

Introduced January 4, 2021
Public Hearing January 19, 2021
Council Action February 3, 2021
Executive Action February 4, 2021
Effective Date April 6, 2021

County Council of Howard County, Maryland

2021 Legislative Session

Legislative Day No. 1

Bill No. 5 -2021

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

AN ACT amending the Howard County Retirement Plan in order to create a Deferred Retirement Option Program for Participating Corrections Employees (Corrections DROP); defining certain terms; establishing certain deadlines; setting forth the eligibility for Corrections DROP to include certain employees of the Department of Corrections; providing for the term of Corrections DROP participation; providing for the termination of participation in Corrections DROP; requiring that certain accounts be established and maintained; setting forth provisions related to the disability, death, or retirement of Corrections DROP participants; and generally relating to the Howard County Retirement Plan.

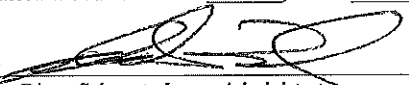
Introduced and read first time January 4, 2021. Ordered posted and hearing scheduled?

By order 
Diane Schwartz Jones, Administrator

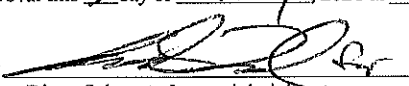
Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on January 19, 2021.

By order 
Diane Schwartz Jones, Administrator


This Bill was read the third time on February 3 2021 and Passed Passed with amendments _____ Failed _____

By order 
Diane Schwartz Jones, Administrator

Scaled with the County Seal and presented to the County Executive for approval this 3rd day of February, 2021 at 9⁰⁰ a.m. (m)

By order 
Diane Schwartz Jones, Administrator

Approved/Vetoed by the County Executive February 4, 2021


Calvin Ball, 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 adding:*

5 *Title 1 – Human Resources*

6 *Section 1.438 Deferred Retirement Option Program for Participating Corrections*
7 *Employees*

8
9 **Title 1. Human Resources.**

10 **Subtitle 4. Howard County Retirement Plan.**

11 **Article III. Trust Fund.**

12
13 **SECTION 1.438. DEFERRED RETIREMENT OPTION PROGRAM.**

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

15 (1) *APPLICABLE INTEREST RATE* MEANS THE ASSUMED RATE OF RETURN (NET OF
16 INVESTMENT EXPENSES) ON THE PLAN’S INVESTMENTS (“INVESTMENT RETURN
17 RATE”) AS MOST RECENTLY ADOPTED BY THE RETIREMENT PLAN COMMITTEE MINUS
18 4.0%; PROVIDED THAT THE APPLICABLE INTEREST RATE SHALL NOT BE LESS THAN
19 1.5%. CHANGES TO THE APPLICABLE INTEREST RATE WILL BECOME EFFECTIVE ON
20 THE JULY 1 THAT NEXT FOLLOWS THE ADOPTION OF THE CHANGE IN THE INVESTMENT
21 RETURN RATE.

22 (2) *CORRECTIONS DROP* MEANS THE DEFERRED RETIREMENT OPTION PROGRAM
23 ESTABLISHED UNDER THIS SECTION 1.438, PURSUANT TO WHICH A PARTICIPATING
24 CORRECTIONS EMPLOYEE AGREES TO DELAY RECEIPT OF RETIREMENT BENEFITS
25 WHILE HE OR SHE CONTINUES TO WORK.

26 (3) *CORRECTIONS DROP ACCOUNT* MEANS THE ACCOUNT ESTABLISHED FOR A
27 CORRECTIONS DROP PARTICIPANT IN ACCORDANCE WITH SUBSECTION (H) INTO
28 WHICH THE RETIREMENT BENEFITS PLUS INTEREST ARE CREDITED WHILE THE
29 PARTICIPANT CONTINUES TO WORK FOR THE COUNTY.

30 (4) *CORRECTIONS DROP EFFECTIVE DATE* MEANS JULY 1, 2021.

1 (5) *CORRECTIONS DROP PARTICIPANT* MEANS A PARTICIPATING CORRECTIONS
2 EMPLOYEE AS DEFINED IN SECTION 1.406(AK) WHO IS ELIGIBLE AND WHO ELECTS TO
3 PARTICIPATE IN CORRECTIONS DROP.

4 (6) *CORRECTIONS DROP PARTICIPATION PERIOD* MEANS THE TIME DURING WHICH A
5 PARTICIPANT PARTICIPATES IN CORRECTIONS DROP WHILE ACTIVELY EMPLOYED BY
6 THE COUNTY. CORRECTIONS DROP PARTICIPATION PERIODS MAY BEGIN ON THE
7 FIRST DAY OF ANY MONTH ON OR AFTER JULY 1, 2021.

8 (B) *ELIGIBILITY.*

9 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION (B), A PARTICIPATING
10 CORRECTIONS EMPLOYEE IS ELIGIBLE TO PARTICIPATE IN CORRECTIONS DROP IF
11 THE PARTICIPATING CORRECTIONS EMPLOYEE HAS COMPLETED AT LEAST 20 YEARS
12 OF CREDITABLE SERVICE.

13 (2) A PARTICIPATING CORRECTIONS EMPLOYEE WHO, ON JULY 1, 2021 HAS ACCRUED 33
14 OR MORE YEARS OF CREDITABLE SERVICE MAY ELECT TO ENTER CORRECTIONS
15 DROP FOR A PARTICIPATION PERIOD OF TWO YEARS, WHICH WILL BEGIN ON
16 OCTOBER 1, 2021 AND END ON SEPTEMBER 30, 2023.

17 (3) FOR PURPOSES OF THIS SUBSECTION, YEARS OF CREDITABLE SERVICE ATTRIBUTABLE
18 TO UNUSED DISABILITY LEAVE THAT MAY OTHERWISE BE CREDITED PURSUANT TO
19 SECTION 1.428(J) SHALL NOT BE COUNTED. ALL OTHER YEARS OF CREDITABLE
20 SERVICE ARE COUNTED FOR PURPOSES OF THIS SUBSECTION.

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

29 (D) *APPLICATION.* AN ELIGIBLE PARTICIPATING CORRECTIONS EMPLOYEE WHO ELECTS TO
30 PARTICIPATE IN CORRECTIONS DROP SHALL:

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

3 (I) THE PARTICIPANT'S INTENTION TO PARTICIPATE IN CORRECTIONS DROP;

4 (II) THE DATE WHEN THE PARTICIPANT INTENDS TO BEGIN TO PARTICIPATE IN
5 CORRECTIONS DROP; AND

6 (III) SUCH OTHER INFORMATION REQUIRED BY THE RETIREMENT PLAN
7 COMMITTEE TO IMPLEMENT CORRECTIONS DROP WITH RESPECT TO THE
8 PARTICIPANT.

9 (IV) SUBMIT THE APPLICATION TO THE COORDINATOR BETWEEN 90 AND 30 DAYS
10 PRIOR TO THE DATE THE PARTICIPANT INTENDS TO BEGIN TO PARTICIPATE IN
11 CORRECTIONS DROP.

12 (2) A PARTICIPATING CORRECTIONS EMPLOYEE WHO, AS OF JULY 1, 2021, HAS ACCRUED
13 33 OR MORE YEARS OF CREDITABLE SERVICE AND ELECTS TO PARTICIPATE IN
14 CORRECTIONS DROP SHALL SUBMIT AN APPLICATION TO THE COORDINATOR NO
15 LATER THAN AUGUST 15, 2021.

16 (E) *TERMINATION OF PARTICIPATION.* PARTICIPATION IN CORRECTIONS DROP TERMINATES IF THE
17 CORRECTIONS DROP PARTICIPANT:

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

20 (2) EXCEPT AS PROVIDED IN SUBSECTION (B)(2), ACCRUES 35 YEARS OF CREDITABLE
21 SERVICE, OR

22 (3) REACHES THE FIFTH ANNIVERSARY OF HIS OR HER CORRECTIONS DROP
23 PARTICIPATION DATE.

24 (F) *TERMINATION OF CORRECTIONS DROP PARTICIPATION PERIOD.*

25 (1) A CORRECTIONS DROP PARTICIPANT SHALL PROVIDE AT LEAST 18 MONTHS'
26 WRITTEN NOTICE TO THE COORDINATOR OF HIS OR HER INTENT TO TERMINATE
27 EMPLOYMENT AND END THE CORRECTIONS DROP PARTICIPATION PERIOD PRIOR TO
28 THE DATE HE OR SHE ACCRUES 35 YEARS OF CREDITABLE SERVICE OR REACHES THE
29 FIFTH ANNIVERSARY OF HIS OR HER CORRECTIONS DROP PARTICIPATION DATE.
30 THIS NOTICE SHALL BE IRREVOCABLE 60 DAYS AFTER THE COORDINATOR RECEIVES
31 THE NOTICE.

1 (2) *TERMINATION OF CORRECTIONS DROP PARTICIPATION.* THE TERMINATION DATE OF A
2 CORRECTIONS DROP PARTICIPANT SHALL BE THE LAST DAY OF HIS OR HER
3 CORRECTIONS DROP PARTICIPATION PERIOD. THE CORRECTIONS DROP
4 PARTICIPANT WILL BEGIN RECEIVING A RETIREMENT BENEFIT AS OF THE FIRST DAY
5 OF THE MONTH FOLLOWING THE END OF THE CORRECTIONS DROP PARTICIPATION
6 PERIOD. THE TERMINATION DATE OF A PARTICIPANT WHO FAILS TO SUBMIT THE
7 DOCUMENTS REQUESTING RETIREMENT SHALL BE THE DATE HE OR SHE ACCRUES 35
8 YEARS OF CREDITABLE SERVICE OR REACHES THE FIFTH ANNIVERSARY OF HIS OR HER
9 CORRECTIONS DROP PARTICIPATION DATE.

10 (3) *PENALTY FOR EARLY TERMINATION.* A CORRECTIONS DROP PARTICIPANT WHO HAS
11 COMPLETED TWO YEARS OF CORRECTIONS DROP PARTICIPATION AND TERMINATES
12 EMPLOYMENT PRIOR TO COMPLETION OF THE 18 MONTH PERIOD PROVIDED IN THE
13 NOTICE DESCRIBED IN SUBSECTION (F)(1) OF THIS SECTION SHALL FORFEIT THE
14 INTEREST ACCRUED IN A NUMBER OF PREVIOUS MONTHS. THE NUMBER OF MONTHS
15 OF INTEREST FORFEITED IS EQUAL TO THE LESSER OF (A) 12 MONTHS OR (B) 18 MINUS
16 THE NUMBER OF FULL CALENDAR MONTHS ACTUALLY SERVED AFTER WRITTEN
17 NOTICE OF INTENT TO TERMINATE EMPLOYMENT AND END THE CORRECTIONS DROP
18 PARTICIPATION PERIOD WAS PROVIDED TO THE COORDINATOR. IF A CORRECTIONS
19 DROP PARTICIPANT FAILS TO GIVE ANY NOTICE, THE INTEREST PENALTY SHALL BE
20 12 MONTHS. THERE SHALL BE NO PENALTY UNDER THIS SUBSECTION (F)(3) WITH
21 RESPECT TO A CORRECTIONS DROP PARTICIPANT WHO (1) TERMINATES
22 CORRECTIONS DROP ON THE DATE HE OR SHE ACCRUES 35 YEARS OF CREDITABLE
23 SERVICE OR REACHES THE FIFTH ANNIVERSARY OF HIS OR HER CORRECTIONS DROP
24 PARTICIPATION DATE OR (2) IS SUBJECT TO AN INVOLUNTARY TERMINATION OF
25 EMPLOYMENT.

26 (4) *EXTENSION OF PARTICIPATION.* A CORRECTIONS DROP PARTICIPANT WHO HAS
27 DECLARED HIS OR HER WRITTEN INTENT TO TERMINATE EMPLOYMENT AND END HIS
28 OR HER CORRECTIONS DROP PARTICIPATION MAY REQUEST A ONE-TIME EXTENSION
29 OF NOT MORE THAN SIX MONTHS. APPROVAL OF THE EXTENSION SHALL BE AT THE
30 DISCRETION OF THE COUNTY EXECUTIVE OR HIS OR HER DESIGNEE. NO EXTENSION

1 SHALL EXTEND THE LENGTH OF CORRECTIONS DROP PARTICIPATION TO MORE THAN
2 FIVE YEARS.

3 (G) *STATUS DURING PARTICIPATION.*

4 (1) *PLAN PARTICIPANT:* A CORRECTIONS DROP PARTICIPANT WILL REMAIN A
5 PARTICIPANT IN THE PLAN UNTIL THE LAST DAY OF HIS OR HER CORRECTIONS DROP
6 PARTICIPATION PERIOD.

7 (2) *APPLICATION OF COST OF LIVING ADJUSTMENTS:* DURING THE CORRECTIONS DROP
8 PARTICIPATION PERIOD, THE MONTHLY RETIREMENT INCOME OF CORRECTIONS
9 DROP PARTICIPANTS, WHICH IS ACCUMULATED IN THEIR CORRECTIONS DROP
10 ACCOUNTS, WILL NOT BE SUBJECT TO COST OF LIVING ADJUSTMENTS UNDER SECTION
11 1.435.

12 (3) A CORRECTIONS DROP PARTICIPANT WILL NOT ACCRUE CREDIT FOR YEARS OF
13 CREDITABLE SERVICE DURING THE PERIOD OF CORRECTIONS DROP PARTICIPATION.

14 (4) A CORRECTIONS DROP PARTICIPANT'S COMPENSATION DURING THE CORRECTIONS
15 DROP PARTICIPATION PERIOD SHALL NOT BE USED TO INCREASE THE CORRECTIONS
16 DROP PARTICIPANT'S AVERAGE COMPENSATION.

17 (5) DURING THE PERIOD OF A CORRECTIONS DROP PARTICIPANT'S PARTICIPATION IN
18 CORRECTIONS DROP, THE CORRECTIONS DROP PARTICIPANT SHALL CONTINUE TO
19 BE ELIGIBLE TO PARTICIPATE IN ANY HEALTH AND WELFARE PLAN OR DEFERRED
20 COMPENSATION PLAN, AND RECEIVE ANY OTHER BENEFITS OTHERWISE AVAILABLE
21 TO COUNTY EMPLOYEES WHO ARE CORRECTIONS EMPLOYEES AND SHALL CONTINUE
22 TO BE SUBJECT TO THE PERSONNEL LAWS, REGULATIONS AND POLICIES APPLICABLE
23 TO CORRECTIONS EMPLOYEES.

24 (H) *CORRECTIONS DROP ACCOUNT.*

25 (1) AS OF THE EFFECTIVE DATE OF PARTICIPATION IN CORRECTIONS DROP, THE
26 COORDINATOR SHALL ESTABLISH AND MAINTAIN A CORRECTIONS DROP ACCOUNT
27 FOR EACH CORRECTIONS DROP PARTICIPANT. THE CORRECTIONS DROP ACCOUNT
28 IS MAINTAINED SOLELY FOR PURPOSES OF ACCOUNTING FOR THE CORRECTIONS
29 DROP PARTICIPANT'S BENEFIT FROM CORRECTIONS DROP. THE RETIREMENT PLAN
30 COMMITTEE SHALL BE UNDER NO OBLIGATION TO SEGREGATE FUNDS FROM THE
31 TRUST FOR THE PARTICIPANT'S CORRECTIONS DROP ACCOUNT.

1 (2) DURING THE PERIOD OF THE CORRECTIONS DROP PARTICIPANT'S PARTICIPATION IN
2 CORRECTIONS DROP, THE COORDINATOR SHALL CREDIT EACH MONTH THE
3 FOLLOWING AMOUNTS TO THE CORRECTIONS DROP PARTICIPANT'S CORRECTIONS
4 DROP ACCOUNT:

5 (i) THE CORRECTIONS DROP PARTICIPANT'S MONTHLY RETIREMENT INCOME
6 DETERMINED PURSUANT TO SECTION 1.428, AS OF THE PARTICIPANT'S
7 CORRECTIONS DROP PARTICIPATION DATE WITHOUT THE ADJUSTMENT FOR
8 UNUSED DISABILITY LEAVE PURSUANT TO SUBSECTION 1.428(J), AND
9 WITHOUT ADJUSTMENT FOR COST OF LIVING INCREASES PROVIDED TO
10 RETIREES UNDER SECTION 1.435 OF THIS SUBTITLE.

11 (ii) INTEREST ON THE AMOUNT DESCRIBED IN SUB-PARAGRAPH A IN
12 ACCORDANCE WITH THE FOLLOWING RULES:

13 A. INTEREST COMPOUNDED MONTHLY, BUT WITH AN EFFECTIVE ANNUAL
14 RATE EQUAL TO THE APPLICABLE INTEREST RATE WILL BE APPLIED TO
15 THE BALANCE OF THE CORRECTIONS DROP ACCOUNT AS OF THE LAST
16 DAY OF EACH MONTH DURING THE CORRECTIONS DROP
17 PARTICIPATION PERIOD.

18 B. NO INTEREST WILL BE APPLIED TO ADDITIONS TO THE ACCOUNT MADE
19 DURING THE CURRENT CALENDAR MONTH.

20 (3) *STATEMENT OF ACCOUNT BALANCE.* AT LEAST ONCE A YEAR, THE COORDINATOR
21 SHALL PROVIDE TO A *CORRECTIONS DROP PARTICIPANT* A STATEMENT OF THE
22 ACCOUNT BALANCE CREDITED TO THE *CORRECTIONS DROP ACCOUNT* AS DESCRIBED
23 IN PARAGRAPH (2).

24 (i) *DISABILITY DURING CORRECTIONS DROP PARTICIPATION.* IF DURING THE PERIOD OF A
25 CORRECTIONS DROP PARTICIPANT'S PARTICIPATION IN CORRECTIONS DROP, THE PARTICIPANT
26 REACHES A TERMINATION DATE BY REASON OF TOTAL AND PERMANENT DISABILITY IN ACCORDANCE
27 WITH SECTION 1.431, THE PARTICIPANT, INDIVIDUALLY, OR BY A REPRESENTATIVE IF THE
28 PARTICIPANT IS UNABLE TO MAKE AN ELECTION DUE TO THE DISABILITY, MAY ELECT TO RECEIVE
29 ONE OF THE FOLLOWING BENEFITS:

30 (1) THE BENEFIT CALCULATED PURSUANT TO SECTION 1.431, BASED UPON THE
31 PARTICIPANT'S ACTUAL YEARS OF CREDITABLE SERVICE, IF APPLICABLE, AND

1 AVERAGE COMPENSATION EARNED THROUGH THE TERMINATION DATE AND
2 CALCULATED AS IF THE CORRECTIONS DROP PARTICIPANT HAD NOT ELECTED TO
3 PARTICIPATE IN CORRECTIONS DROP. A CORRECTIONS DROP PARTICIPANT WHO
4 ELECTS THE BENEFIT PROVIDED FOR IN THIS SUBSECTION (I)(1) WILL FORFEIT HIS OR
5 HER CORRECTIONS DROP ACCOUNT; OR

6 (2) THE SUM OF:

7 (I) THE BALANCE OF THE PARTICIPANT'S CORRECTIONS DROP ACCOUNT AS OF
8 THE PARTICIPANT'S TERMINATION DATE, PAID IN THE FORM DESCRIBED IN
9 SUBSECTION 1.438(K)(2)A. OR 1.438(K)(2)B., PLUS

10 (II) THE MONTHLY BENEFIT CALCULATED PURSUANT TO SECTION 1.431, BASED
11 UPON THE PARTICIPANT'S ACTUAL YEARS OF CREDITABLE SERVICE, IF
12 APPLICABLE AND AVERAGE COMPENSATION EARNED THROUGH THE DAY
13 BEFORE HE OR SHE BECAME A CORRECTIONS DROP PARTICIPANT.

14 (J) *DEATH DURING CORRECTIONS DROP PARTICIPATION.*

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

18 (I) THE PARTICIPANT'S BENEFICIARY WILL RECEIVE:

- 19 A. THE GENERAL BENEFIT DESCRIBED IN SUBSECTION 1.439(A)(1), PLUS
20 B. ONE HUNDRED PERCENT OF THE BALANCE OF THE PARTICIPANT'S
21 CORRECTIONS DROP ACCOUNT AS OF THE CORRECTIONS DROP
22 PARTICIPANT'S TERMINATION DATE, PAID IN THE FORM DESCRIBED IN
23 SUBSECTION 1.438(K)(2)A. OR 1.438(K)(2)B., OR

24 (II) THE PARTICIPANT'S SURVIVING SPOUSE OR SURVIVING CHILDREN, AS
25 APPLICABLE, WILL RECEIVE:

- 26 A. ONE HUNDRED PERCENT OF THE BALANCE OF THE PARTICIPANT'S
27 CORRECTIONS DROP ACCOUNT AS OF THE CORRECTIONS DROP
28 PARTICIPANT'S TERMINATION DATE, PAID IN THE FORM DESCRIBED IN
29 SUBSECTION 1.438(K)(2)A. OR 1.438(K)(2)B., PLUS

- 30 B. THE MONTHLY BENEFIT DETERMINED PURSUANT TO SUBSECTION
31 1.439(A)(2) OR 1.439(B) BASED UPON THE PARTICIPANT'S ACTUAL

1 YEARS OF CREDITABLE SERVICE AND AVERAGE COMPENSATION
2 EARNED THROUGH THE DATE OF DEATH AND CALCULATED AS IF THE
3 CORRECTIONS DROP PARTICIPANT HAD NOT ELECTED TO
4 PARTICIPATE IN CORRECTIONS DROP.

5 (III) BENEFITS WILL BE PAID TO THE CORRECTIONS DROP PARTICIPANT'S
6 SURVIVING SPOUSE OR SURVIVING CHILDREN ONLY TO THE EXTENT THE
7 REQUIREMENTS OF SUBSECTIONS 1.439(A)(2) AND 1.439(B)(2) OR
8 1.439(B)(3) ARE MET. IF THE REQUIREMENTS OF SUBSECTIONS 1.439(A)(2)
9 AND 1.439(B)(2) OR 1.439(B)(3) ARE NOT MET, THE CORRECTIONS DROP
10 PARTICIPANT'S SURVIVING SPOUSE OR SURVIVING CHILDREN, AS APPLICABLE,
11 WILL RECEIVE THE BENEFIT DESCRIBED IN SUBSECTION (J)(1).

12 (K) *RETIREMENT BENEFITS OF CORRECTIONS DROP PARTICIPANTS.* ON THE FIRST DAY OF THE MONTH
13 FOLLOWING THE CORRECTIONS DROP PARTICIPANT'S TERMINATION DATE, THE CORRECTIONS
14 DROP PARTICIPANT, OR THE CORRECTIONS DROP PARTICIPANT'S BENEFICIARY, IF THE
15 PARTICIPANT HAS DIED BEFORE BENEFITS COMMENCE, SHALL BE ENTITLED TO RECEIVE THE
16 FOLLOWING BENEFITS UNDER THE PLAN:

17 (1) *MONTHLY INCOME.* A MONTHLY RETIREMENT INCOME DETERMINED IN ACCORDANCE
18 WITH SECTION 1.428 OR 1.442, ADJUSTED FOR UNUSED DISABILITY LEAVE, PURSUANT
19 TO SUBSECTION 1.428(J).

20 (2) *CORRECTIONS DROP PAYMENT.* THE AMOUNT ACCRUED IN THE PARTICIPANT'S
21 CORRECTIONS DROP ACCOUNT, DETERMINED IN ACCORDANCE WITH SUBSECTION
22 (H) AT THE END OF THE CORRECTIONS DROP PARTICIPANT'S PARTICIPATION PERIOD,
23 IN THE FORM OF:

24 (I) AN ELIGIBLE ROLLOVER DISTRIBUTION, PURSUANT TO SECTION 1.444; OR

25 (II) A LUMP SUM DISTRIBUTION, REDUCED BY ANY WITHHOLDING TAXES
26 REMITTED TO THE INTERNAL REVENUE SERVICE OR OTHER TAXING
27 AUTHORITY; OR

28 (III) AN ADDITIONAL ANNUITY IN THE NORMAL FORM OF MONTHLY BENEFIT
29 SPECIFIED IN SECTION 1.428 IF THE PARTICIPANT'S MONTHLY INCOME IS
30 PAYABLE IN THE NORMAL FORM OF MONTHLY BENEFIT SPECIFIED IN SECTION
31 1.428; OR

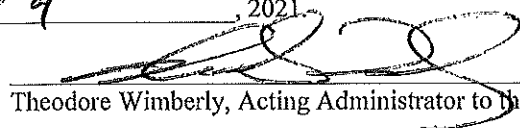
1 (IV) AN ADDITIONAL ANNUITY IN THE FORM OF MONTHLY BENEFIT ELECTED BY
2 THE CORRECTIONS DROP PARTICIPANT IN ACCORDANCE WITH SECTION
3 1.442 WITH RESPECT TO THE CORRECTIONS DROP PARTICIPANT'S MONTHLY
4 INCOME.

5
6 ***Section 2. And Be It Further Enacted by the County Council of Howard County, Maryland that***
7 ***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

February 4, 2021


Theodore Wimberly, Acting 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 _____, 2021.

Theodore Wimberly, Acting 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 _____, 2021.

Theodore Wimberly, Acting 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 _____, 2021.

Theodore Wimberly, Acting 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 _____, 2021.

Theodore Wimberly, Acting 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 _____, 2021.

Theodore Wimberly, Acting Administrator to the County Council

Eligibility

All plan members are eligible to enter DROP upon completing at least 20 years of Creditable Service.

Participation Period

Determined by DROP participant. The minimum participation period is two years and the maximum participation period is five years. A member must provide at least 18 months' written notice of the intended termination date. However, termination of participation is automatic upon the earlier of the fifth anniversary of DROP participation or upon accruing 35 years of Creditable Service.

Deposits to Account

- (a) Monthly benefit at DROP entry with no adjustment for cost of living (COLAs start after termination and are not retroactive)
- (b) Interest compounded monthly is applied to the balance of the DROP account as of the last day of each month. No interest is applied to additions made during the current month. The effective annual interest rate is equal to the assumed rate of return minus 4.0%, but not less than 1.5%. The current rate is 3.45%.

Employee Contributions

As under the current plan provisions, employee contributions cease at 20 years of service so there will be no employee contributions while in DROP.

Benefit Upon Disability

Regular plan benefit (continuation of pay and service) and no DROP account.

Or DROP account plus regular plan benefit based on actual year of creditable service and average compensation earned through the day before DROP entry.

Benefits Upon Death

Regular plan benefit (continuation of pay and service) plus DROP account.

Data, Methods, Assumptions and Scope

The data, methods and assumptions used for this study are the same as those used in our July 1, 2018 actuarial valuation of the Howard County Retirement Plan dated February 28, 2019 except for the retirement rates for the scenario where employees are assumed to retire later. There were 136 active Corrections members in that valuation with an annual payroll of about \$8.56 million.

For the scenario where employees are assumed to retire later, we reduced the retirement rates between 20 and 24 years of service by 50% and assumed those no longer retiring in that service range would enter DROP at 20 years of service and exit DROP at 24 years (i.e., remain in DROP for 4 of the maximum 5 years). Anyone retiring after 24 years of service was assumed to retire based on the current assumptions but to have joined DROP four years earlier. The revised retirement rates are shown on the last page of this letter.

For the scenario where employees are not assumed to retire later, anyone retiring after 24 years of service was assumed to have joined DROP four years earlier.



Lonnie R. Robbins
September 18, 2019
Page 3

When calculating the cost of the benefit change, we amortize the increase in the unfunded liability over a period of years. Model actuarial practice is to amortize the change in unfunded liability over the approximate average future working lifetime of current members which is approximately 8 years for Corrections members. The plan has been following this practice for several years and we have continued this practice for this study for the scenario where employees do not retire later. However, under the scenario where employees retire later, there is a potential savings, so we have used the same 15-year amortization period used for gains and losses.

We have not looked at the impact on the GASB accounting results. Liabilities would increase for GASB purposes since GASB requires Normal Cost to end at DROP entry while the County funds normal cost through DROP exit age.

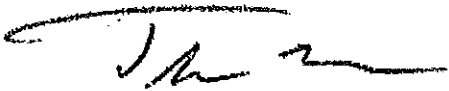
Actuarial certification

This letter has been prepared for Howard County for the purposes of estimating the impact of a benefit change for Corrections members in the Howard County Retirement Plan. It is neither intended nor necessarily suitable for other purposes. Bolton Partners is not responsible for the consequences of any other use.

We used the assumptions, data and methods shown in the 7/1/2018 actuarial valuation except where noted otherwise. I am a credentialed actuary and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this letter. I am currently compliant with the Continuing Professional Development Requirement of the Society of Actuaries.

Please call if you have any questions.

Sincerely,



Thomas B. Lowman, FSA, EA



Corrections Employees Retirement Rates (7/1/2018 actuarial valuation)

Age/Retirement Eligibility	Rate
Early retirement	
First eligibility	40%
Early retirement after first eligibility	5%
Normal retirement eligible, age < 62	
First eligible for normal	40%
After first eligible for normal (age < 50 and service < 25)	1%
All other age/service groups	10%
Normal retirement eligible, age 62+	50%
Age 70 and over	100%

Corrections Employees Retirement Rates (for scenario when employees retire later)

Age	Service							
	5	10	20	21	22	23	24	25
40	0%	0%	24%	1%	1%	1%	43.17%	10%
45	0%	0%	24%	1%	1%	1%	43.17%	10%
50	0%	0%	24%	4.74%	2.98%	1.38%	43.17%	10%
55	0%	0%	24%	4.74%	2.98%	1.38%	43.17%	10%
60	0%	0%	24%	4.74%	2.98%	1.38%	43.17%	10%
62	50%	40%	40%	50%	50%	50%	50%	50%
65	50%	50%	50%	50%	50%	50%	50%	50%
70	100%	100%	100%	100%	100%	100%	100%	100%



Office of the County Auditor
Auditor's Analysis

Council Bill 5-2021

Introduced: January 4, 2021

Auditor: Edward Shulder

Fiscal Impact:

According to a September 2019 actuarial study prepared by the County's consultant, implementation of a Deferred Retirement Option Program (DROP) for correctional officers will not impact County expenditures.

However, the study stated that there may be a small savings resulting from 1) a reduction in County contribution due to correctional officers working longer than they would otherwise and 2) a reduction in the County contribution as the DROP does not include a cost of living adjustment (COLA). The study estimated these savings could total \$257,000.

Purpose:

This bill creates a DROP for certain employees of the Department of Corrections. Employees with 20 or more years of creditable service may elect to participate in the DROP for a period between two and five years.

Other Comments:

According to the actuarial study, the proposed Corrections DROP program is similar to the Police and Fire's DROP II plan with the following exceptions.

- The Correction DROP allows for entry after 20 years, while the DROP II plan requires 25 years of service.
- The Correction employees will not make contributions after enrollment, while employees under DROP II make contributions to their DROP II accounts.