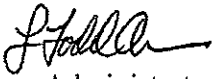




Internal Memorandum

Subject: Testimony for Bill No. 35 – 2014

To: Lonnie R. Robbins
Chief Administrative Officer

From: L. Todd Allen 
Human Resources Administrator

Date: June 2, 2014

The Howard County Police and Fire Retirement Plan Committee supports passage of Bill No. 35 – 2014, an amendment to the Howard County Police and Fire Retirement Plan.

The Bill allows Police Cadets to purchase up to two years of their cadet time as Creditable Service in the Police and Fire Plan. The participant would pay the full actuarial cost of the credit. This time was already eligible for purchase if earned from any eligible jurisdiction, other than Howard County Government. Our Pension Legal counsel has reported that this amendment was needed to correct an oversight in current language stating there was never any intent to treat Howard County Government Police Cadet service in a lesser manner than Police Cadet service for other counties.

Fiscal Note:

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

Next Steps:

To implement any retirement plan change:

- The Howard County Police and Fire Retirement Plan Committee must approve the legislation. The Committee unanimously approved the legislation at its December 6, 2013 meeting.
- The Pension Oversight Commission must consider the legislation. At its May 13, 2014 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 Police and Fire Retirement Plan Committees

BOLTON  PARTNERS

October 25, 2013

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 –
Amendment to purchase Cadet service*

Dear Terry:

It is our understanding that the Retirement Plan Committee for the Police and Fire Plan is considering an amendment to allow former Howard County police cadets to purchase up to 2 years of their cadet time as Creditable Service in the Police and Fire Plan. It is also our understanding that the service purchase rules will be the same as those currently stated in Section 1.419A(e) of the County Code which requires the participant to pay the full actuarial cost of the credit.

The Committee asked for the fiscal impact of such a change. We have concluded that implementing this service purchase benefit will have an insignificant effect on the cost of the Plan.

The County estimates that at any one time, there may be approximately 10 former cadets currently employed by Howard County as police officers (i.e., less than 2% of the active participants) who are eligible to purchase their cadet service. As with all contributions, the calculated cost will likely vary from actual cost since actuarial assumptions can differ from actual experience. In this situation, the effect of the gains and losses should be insignificant due to the low number of eligible former cadets and the small amount of service eligible for purchase. 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

