

Legislative Day No. 5

Bill No. 12 -2013

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

AN ACT amending the Howard County Employees' Retirement Plan pursuant to the Heroes Earnings Assistance and Relief Tax Act of 2008; amending certain definitions; amending certain death benefits, disability benefits, and differential wage provisions for pension plan participants with military service; and generally relating to the Howard County Employees' Retirement Plan.

Introduced and read first time March 28, 2013. Ordered posted and hearing scheduled.

By order Stephen LeGendre
Stephen LeGendre, 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 April 15, 2013.

By order Stephen LeGendre
Stephen LeGendre, Administrator

This Bill was read the third time on May 6, 2013 and Passed , Passed with amendments _____, Failed _____.

By order Stephen LeGendre
Stephen LeGendre, Administrator

Sealed with the County Seal and presented to the County Executive for approval this 7th day of May, 2013 at 4:30 a.m./p.m.

By order Stephen LeGendre
Stephen LeGendre, Administrator

Approved/Vetoed by the County Executive May 8, 2013

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 *By amending:*

5 1. *Title 1- Human Resources*

6 *Section 1.406(aj) "Definitions"*

7
8 2. *Title 1 –Human Resources*

9 *Section 1.417(e) "Conditions for transfer of credited service"*

10
11 3. *Title 1 – Human Resources*

12 *Section 1.426(b) "Pick-up contributions"*

13
14 4. *Title 1 – Human Resources*

15 *Section 1.431(e)(10) "Disability benefits"*

16
17 5. *Title 1 – Human Resources*

18 *Section 1.439(c) and (e) "Death benefits"*

19
20 **Title 1. Human Resources.**

21 **Subtitle 4. Retirement Plans.**

22 **Article 1. Generally.**

23
24 **Section 1.406. Definitions.**

25 (aj) *Participant* means any covered individual who is currently benefitting under the plan,
26 and, where appropriate according to the context of the plan, any former covered individual
27 who is or may become (or whose beneficiaries may become) eligible to receive a benefit
28 under the plan. EFFECTIVE JANUARY 1, 2009, PARTICIPANT INCLUDES A PERSON RECEIVING
29 DIFFERENTIAL WAGE PAYMENTS AS DEFINED IN SECTION 3401(H) OF THE INTERNAL REVENUE

1 CODE.

2
3 **Title 1. Human Resources.**

4 **Subtitle 4. Retirement Plans.**

5 **Article II. Credited Service.**

6
7 **Section 1.417. Conditions for transfer of credited service.**

8 (e) *Credit for Military Service.* Any covered individual who provides the coordinator with
9 sufficient evidence of the covered individual's military service shall receive service credit for
10 such military service as follows:

11 (1) *Leave of Absence on Account of Military Service.* Notwithstanding section
12 1.414, if a participant incurs a leave of absence on account of military service,
13 the participant shall receive credit for years of eligibility service and years of
14 creditable service for the period of such leave of absence to the extent
15 required by the Uniformed Services Employment and Reemployment Rights
16 Act of 1994 or any other Federal law (but without any requirement for such a
17 participant to make participant contributions upon his or her reemployment
18 for the period of his or her military service). IF A PARTICIPANT FAILS TO AGAIN
19 BECOME AN EMPLOYEE AS A RESULT OF HIS DEATH WHILE IN MILITARY
20 SERVICE ON OR AFTER JULY 1, 2007, THE PARTICIPANT SHALL BE ENTITLED TO
21 ELIGIBILITY SERVICE FOR SUCH MILITARY SERVICE.

22 (2) *Military Service before Employment Commencement Date.*

23 (i) If a participant's military service precedes the participant's employment
24 commencement date, the participant shall receive credit for years of
25 eligibility service and years of creditable service to the extent of his or her
26 pre-employment military service (to a maximum of four years) provided
27 that the participant earns at least ten years of creditable service other than
28 his or her military service.

29 (ii) However, if the participant has elected to receive credit for service under

1 the Maryland State Retirement Systems pursuant to subsection (d) of this
2 section 1.417, the preceding sentence shall be applied by substituting a
3 maximum of five years.

4 (3) *Reasons for Not Receiving Service Credit for Military Service.* A participant may
5 not receive service credit for military service:

6 (i) If the military service has been previously recognized by the Maryland
7 State Retirement Systems;

8 (ii) If the participant is entitled to receive a benefit (except for disability
9 benefits, Social Security benefits, benefits under the National Railroad
10 Retirement Act or benefits with respect to National Guard or Military
11 Reserve service) from another retirement system on account of the military
12 service; or

13 (iii) If the service was rendered for the Peace Corps or Volunteers in Service to
14 America.

15
16 **Title 1. Human Resources.**

17 **Subtitle 4. Retirement Plans.**

18 **Article 3. Trust Fund.**

19
20 **Section 1.426. Pick-up contributions.**

21 Under limited circumstances described below, participant contributions and monies from other
22 Government employers may be accepted by the plan.

23 **(b) Suspension of Contributions.**

24 (1) A participant's salary reduction contributions shall be automatically
25 suspended for any payroll period during which the participant is not a
26 covered individual or during which he or she is on a leave of absence[.];
27 PROVIDED, HOWEVER, THAT A PARTICIPANT'S SALARY REDUCTION
28 CONTRIBUTIONS SHALL BE CONTINUED FOR ANY PAYROLL PERIOD DURING
29 WHICH THE PARTICIPANT IS RECEIVING DIFFERENTIAL WAGE PAYMENTS AS

1 DEFINED IN SECTION 3401(H) OF THE INTERNAL REVENUE CODE.

- 2 (2) The salary reduction contributions pursuant to subsection 1.426(a)(1)(ii) of a
3 participant who is a participating corrections employee shall no longer be required
4 for any period after which the participant has received credit for 20 years of
5 creditable service, and the participant's salary reduction contributions pursuant to
6 subsection 1.426(a)(1)(ii) shall be suspended as of the last day of the payroll
7 period that includes such date.

8
9 **Section 1.431. Disability Benefits.**

10 (e) *General Provisions Relating to Disability.*

- 11 (10) *Participant on leave of absence.* [[A participant on a leave of absence may
12 qualify for disability benefits pursuant to this section 1.431.]] A
13 PARTICIPANT WHO REACHES A TERMINATION DATE BY REASON OF A
14 DISABILITY INCURRED WHILE THE PARTICIPANT IS ON A LEAVE OF ABSENCE,
15 INCLUDING A LEAVE OF ABSENCE FOR MILITARY SERVICE, SHALL BE
16 ELIGIBLE TO APPLY FOR ORDINARY DISABILITY BENEFITS UNDER SUBSECTION
17 (A) OF THIS SECTION 1.431 BUT SHALL NOT BE ELIGIBLE TO APPLY FOR LINE-
18 OF-DUTY DISABILITY BENEFITS UNDER SUBSECTION (B) OF THIS SECTION
19 1.431.

20
21 **Title 1. Human Resources.**

22 **Subtitle 4. Retirement Plans.**

23 **Article IV. Death Benefits.**

24
25 **Section 1.439. Death Benefits.**

26 (c) *Line of Duty Definition.* For purposes of this section 1.439, the term "line of duty" means
27 death from an injury or illness which has been sustained as an active covered individual and
28 which has been ruled compensable under the Maryland Workers' Compensation Act. *LINE*
29 *OF DUTY* DOES NOT INCLUDE DEATH FROM AN INJURY OR ILLNESS WHICH HAS BEEN SUSTAINED

1 DURING MILITARY SERVICE.

2 (e) *Death While on Leave of Absence.* The beneficiary of a participant who dies while on a leave
3 of absence [[for reasons other than military service]] (INCLUDING, EFFECTIVE JANUARY 1, 2007,
4 PARTICIPANT WHO DIES WHILE ON A LEAVE OF ABSENCE FOR MILITARY SERVICE) shall be entitled
5 to receive death benefits pursuant to this section 1.439.

6

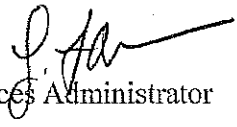
7 ***Section 2. And Be It Further Enacted by the County Council of Howard County, Maryland that***
8 ***this Act shall become effective 61 days after its enactment.***



Internal Memorandum

Subject: Testimony for Bill No. – 2013

To: Lonnie R. Robbins
Chief Administrative Officer

From: L. Todd Allen 
Human Resources Administrator

Date: March 15, 2012

The Howard County Retirement Plan Committee and the Howard County Police and Fire Retirement Plan Committee jointly support passage of Bill No. – 2013, an amendment to the County's Retirement Plans required by the "HEART" Act (the Heroes Earnings Assistance and Relief Tax Act of 2008). HEART impacts death benefits, disability benefits and wage differential payments for retirement plan participants with military service.

The Bill makes the following changes to the Plan:

1. Death Benefits

HEART mandates some death benefits for participants who die during military service and gives plan sponsors the opportunity to provide additional death benefits. The Retirement Plan Committees have recommended adoption by the County Council of the required death benefits. The Committees also approved a provision specifying that participants who die while performing military service are entitled to ordinary death benefits but are not entitled to line of duty death benefits.

2. Disability Benefits

HEART does not mandate any new disability benefits. However, it was not clear under the Plans whether participants who become disabled while performing military service are entitled to disability benefits under the Plans. The Committees approved a provision specifying that participants who become disabled while performing military service are entitled to ordinary disability benefits but are not entitled to line of duty disability benefits.

3. Differential Wage Payments

HEART requires the County to treat an individual receiving differential wage payments from an employer as an employee. The Committees recommend adoption by the County Council of the expanded definition of employee required by HEART. In addition, the County's practice has been to deduct employee contributions to the Plans from differential wage payments. The Committees recommend adoption by the County Council of language that clearly authorizes the County's practice.

Fiscal Note:

A copy of the fiscal impact statement prepared by Bolton Partners, Inc. is attached for reference.

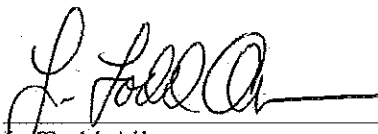
Memo to Lonnie R. Robbins
Page Two
March 15, 2013

Next Steps:

To implement any retirement plan change:

- The Retirement Plan Committees must approve the legislation. The Committees unanimously approved the legislation at its October 25, 2012 meeting.
- The Pension Oversight Commission must consider the legislation. At its February 21, 2013 meeting, the Pension Oversight Commission reviewed the amendments and expressed no objection to the proposed legislation.
- The County Council and County Executive must consider and approve the legislation.

I am available to provide any further assistance or answer any questions you may have.


L. Todd Allen
Human Resources Administrator

cc: Ken Ulman, County Executive
Jennifer Sager, Legislative Coordinator
Howard County Retirement Plan Committee
Howard County Police and Fire Retirement Plan Committees

BOLTON  PARTNERS

June 12, 2012

Terry Reider
Retirement Coordinator
Howard County Government
3430 Court House Drive
Ellicott City, MD 21043

Re: *Howard County Police and Fire
Retirement Plan and Employees Plan –
HEART Amendment*

Dear Terry:

As requested by the Retirement Plan Committees, we reviewed the memo prepared by Paul Madden on May 24, 2012 which contains required and recommended amendments to both the Police and Fire Plan and the Employees Plan (the Plans) due to the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART). We have concluded that implementing both the required and recommended changes to the Plans will have an insignificant effect on the cost of the Plans.

In addition, the Committees asked for the cost impact (if any) if the Plans were amended to include a line-of-duty death benefit for participants who die during military service. We have concluded that implementing this line-of duty death benefit will also have an insignificant effect on the cost of the Plans.

Our analysis assumes there will be at most 3 participants per plan serving in the military at any one time. If the actual number becomes significantly larger, we can review the effect at that time.

I, Ann M. Sturner, am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. I am currently compliant with the Continuing Professional Development Requirement of the Society of Actuaries.

Please contact me if you need any additional information.

Sincerely,

BOLTON PARTNERS, INC.



Ann M. Sturner, FSA, EA

Bolton Partners, Inc.

100 Light Street • 9th Floor • Baltimore, Maryland 21202 • (410) 547-0500 • (800) 394-0263 • Fax (410) 685-1924
Actuarial, Benefit and Investment Consultants

BY THE COUNCIL

This Bill, having been approved by the Executive and returned to the Council, stands enacted on May 8, 2013.

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 _____, 2013.

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 _____, 2013.

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 _____, 2013.

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 _____, 2013.

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 _____, 2013.

Sheila M. Tolliver, Administrator to the County Council

