

Introduced 09.03.2024
Public Hearing 09.16.2024
Council Action 10.07.2024
Executive Action 10.10.2024
Effective Date 12.10.2024

County Council of Howard County, Maryland

2024 Legislative Session

Legislative Day No. 10

Bill No. 51 -2024

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

Short Title: Amendment to Howard County Retirement Plan – Creation of a Deferred Retirement Option Program for Participating Deputy Sheriffs.

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

Introduced and read first time Sept 3, 2024. Ordered posted and hearing scheduled.
By order Michelle Harrod
Michelle Harrod, Administrator

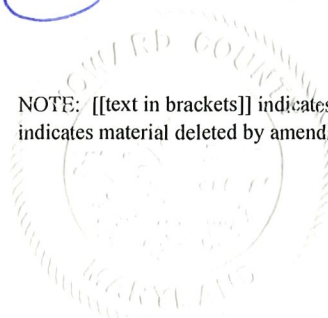
Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on Sept 16, 2024.
By order Michelle Harrod
Michelle Harrod, Administrator

This Bill was read the third time on Oct 7, 2024 and Passed , Passed with amendments , Failed .
By order Michelle Harrod
Michelle Harrod Administrator

Sealed with the County Seal and presented to the County Executive for approval this 8 day of October, 2024 at 2⁰⁰ a.m./p.m. (2)
By order Michelle Harrod
Michelle Harrod, Administrator

Approved/Vetoed by the County Executive Oct 10, 2024
Calvin Ball
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 1. By amending the heading for:

4 Title 1 – Human Resources

5 Section 1.438 Deferred Retirement Option Program

6 2. By adding

7 Section 1.438.1 Deferred Retirement Option Program for Participating Deputy
8 Sheriffs

9
10 **Title 1. Human Resources.**

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

12 **Article III. Trust Fund.**

13
14 **Section 1.438. Deferred Retirement Option Program FOR PARTICIPATING CORRECTIONS**
15 **EMPLOYEES.**

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

17 (1) *Applicable interest rate* means the assumed rate of return (net of investment
18 expenses) on the Plan’s investments (“investment return rate”) as most recently
19 adopted by the Committee minus 4.0%; provided that the applicable interest rate
20 shall not be less than 1.5%. Changes to the applicable interest rate will become
21 effective on the July 1 that next follows the adoption of the change in the investment
22 return rate.

23 (2) *Corrections DROP* means the Deferred Retirement Option Program established
24 under this section 1.438, pursuant to which a participating corrections employee
25 agrees to delay receipt of retirement benefits while he or she continues to work.

26 (3) *Corrections DROP account* means the account established for a Corrections DROP
27 participant in accordance with subsection (h) into which the retirement benefits plus
28 interest are credited while the participant continues to work for the County.

29 (4) *Corrections DROP effective date* means July 1, 2021.

30 (5) *Corrections DROP participant* means a participating corrections employee as
31 defined in Section ~~1.406(ak)~~ 1.406(AM) who is eligible and who elects to participate
32 in Corrections DROP.

1 (6) *Corrections DROP participation period* means the time during which a participant
2 participates in Corrections DROP while actively employed by the County.
3 Corrections DROP participation periods may begin on the first day of any month
4 on or after July 1, 2021.

5 (b) *Eligibility.*

6 (1) Except as provided in paragraph (2) of this subsection (b), a Participating
7 Corrections Employee is eligible to participate in Corrections DROP if the
8 Participating Corrections Employee has completed at least 20 years of creditable
9 service.

10 (2) A participating corrections employee who, on July 1, 2021 has accrued 33 or more
11 years of creditable service may elect to enter Corrections DROP for a participation
12 period of two years, which will begin on October 1, 2021 and end on September
13 30, 2023.

14 (3) For purposes of this subsection, years of creditable service attributable to unused
15 disability leave that may otherwise be credited pursuant to section ~~1.428(j)~~ 1.428(k)
16 shall not be counted. All other years of creditable service are counted for purposes
17 of this subsection.

18 (c) *Term of Corrections DROP Participation.* The term of Corrections DROP participation shall
19 be determined by the Corrections DROP participant; provided, however, that the minimum
20 Corrections DROP participation period is two years and the maximum Corrections DROP
21 participation period is five years. A participant who enters Corrections DROP but does not
22 complete the minimum participation period of two years before his or her termination date shall
23 have his or her retirement income recalculated as if he or she never entered Corrections DROP. In
24 such a case, the participant's Corrections DROP account will be zero dollars.

25 (d) *Application.* An eligible Participating Corrections Employee who elects to participate in
26 Corrections DROP shall:

27 (1) Complete and submit a written election to the Coordinator on a form approved by
28 or acceptable to the Committee, stating:

29 (i) The participant's intention to participate in Corrections DROP;

30 (ii) The date when the participant intends to begin to participate in Corrections
31 DROP; and

1 (iii) Such other information required by the Committee to implement
2 Corrections DROP with respect to the participant.

3 (iv) submit the application to the Coordinator between 90 and 30 days prior to
4 the date the participant intends to begin to participate in Corrections DROP.

5 (2) A participating corrections employee who, as of July 1, 2021, has accrued 33 or
6 more years of creditable service and elects to participate in CORRECTIONS DROP
7 shall submit an application to the Coordinator no later than August 15, 2021.

8 (e) *Termination of Participation.* Participation in Corrections DROP terminates if the Corrections
9 DROP participant:

10 (1) Reaches a termination date by reason of death, disability or termination of
11 employment;

12 (2) Except as provided in subsection (B)(2), accrues 35 years of creditable service, or

13 (3) Reaches the fifth anniversary of his or her Corrections DROP participation date.

14 (f) *Termination of Corrections DROP Participation Period.*

15 (1) A Corrections DROP participant shall provide at least 18 months' written notice to
16 the Coordinator of his or her intent to terminate employment and end the
17 Corrections DROP participation period prior to the date he or she accrues 35 years
18 of creditable service or reaches the fifth anniversary of his or her Corrections DROP
19 participation date. This notice shall be irrevocable 60 days after the Coordinator
20 receives the notice.

21 (2) *Termination of Corrections DROP participation.* the termination date of a
22 Corrections DROP participant shall be the last day of his or her Corrections DROP
23 participation period. The Corrections DROP participant will begin receiving a
24 retirement benefit as of the first day of the month following the end of the
25 Corrections DROP participation period. The termination date of a participant who
26 fails to submit the documents requesting retirement shall be the date he or she
27 accrues 35 years of creditable service or reaches the fifth anniversary of his or her
28 Corrections DROP participation date.

29 (3) *Penalty for Early Termination.* A Corrections DROP participant who has
30 completed two years of Corrections DROP participation and terminates
31 employment prior to completion of the 18 month period provided in the notice
32 described in subsection (f)(1) of this Section shall forfeit the interest accrued in a

1 number of previous months. The number of months of interest forfeited is equal to
2 the lesser of (a) 12 months or (b) 18 minus the number of full calendar months
3 actually served after written notice of intent to terminate employment and end the
4 Corrections DROP participation period was provided to the Coordinator. If a
5 Corrections DROP participant fails to give any notice, the interest penalty shall be
6 12 months. There shall be no penalty under this subsection (f)(3) with respect to a
7 Corrections DROP participant who (1) terminates Corrections DROP on the date
8 he or she accrues 35 years of creditable service or reaches the fifth anniversary of
9 his or her Corrections DROP participation date or (2) DIES, BECOMES DISABLED OR
10 is subject to an involuntary termination of employment.

- 11 (4) *Extension of Participation.* A Corrections DROP participant who has declared his
12 or her written intent to terminate employment and end his or her Corrections DROP
13 participation may request a one-time extension of not more than six months.
14 Approval of the extension shall be at the discretion of the County Executive or his
15 or her designee. No extension shall extend the length of Corrections DROP
16 participation to more than five years.

17 (g) *Status during Participation.*

- 18 (1) *Plan participant:* A Corrections DROP participant will remain a participant in the
19 Plan until the last day of his or her Corrections DROP participation period.
- 20 (2) *Application of Cost of Living Adjustments:* During the Corrections DROP
21 participation period, the monthly retirement income of Corrections DROP
22 participants, which is accumulated in their Corrections DROP Accounts, will not
23 be subject to cost of living adjustments under Section 1.435.
- 24 (3) A Corrections DROP participant will not accrue credit for years of creditable
25 service during the period of Corrections DROP participation.
- 26 (4) A Corrections DROP participant's compensation during the Corrections DROP
27 participation period shall not be used to increase the Corrections DROP
28 participant's average compensation.
- 29 (5) During the period of a Corrections DROP participant's participation in Corrections
30 DROP, the Corrections DROP participant shall continue to be eligible to participate
31 in any health and welfare plan or deferred compensation plan, and receive any other
32 benefits otherwise available to County employees who are Corrections Employees

1 and shall continue to be subject to the personnel laws, regulations and policies
2 applicable to Corrections Employees.

3 (h) *Corrections DROP Account.*

4 (1) As of the effective date of participation in Corrections DROP, the Coordinator shall
5 establish and maintain a Corrections DROP account for each Corrections DROP
6 participant. The Corrections DROP account is maintained solely for purposes of
7 accounting for the Corrections DROP participant's benefit from Corrections DROP.
8 The Committee shall be under no obligation to segregate funds from the trust for
9 the participant's Corrections DROP account.

10 (2) During the period of the Corrections DROP participant's participation in
11 Corrections DROP, the Coordinator shall credit each month the following amounts
12 to the Corrections DROP participant's Corrections DROP account:

13 (i) The Corrections DROP participant's monthly retirement income determined
14 pursuant to section 1.428, as of the participant's Corrections DROP
15 participation date without the adjustment for unused disability leave
16 pursuant to subsection ~~1.428(j)~~ 1.428(k), and without adjustment for cost of
17 living increases provided to retirees under section 1.435 of this Subtitle.

18 (ii) Interest on the amount described in sub-paragraph a in accordance with the
19 following rules:

20 a. Interest compounded monthly, but with an effective annual rate
21 equal to the applicable interest rate will be applied to the balance of
22 the Corrections DROP account as of the last day of each month
23 during the Corrections DROP participation period.

24 b. No interest will be applied to additions to the account made during
25 the current calendar month.

26 (3) *Statement of account balance.* At least once a year, the Coordinator shall provide
27 to a *Corrections DROP participant* a statement of the account balance credited to
28 the *Corrections DROP account* as described in paragraph (2).

29 (i) *Disability during Corrections DROP participation.* If during the period of a Corrections DROP
30 participant's participation in Corrections DROP, the participant reaches a termination date by
31 reason of total and permanent disability in accordance with section 1.431, the participant,

1 individually, or by a representative if the participant is unable to make an election due to the
2 disability, may elect to receive one of the following benefits:

3 (1) The benefit calculated pursuant to section 1.431, based upon the participant's actual
4 years of creditable service, if applicable, and average compensation earned through
5 the termination date and calculated as if the Corrections DROP participant had not
6 elected to participate in Corrections DROP. A Corrections DROP participant who
7 elects the benefit provided for in this subsection (i)(1) will forfeit his or her
8 Corrections DROP account; or

9 (2) The sum of:

10 (i) The balance of the participant's Corrections DROP account as of the
11 participant's termination date, paid in the form described in subsection
12 1.438(k)(2) a. or 1.438(k)(2) b., plus

13 (ii) The monthly benefit calculated pursuant to section 1.431, based upon the
14 participant's actual years of creditable service, if applicable and average
15 compensation earned through the day before he or she became a Corrections
16 DROP participant.

17 (j) *Death during Corrections DROP participation.*

18 (1) If during the period of a Corrections DROP participant's participation in
19 Corrections DROP, the participant reaches a termination date by reason of death,
20 one of the following benefits will be paid:

21 (i) The participant's beneficiary will receive:

22 a. The general benefit described in subsection 1.439(a)(1), plus

23 b. One hundred percent of the balance of the participant's Corrections
24 DROP account as of the Corrections DROP participant's termination
25 date, paid in the form described in subsection 1.438(k)(2)a. or
26 1.438(k)(2)b., or

27 (ii) The participant's surviving spouse or surviving children, as applicable, will
28 receive:

29 a. One hundred percent of the balance of the participant's Corrections
30 DROP account as of the Corrections DROP participant's termination
31 date, paid in the form described in subsection 1.438(k)(2)a. or
32 1.438(k)(2)b., plus

1
2 **SECTION 1.438.1. DEFERRED RETIREMENT OPTION PROGRAM FOR PARTICIPATING DEPUTY**
3 **SHERIFFS.**

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

5 (1) *APPLICABLE INTEREST RATE* MEANS THE ASSUMED RATE OF RETURN (NET OF
6 INVESTMENT EXPENSES) ON THE PLAN'S INVESTMENTS ("INVESTMENT RETURN
7 RATE") AS MOST RECENTLY ADOPTED BY THE COMMITTEE MINUS 4.0%; PROVIDED
8 THAT THE APPLICABLE INTEREST RATE SHALL NOT BE LESS THAN 1.5%. CHANGES TO
9 THE APPLICABLE INTEREST RATE WILL BECOME EFFECTIVE ON THE JULY 1 THAT NEXT
10 FOLLOWS THE ADOPTION OF THE CHANGE IN THE INVESTMENT RETURN RATE.

11 (2) *DEPUTY SHERIFFS DROP* MEANS THE DEFERRED RETIREMENT OPTION PROGRAM
12 ESTABLISHED UNDER THIS SECTION 1.438.1, PURSUANT TO WHICH A PARTICIPATING
13 DEPUTY SHERIFF AGREES TO DELAY RECEIPT OF RETIREMENT BENEFITS WHILE HE OR
14 SHE CONTINUES TO WORK.

15 (3) *DEPUTY SHERIFF DROP ACCOUNT* MEANS THE ACCOUNT ESTABLISHED FOR A
16 DEPUTY SHERIFF DROP PARTICIPANT IN ACCORDANCE WITH SUBSECTION (H) INTO
17 WHICH THE RETIREMENT BENEFITS PLUS INTEREST ARE CREDITED WHILE THE
18 PARTICIPANT CONTINUES TO WORK FOR THE SHERIFF OF HOWARD COUNTY.

19 (4) *DEPUTY SHERIFF DROP EFFECTIVE DATE* MEANS JULY 1, 2024.

20 (5) *DEPUTY SHERIFFS DROP PARTICIPANT* MEANS A PARTICIPATING DEPUTY SHERIFF
21 DEFINED IN SECTION ~~1.406(AM)~~ 1.406(AN) WHO IS ELIGIBLE AND WHO ELECTS TO
22 PARTICIPATE IN DEPUTY SHERIFFS DROP.

23 (6) *DEPUTY SHERIFFS DROP PARTICIPATION PERIOD* MEANS THE TIME DURING WHICH A
24 PARTICIPANT PARTICIPATES IN DEPUTY SHERIFFS DROP WHILE ACTIVELY
25 EMPLOYED BY THE SHERIFF OF HOWARD COUNTY. DEPUTY SHERIFFS DROP
26 PARTICIPATION PERIODS MAY BEGIN ON THE FIRST DAY OF ANY MONTH ON OR AFTER
27 THE DATE HE OR SHE HAS COMPLETED AT LEAST 20 YEARS OF CREDITABLE SERVICE.

28 (B) *ELIGIBILITY.*

29 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION (B), A PARTICIPATING
30 DEPUTY SHERIFF IS ELIGIBLE TO PARTICIPATE IN DEPUTY SHERIFFS DROP IF THE
31 PARTICIPATING DEPUTY SHERIFF HAS COMPLETED AT LEAST 20 YEARS OF
32 CREDITABLE SERVICE.

1 (2) FOR PURPOSES OF THIS SUBSECTION, YEARS OF CREDITABLE SERVICE ATTRIBUTABLE
2 TO UNUSED DISABILITY LEAVE THAT MAY OTHERWISE BE CREDITED PURSUANT TO
3 SECTION ~~1.428(j)~~ 1.428(k) SHALL NOT BE COUNTED. ALL OTHER YEARS OF
4 CREDITABLE SERVICE ARE COUNTED FOR PURPOSES OF THIS SUBSECTION.

5 (C) *TERM OF DEPUTY SHERIFFS DROP PARTICIPATION.* THE TERM OF DEPUTY SHERIFFS DROP
6 PARTICIPATION SHALL BE DETERMINED BY THE DEPUTY SHERIFFS DROP PARTICIPANT; PROVIDED,
7 HOWEVER, THAT THE MINIMUM DEPUTY SHERIFFS DROP PARTICIPATION PERIOD IS TWO YEARS AND
8 THE MAXIMUM DEPUTY SHERIFFS DROP PARTICIPATION PERIOD IS FIVE YEARS. A PARTICIPANT WHO
9 ENTERS DEPUTY SHERIFFS DROP BUT DOES NOT COMPLETE THE MINIMUM PARTICIPATION PERIOD
10 OF TWO YEARS BEFORE HIS OR HER TERMINATION DATE SHALL HAVE HIS OR HER RETIREMENT
11 INCOME RECALCULATED AS IF HE OR SHE NEVER ENTERED DEPUTY SHERIFFS DROP. IN SUCH A
12 CASE, THE PARTICIPANT'S DEPUTY SHERIFFS DROP ACCOUNT WILL BE ZERO DOLLARS.

13 (D) *APPLICATION.* AN ELIGIBLE PARTICIPATING DEPUTY SHERIFF WHO ELECTS TO PARTICIPATE IN
14 DEPUTY SHERIFFS DROP SHALL:

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

17 (I) THE PARTICIPANT'S INTENTION TO PARTICIPATE IN DEPUTY SHERIFFS DROP;

18 (II) THE DATE WHEN THE PARTICIPANT INTENDS TO BEGIN TO PARTICIPATE IN
19 DEPUTY SHERIFFS DROP; AND

20 (III) SUCH OTHER INFORMATION REQUIRED BY THE COMMITTEE TO IMPLEMENT
21 DEPUTY SHERIFFS DROP WITH RESPECT TO THE PARTICIPANT.

22 (IV) SUBMIT THE APPLICATION TO THE COORDINATOR BETWEEN 90 AND 30 DAYS
23 PRIOR TO THE DATE THE PARTICIPANT INTENDS TO BEGIN TO PARTICIPATE IN
24 DEPUTY SHERIFFS DROP.

25 (E) *TERMINATION OF PARTICIPATION.* PARTICIPATION IN DEPUTY SHERIFFS DROP TERMINATES IF
26 THE DEPUTY SHERIFFS DROP PARTICIPANT:

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

29 (2) ACCRUES 35 YEARS OF CREDITABLE SERVICE, OR

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

32 (F) *TERMINATION OF DEPUTY SHERIFFS DROP PARTICIPATION PERIOD.*

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

8 (2) *TERMINATION OF DEPUTY SHERIFFS DROP PARTICIPATION.* THE TERMINATION DATE
9 OF A DEPUTY SHERIFFS DROP PARTICIPANT SHALL BE THE LAST DAY OF HIS OR HER
10 DEPUTY SHERIFFS DROP PARTICIPATION PERIOD. THE DEPUTY SHERIFFS DROP
11 PARTICIPANT WILL BEGIN RECEIVING A RETIREMENT BENEFIT AS OF THE FIRST DAY
12 OF THE MONTH FOLLOWING THE END OF THE DEPUTY SHERIFFS DROP
13 PARTICIPATION PERIOD. THE TERMINATION DATE OF A PARTICIPANT WHO FAILS TO
14 SUBMIT THE DOCUMENTS REQUESTING RETIREMENT SHALL BE THE DATE HE OR SHE
15 ACCRUES 35 YEARS OF CREDITABLE SERVICE OR REACHES THE FIFTH ANNIVERSARY
16 OF HIS OR HER DEPUTY SHERIFFS DROP PARTICIPATION DATE.

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

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

8 (G) *STATUS DURING PARTICIPATION.*

9 (1) *PLAN PARTICIPANT:* A DEPUTY SHERIFFS DROP PARTICIPANT WILL REMAIN A
10 PARTICIPANT IN THE PLAN UNTIL THE LAST DAY OF HIS OR HER DEPUTY SHERIFFS
11 DROP PARTICIPATION PERIOD.

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

17 (3) A DEPUTY SHERIFFS DROP PARTICIPANT WILL NOT ACCRUE CREDIT FOR YEARS OF
18 CREDITABLE SERVICE DURING THE PERIOD OF DEPUTY SHERIFFS DROP
19 PARTICIPATION.

20 (4) A DEPUTY SHERIFFS DROP PARTICIPANT'S COMPENSATION DURING THE DEPUTY
21 SHERIFFS DROP PARTICIPATION PERIOD SHALL NOT BE USED TO INCREASE THE
22 DEPUTY SHERIFFS DROP PARTICIPANT'S AVERAGE COMPENSATION.

23 (5) DURING THE PERIOD OF A DEPUTY SHERIFFS DROP PARTICIPANT'S PARTICIPATION
24 IN DEPUTY SHERIFFS DROP, THE DEPUTY SHERIFFS DROP PARTICIPANT SHALL
25 CONTINUE TO BE ELIGIBLE TO PARTICIPATE IN ANY HEALTH AND WELFARE PLAN OR
26 DEFERRED COMPENSATION PLAN, AND RECEIVE ANY OTHER BENEFITS OTHERWISE
27 AVAILABLE TO DEPUTY SHERIFFS AND SHALL CONTINUE TO BE SUBJECT TO THE
28 PERSONNEL LAWS, REGULATIONS AND POLICIES APPLICABLE TO DEPUTY SHERIFFS.

29 (H) *DEPUTY SHERIFFS DROP ACCOUNT.*

30 (1) AS OF THE EFFECTIVE DATE OF PARTICIPATION IN DEPUTY SHERIFFS DROP, THE
31 COORDINATOR SHALL ESTABLISH AND MAINTAIN A DEPUTY SHERIFFS DROP
32 ACCOUNT FOR EACH DEPUTY SHERIFFS DROP PARTICIPANT. THE DEPUTY SHERIFFS

1 DROP ACCOUNT IS MAINTAINED SOLELY FOR PURPOSES OF ACCOUNTING FOR THE
2 DEPUTY SHERIFFS DROP PARTICIPANT'S BENEFIT FROM DEPUTY SHERIFFS DROP.
3 THE COMMITTEE SHALL BE UNDER NO OBLIGATION TO SEGREGATE FUNDS FROM THE
4 TRUST FOR THE PARTICIPANT'S DEPUTY SHERIFFS DROP ACCOUNT.

5 (2) DURING THE PERIOD OF THE DEPUTY SHERIFFS DROP PARTICIPANT'S PARTICIPATION
6 IN DEPUTY SHERIFFS DROP, THE COORDINATOR SHALL CREDIT EACH MONTH THE
7 FOLLOWING AMOUNTS TO THE DEPUTY SHERIFFS DROP PARTICIPANT'S DEPUTY
8 SHERIFFS DROP ACCOUNT:

9 (I) THE DEPUTY SHERIFFS DROP PARTICIPANT'S MONTHLY RETIREMENT
10 INCOME DETERMINED PURSUANT TO SECTION 1.428, AS OF THE
11 PARTICIPANT'S DEPUTY SHERIFFS DROP PARTICIPATION DATE WITHOUT THE
12 ADJUSTMENT FOR UNUSED DISABILITY LEAVE PURSUANT TO SUBSECTION
13 ~~1.428(j)~~ 1.428(k), AND WITHOUT ADJUSTMENT FOR COST OF LIVING
14 INCREASES PROVIDED TO RETIREES UNDER SECTION 1.435 OF THIS SUBTITLE.

15 (II) INTEREST ON THE AMOUNT DESCRIBED IN SUB-PARAGRAPH A IN
16 ACCORDANCE WITH THE FOLLOWING RULES:

17 A. INTEREST COMPOUNDED MONTHLY, BUT WITH AN EFFECTIVE ANNUAL
18 RATE EQUAL TO THE APPLICABLE INTEREST RATE WILL BE APPLIED TO
19 THE BALANCE OF THE DEPUTY SHERIFFS DROP ACCOUNT AS OF THE
20 LAST DAY OF EACH MONTH DURING THE DEPUTY SHERIFFS DROP
21 PARTICIPATION PERIOD.

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

24 (3) *STATEMENT OF ACCOUNT BALANCE.* AT LEAST ONCE A YEAR, THE COORDINATOR
25 SHALL PROVIDE TO A *DEPUTY SHERIFFS DROP PARTICIPANT* A STATEMENT OF THE
26 ACCOUNT BALANCE CREDITED TO THE *DEPUTY SHERIFFS DROP ACCOUNT* AS
27 DESCRIBED IN PARAGRAPH (2).

28 (i) *DISABILITY DURING DEPUTY SHERIFFS DROP PARTICIPATION.* IF DURING THE PERIOD OF A DEPUTY
29 SHERIFFS DROP PARTICIPANT'S PARTICIPATION IN DEPUTY SHERIFFS DROP, THE PARTICIPANT
30 REACHES A TERMINATION DATE BY REASON OF TOTAL AND PERMANENT DISABILITY IN ACCORDANCE
31 WITH SECTION 1.431, THE PARTICIPANT, INDIVIDUALLY, OR BY A REPRESENTATIVE IF THE

1 PARTICIPANT IS UNABLE TO MAKE AN ELECTION DUE TO THE DISABILITY, MAY ELECT TO RECEIVE
2 ONE OF THE FOLLOWING BENEFITS:

3 (1) THE BENEFIT CALCULATED PURSUANT TO SECTION 1.431, BASED UPON THE
4 PARTICIPANT'S ACTUAL YEARS OF CREDITABLE SERVICE, IF APPLICABLE, AND
5 AVERAGE COMPENSATION EARNED THROUGH THE TERMINATION DATE AND
6 CALCULATED AS IF THE DEPUTY SHERIFFS DROP PARTICIPANT HAD NOT ELECTED TO
7 PARTICIPATE IN DEPUTY SHERIFFS DROP. A DEPUTY SHERIFFS DROP PARTICIPANT
8 WHO ELECTS THE BENEFIT PROVIDED FOR IN THIS SUBSECTION (I)(1) WILL FORFEIT
9 HIS OR HER DEPUTY SHERIFFS DROP ACCOUNT; OR

10 (2) THE SUM OF:

11 (I) THE BALANCE OF THE PARTICIPANT'S DEPUTY SHERIFFS DROP ACCOUNT AS
12 OF THE PARTICIPANT'S TERMINATION DATE, PAID IN THE FORM DESCRIBED IN
13 SUBSECTION 1.438.1(K)(2)A. OR 1.438.1(K)(2)B., PLUS

14 (II) THE MONTHLY BENEFIT CALCULATED PURSUANT TO SECTION 1.431, BASED
15 UPON THE PARTICIPANT'S ACTUAL YEARS OF CREDITABLE SERVICE, IF
16 APPLICABLE AND AVERAGE COMPENSATION EARNED THROUGH THE DAY
17 BEFORE HE OR SHE BECAME A DEPUTY SHERIFFS DROP PARTICIPANT.

18 (J) *DEATH DURING DEPUTY SHERIFFS DROP PARTICIPATION.*

19 (1) IF DURING THE PERIOD OF A DEPUTY SHERIFFS DROP PARTICIPANT'S PARTICIPATION
20 IN DEPUTY SHERIFFS DROP, THE PARTICIPANT REACHES A TERMINATION DATE BY
21 REASON OF DEATH, ONE OF THE FOLLOWING BENEFITS WILL BE PAID:

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

23 A. THE GENERAL BENEFIT DESCRIBED IN SUBSECTION 1.439(A)(1), PLUS

24 B. ONE HUNDRED PERCENT OF THE BALANCE OF THE PARTICIPANT'S
25 DEPUTY SHERIFFS DROP ACCOUNT AS OF THE DEPUTY SHERIFFS
26 DROP PARTICIPANT'S TERMINATION DATE, PAID IN THE FORM
27 DESCRIBED IN SUBSECTION 1.438.1(K)(2)A. OR 1.438.1(K)(2)B., OR

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

30 A. ONE HUNDRED PERCENT OF THE BALANCE OF THE PARTICIPANT'S
31 DEPUTY SHERIFFS DROP ACCOUNT AS OF THE DEPUTY SHERIFFS

1 DROP PARTICIPANT'S TERMINATION DATE, PAID IN THE FORM
2 DESCRIBED IN SUBSECTION 1.438.1(K)(2)A. OR 1.438.1(K)(2)B., PLUS

3 B. THE MONTHLY BENEFIT DETERMINED PURSUANT TO SUBSECTION
4 1.439(A)(2) OR 1.439(B) BASED UPON THE PARTICIPANT'S ACTUAL
5 YEARS OF CREDITABLE SERVICE AND AVERAGE COMPENSATION
6 EARNED THROUGH THE DATE OF DEATH AND CALCULATED AS IF THE
7 DEPUTY SHERIFFS DROP PARTICIPANT HAD NOT ELECTED TO
8 PARTICIPATE IN DEPUTY SHERIFFS DROP.

9 (III) BENEFITS WILL BE PAID TO THE DEPUTY SHERIFFS DROP PARTICIPANT'S
10 SURVIVING SPOUSE OR SURVIVING CHILDREN ONLY TO THE EXTENT THE
11 REQUIREMENTS OF SUBSECTIONS 1.439(A)(2) AND 1.439(B)(2) OR
12 1.439(B)(3) ARE MET. IF THE REQUIREMENTS OF SUBSECTIONS 1.439(A)(2)
13 AND 1.439(B)(2) OR 1.439(B)(3) ARE NOT MET, THE DEPUTY SHERIFFS DROP
14 PARTICIPANT'S SURVIVING SPOUSE OR SURVIVING CHILDREN, AS APPLICABLE,
15 WILL RECEIVE THE BENEFIT DESCRIBED IN SUBSECTION (J)(1).

16 (K) *RETIREMENT BENEFITS OF DEPUTY SHERIFFS DROP PARTICIPANTS.* ON THE FIRST DAY OF THE
17 MONTH FOLLOWING THE DEPUTY SHERIFFS DROP PARTICIPANT'S TERMINATION DATE, THE DEPUTY
18 SHERIFFS DROP PARTICIPANT, OR THE DEPUTY SHERIFFS DROP PARTICIPANT'S BENEFICIARY, IF
19 THE PARTICIPANT HAS DIED BEFORE BENEFITS COMMENCE, SHALL BE ENTITLED TO RECEIVE THE
20 FOLLOWING BENEFITS UNDER THE PLAN:

21 (1) *MONTHLY INCOME.* A MONTHLY RETIREMENT INCOME DETERMINED IN ACCORDANCE
22 WITH SECTION 1.428 OR 1.442, ADJUSTED FOR UNUSED DISABILITY LEAVE, PURSUANT
23 TO SUBSECTION ~~1.428(J)~~ 1.428(K).

24 (2) *DEPUTY SHERIFFS DROP PAYMENT.* THE AMOUNT ACCRUED IN THE PARTICIPANT'S
25 DEPUTY SHERIFFS DROP ACCOUNT, DETERMINED IN ACCORDANCE WITH
26 SUBSECTION (H) AT THE END OF THE DEPUTY SHERIFFS DROP PARTICIPANT'S
27 PARTICIPATION PERIOD, IN THE FORM OF:

28 (i) AN ELIGIBLE ROLLOVER DISTRIBUTION, PURSUANT TO SECTION 1.444; OR

29 (ii) A LUMP SUM DISTRIBUTION, REDUCED BY ANY WITHHOLDING TAXES
30 REMITTED TO THE INTERNAL REVENUE SERVICE OR OTHER TAXING
31 AUTHORITY; OR

- 1 (III) AN ADDITIONAL ANNUITY IN THE NORMAL FORM OF MONTHLY BENEFIT
2 SPECIFIED IN SECTION 1.428 IF THE PARTICIPANT'S MONTHLY INCOME IS
3 PAYABLE IN THE NORMAL FORM OF MONTHLY BENEFIT SPECIFIED IN SECTION
4 1.428; OR
5 (IV) AN ADDITIONAL ANNUITY IN THE FORM OF MONTHLY BENEFIT ELECTED BY
6 THE DEPUTY SHERIFFS DROP PARTICIPANT IN ACCORDANCE WITH SECTION
7 1.442 WITH RESPECT TO THE DEPUTY SHERIFFS DROP PARTICIPANT'S
8 MONTHLY INCOME.
9

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

Introduced 09.03.2024
Public Hearing 09.16.2024
Council Action _____
Executive Action _____
Effective Date _____

County Council of Howard County, Maryland

2024 Legislative Session

Legislative Day No. 10

Bill No. 51-2024

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

Short Title: Amendment to Howard County Retirement Plan – Creation of a Deferred Retirement Option Program for Participating Deputy Sheriffs.

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

Introduced and read first time Sept 3, 2024. Ordered posted and hearing scheduled.
By order Michelle Harrod
Michelle Harrod, 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 Sept 16, 2024.
By order Michelle Harrod
Michelle Harrod, Administrator

This Bill was read the third time on _____, 2024, and Passed _____, Passed with amendments _____, Failed _____.
By order _____
Michelle Harrod Administrator

Sealed with the County Seal and presented to the County Executive for approval this ___ day of _____, 2024 at ___ a.m./p.m.
By order _____
Michelle Harrod, Administrator

Approved/Vetoed by the County Executive _____, 2024

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 1. By amending the heading for:

4 Title 1 – Human Resources

5 Section 1.438 Deferred Retirement Option Program

6 2. By adding

7 Section 1.438.1 Deferred Retirement Option Program for Participating Deputy
8 Sheriffs

9
10 **Title 1. Human Resources.**

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

12 **Article III. Trust Fund.**

13
14 **Section 1.438. Deferred Retirement Option Program FOR PARTICIPATING CORRECTIONS**
15 **EMPLOYEES.**

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

17 (1) *Applicable interest rate* means the assumed rate of return (net of investment
18 expenses) on the Plan's investments ("investment return rate") as most recently
19 adopted by the Committee minus 4.0%; provided that the applicable interest rate
20 shall not be less than 1.5%. Changes to the applicable interest rate will become
21 effective on the July 1 that next follows the adoption of the change in the investment
22 return rate.

23 (2) *Corrections DROP* means the Deferred Retirement Option Program established
24 under this section 1.438, pursuant to which a participating corrections employee
25 agrees to delay receipt of retirement benefits while he or she continues to work.

26 (3) *Corrections DROP account* means the account established for a Corrections DROP
27 participant in accordance with subsection (h) into which the retirement benefits plus
28 interest are credited while the participant continues to work for the County.

29 (4) *Corrections DROP effective date* means July 1, 2021.

30 (5) *Corrections DROP participant* means a participating corrections employee as
31 defined in Section 1.406(ak) who is eligible and who elects to participate in
32 Corrections DROP.

1 (6) *Corrections DROP participation period* means the time during which a participant
2 participates in Corrections DROP while actively employed by the County.
3 Corrections DROP participation periods may begin on the first day of any month
4 on or after July 1, 2021.

5 (b) *Eligibility.*

6 (1) Except as provided in paragraph (2) of this subsection (b), a Participating
7 Corrections Employee is eligible to participate in Corrections DROP if the
8 Participating Corrections Employee has completed at least 20 years of creditable
9 service.

10 (2) A participating corrections employee who, on July 1, 2021 has accrued 33 or more
11 years of creditable service may elect to enter Corrections DROP for a participation
12 period of two years, which will begin on October 1, 2021 and end on September
13 30, 2023.

14 (3) For purposes of this subsection, years of creditable service attributable to unused
15 disability leave that may otherwise be credited pursuant to section 1.428(j) shall not
16 be counted. All other years of creditable service are counted for purposes of this
17 subsection.

18 (c) *Term of Corrections DROP Participation.* The term of Corrections DROP participation shall
19 be determined by the Corrections DROP participant; provided, however, that the minimum
20 Corrections DROP participation period is two years and the maximum Corrections DROP
21 participation period is five years. A participant who enters Corrections DROP but does not
22 complete the minimum participation period of two years before his or her termination date shall
23 have his or her retirement income recalculated as if he or she never entered Corrections DROP. In
24 such a case, the participant's Corrections DROP account will be zero dollars.

25 (d) *Application.* An eligible Participating Corrections Employee who elects to participate in
26 Corrections DROP shall:

27 (1) Complete and submit a written election to the Coordinator on a form approved by
28 or acceptable to the Committee, stating:

29 (i) The participant's intention to participate in Corrections DROP;

30 (ii) The date when the participant intends to begin to participate in Corrections
31 DROP; and

1 (iii) Such other information required by the Committee to implement
2 Corrections DROP with respect to the participant.

3 (iv) submit the application to the Coordinator between 90 and 30 days prior to
4 the date the participant intends to begin to participate in Corrections DROP.

5 (2) A participating corrections employee who, as of July 1, 2021, has accrued 33 or
6 more years of creditable service and elects to participate in CORRECTIONS DROP
7 shall submit an application to the Coordinator no later than August 15, 2021.

8 (e) *Termination of Participation.* Participation in Corrections DROP terminates if the Corrections
9 DROP participant:

10 (1) Reaches a termination date by reason of death, disability or termination of
11 employment;

12 (2) Except as provided in subsection (B)(2), accrues 35 years of creditable service, or

13 (3) Reaches the fifth anniversary of his or her Corrections DROP participation date.

14 (f) *Termination of Corrections DROP Participation Period.*

15 (1) A Corrections DROP participant shall provide at least 18 months' written notice to
16 the Coordinator of his or her intent to terminate employment and end the
17 Corrections DROP participation period prior to the date he or she accrues 35 years
18 of creditable service or reaches the fifth anniversary of his or her Corrections DROP
19 participation date. This notice shall be irrevocable 60 days after the Coordinator
20 receives the notice.

21 (2) *Termination of Corrections DROP participation.* the termination date of a
22 Corrections DROP participant shall be the last day of his or her Corrections DROP
23 participation period. The Corrections DROP participant will begin receiving a
24 retirement benefit as of the first day of the month following the end of the
25 Corrections DROP participation period. The termination date of a participant who
26 fails to submit the documents requesting retirement shall be the date he or she
27 accrues 35 years of creditable service or reaches the fifth anniversary of his or her
28 Corrections DROP participation date.

29 (3) *Penalty for Early Termination.* A Corrections DROP participant who has
30 completed two years of Corrections DROP participation and terminates
31 employment prior to completion of the 18 month period provided in the notice
32 described in subsection (f)(1) of this Section shall forfeit the interest accrued in a

1 number of previous months. The number of months of interest forfeited is equal to
2 the lesser of (a) 12 months or (b) 18 months minus the number of full calendar months
3 actually served after written notice of intent to terminate employment and end the
4 Corrections DROP participation period was provided to the Coordinator. If a
5 Corrections DROP participant fails to give any notice, the interest penalty shall be
6 12 months. There shall be no penalty under this subsection (f)(3) with respect to a
7 Corrections DROP participant who (1) terminates Corrections DROP on the date
8 he or she accrues 35 years of creditable service or reaches the fifth anniversary of
9 his or her Corrections DROP participation date or (2) DIES, BECOMES DISABLED OR
10 is subject to an involuntary termination of employment.

11 (4) *Extension of Participation.* A Corrections DROP participant who has declared his
12 or her written intent to terminate employment and end his or her Corrections DROP
13 participation may request a one-time extension of not more than six months.
14 Approval of the extension shall be at the discretion of the County Executive or his
15 or her designee. No extension shall extend the length of Corrections DROP
16 participation to more than five years.

17 (g) *Status during Participation.*

18 (1) *Plan participant.* A Corrections DROP participant will remain a participant in the
19 Plan until the last day of his or her Corrections DROP participation period.

20 (2) *Application of Cost of Living Adjustments:* During the Corrections DROP
21 participation period, the monthly retirement income of Corrections DROP
22 participants, which is accumulated in their Corrections DROP Accounts, will not
23 be subject to cost of living adjustments under Section 1.435.

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

26 (4) A Corrections DROP participant's compensation during the Corrections DROP
27 participation period shall not be used to increase the Corrections DROP
28 participant's average compensation.

29 (5) During the period of a Corrections DROP participant's participation in Corrections
30 DROP, the Corrections DROP participant shall continue to be eligible to participate
31 in any health and welfare plan or deferred compensation plan, and receive any other
32 benefits otherwise available to County employees who are Corrections Employees

1 and shall continue to be subject to the personnel laws, regulations and policies
2 applicable to Corrections Employees.

3 (h) *Corrections DROP Account.*

4 (1) As of the effective date of participation in Corrections DROP, the Coordinator shall
5 establish and maintain a Corrections DROP account for each Corrections DROP
6 participant. The Corrections DROP account is maintained solely for purposes of
7 accounting for the Corrections DROP participant's benefit from Corrections DROP.
8 The Committee shall be under no obligation to segregate funds from the trust for
9 the participant's Corrections DROP account.

10 (2) During the period of the Corrections DROP participant's participation in
11 Corrections DROP, the Coordinator shall credit each month the following amounts
12 to the Corrections DROP participant's Corrections DROP account:

13 (i) The Corrections DROP participant's monthly retirement income determined
14 pursuant to section 1.428, as of the participant's Corrections DROP
15 participation date without the adjustment for unused disability leave
16 pursuant to subsection 1.428(j), and without adjustment for cost of living
17 increases provided to retirees under section 1.435 of this Subtitle.

18 (ii) Interest on the amount described in sub-paragraph a in accordance with the
19 following rules:

20 a. Interest compounded monthly, but with an effective annual rate
21 equal to the applicable interest rate will be applied to the balance of
22 the Corrections DROP account as of the last day of each month
23 during the Corrections DROP participation period.

24 b. No interest will be applied to additions to the account made during
25 the current calendar month.

26 (3) *Statement of account balance.* At least once a year, the Coordinator shall provide
27 to a *Corrections DROP participant* a statement of the account balance credited to
28 the *Corrections DROP account* as described in paragraph (2).

29 (i) *Disability during Corrections DROP participation.* If during the period of a Corrections DROP
30 participant's participation in Corrections DROP, the participant reaches a termination date by
31 reason of total and permanent disability in accordance with section 1.431, the participant,

1 individually, or by a representative if the participant is unable to make an election due to the
2 disability, may elect to receive one of the following benefits:

- 3 (1) The benefit calculated pursuant to section 1.431, based upon the participant's actual
4 years of creditable service, if applicable, and average compensation earned through
5 the termination date and calculated as if the Corrections DROP participant had not
6 elected to participate in Corrections DROP. A Corrections DROP participant who
7 elects the benefit provided for in this subsection (i)(1) will forfeit his or her
8 Corrections DROP account; or
- 9 (2) The sum of:
 - 10 (i) The balance of the participant's Corrections DROP account as of the
11 participant's termination date, paid in the form described in subsection
12 1.438(k)(2) a. or 1.438(k)(2) b. plus
 - 13 (ii) The monthly benefit calculated pursuant to section 1.431, based upon the
14 participant's actual years of creditable service, if applicable and average
15 compensation earned through the day before he or she became a Corrections
16 DROP participant.

17 (j) *Death during Corrections DROP participation.*

- 18 (1) If during the period of a Corrections DROP participant's participation in
19 Corrections DROP, the participant reaches a termination date by reason of death,
20 one of the following benefits will be paid:
 - 21 (i) The participant's beneficiary will receive:
 - 22 a. The general benefit described in subsection 1.439(a)(1), plus
 - 23 b. One hundred percent of the balance of the participant's Corrections
24 DROP account as of the Corrections DROP participant's termination
25 date, paid in the form described in subsection 1.438(k)(2)a. or
26 1.438(k)(2)b., or
 - 27 (ii) The participant's surviving spouse or surviving children, as applicable, will
28 receive:
 - 29 a. One hundred percent of the balance of the participant's Corrections
30 DROP account as of the Corrections DROP participant's termination
31 date, paid in the form described in subsection 1.438(k)(2)a. or
32 1.438(k)(2)b., plus

1 b. The monthly benefit determined pursuant to subsection 1.439(a)(2)
2 or 1.439(b) based upon the participant's actual years of creditable
3 service and average compensation earned through the date of death
4 and calculated as if the Corrections DROP participant had not
5 elected to participate in Corrections DROP.

6 (iii) Benefits will be paid to the Corrections DROP participant's surviving
7 spouse or surviving children only to the extent the requirements of
8 subsections 1.439(a)(2) and 1.439(b)(2) or 1.439(b)(3) are met. If the
9 requirements of subsections 1.439(a)(2) and 1.439(b)(2) or 1.439(b)(3) are
10 not met, the Corrections DROP participant's surviving spouse or surviving
11 children, as applicable, will receive the benefit described in subsection
12 (j)(1).

13 (k) *Retirement Benefits of Corrections DROP Participants.* On the first day of the month
14 following the Corrections DROP participant's termination date, the Corrections DROP participant,
15 or the Corrections DROP participant's beneficiary, if the participant has died before benefits
16 commence, shall be entitled to receive the following benefits under the Plan:

17 (1) *Monthly Income.* A monthly retirement income determined in accordance with
18 section 1.428 or 1.442, adjusted for unused disability leave, pursuant to subsection
19 1.428(j).

20
21 (2) *Corrections DROP Payment.* The amount accrued in the participant's Corrections
22 DROP account, determined in accordance with subsection (h) at the end of the
23 Corrections DROP participant's participation period, 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 remitted to the
26 Internal Revenue Service or other taxing authority; or
27 (iii) An additional annuity in the normal form of monthly benefit specified in
28 section 1.428 if the participant's monthly income is payable in the normal
29 form of monthly benefit specified in section 1.428; or
30 (iv) An additional annuity in the form of monthly benefit elected by the
31 Corrections DROP participant in accordance with section 1.442 with
32 respect to the Corrections DROP participant's monthly income.

1
2 **SECTION 1.438.1. DEFERRED RETIREMENT OPTION PROGRAM FOR PARTICIPATING DEPUTY**
3 **SHERIFFS.**

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

5 (1) *APPLICABLE INTEREST RATE* MEANS THE ASSUMED RATE OF RETURN (NET OF
6 INVESTMENT EXPENSES) ON THE PLAN'S INVESTMENTS ("INVESTMENT RETURN
7 RATE") AS MOST RECENTLY ADOPTED BY THE COMMITTEE MINUS 4.0%; PROVIDED
8 THAT THE APPLICABLE INTEREST RATE SHALL NOT BE LESS THAN 1.5%. CHANGES TO
9 THE APPLICABLE INTEREST RATE WILL BECOME EFFECTIVE ON THE JULY 1 THAT NEXT
10 FOLLOWS THE ADOPTION OF THE CHANGE IN THE INVESTMENT RETURN RATE.

11 (2) *DEPUTY SHERIFFS DROP* MEANS THE DEFERRED RETIREMENT OPTION PROGRAM
12 ESTABLISHED UNDER THIS SECTION 1.438.1, PURSUANT TO WHICH A PARTICIPATING
13 DEPUTY SHERIFF AGREES TO DELAY RECEIPT OF RETIREMENT BENEFITS WHILE HE OR
14 SHE CONTINUES TO WORK.

15 (3) *DEPUTY SHERIFF DROP ACCOUNT* MEANS THE ACCOUNT ESTABLISHED FOR A
16 DEPUTY SHERIFF DROP PARTICIPANT IN ACCORDANCE WITH SUBSECTION (H) INTO
17 WHICH THE RETIREMENT BENEFITS PLUS INTEREST ARE CREDITED WHILE THE
18 PARTICIPANT CONTINUES TO WORK FOR THE SHERIFF OF HOWARD COUNTY.

19 (4) *DEPUTY SHERIFF DROP EFFECTIVE DATE* MEANS JULY 1, 2024.

20 (5) *DEPUTY SHERIFFS DROP PARTICIPANT* MEANS A PARTICIPATING DEPUTY SHERIFF
21 DEFINED IN SECTION 1.406(A) WHO IS ELIGIBLE AND WHO ELECTS TO PARTICIPATE
22 IN DEPUTY SHERIFFS DROP.

23 (6) *DEPUTY SHERIFFS DROP PARTICIPATION PERIOD* MEANS THE TIME DURING WHICH A
24 PARTICIPANT PARTICIPATES IN DEPUTY SHERIFFS DROP WHILE ACTIVELY
25 EMPLOYED BY THE SHERIFF OF HOWARD COUNTY. DEPUTY SHERIFFS DROP
26 PARTICIPATION PERIODS MAY BEGIN ON THE FIRST DAY OF ANY MONTH ON OR AFTER
27 THE DATE HE OR SHE HAS COMPLETED AT LEAST 20 YEARS OF CREDITABLE SERVICE.

28 (B) *ELIGIBILITY.*

29 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION (B), A PARTICIPATING
30 DEPUTY SHERIFF IS ELIGIBLE TO PARTICIPATE IN DEPUTY SHERIFFS DROP IF THE
31 PARTICIPATING DEPUTY SHERIFF HAS COMPLETED AT LEAST 20 YEARS OF
32 CREDITABLE SERVICE.

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

5 (C) *TERM OF DEPUTY SHERIFFS DROP PARTICIPATION.* THE TERM OF DEPUTY SHERIFFS DROP
6 PARTICIPATION SHALL BE DETERMINED BY THE DEPUTY SHERIFFS DROP PARTICIPANT; PROVIDED,
7 HOWEVER, THAT THE MINIMUM DEPUTY SHERIFFS DROP PARTICIPATION PERIOD IS TWO YEARS AND
8 THE MAXIMUM DEPUTY SHERIFFS DROP PARTICIPATION PERIOD IS FIVE YEARS. A PARTICIPANT WHO
9 ENTERS DEPUTY SHERIFFS DROP BUT DOES NOT COMPLETE THE MINIMUM PARTICIPATION PERIOD
10 OF TWO YEARS BEFORE HIS OR HER TERMINATION DATE SHALL HAVE HIS OR HER RETIREMENT
11 INCOME RECALCULATED AS IF HE OR SHE NEVER ENTERED DEPUTY SHERIFFS DROP. IN SUCH A
12 CASE, THE PARTICIPANT'S DEPUTY SHERIFFS DROP ACCOUNT WILL BE ZERO DOLLARS.

13 (D) *APPLICATION.* AN ELIGIBLE PARTICIPATING DEPUTY SHERIFF WHO ELECTS TO PARTICIPATE IN
14 DEPUTY SHERIFFS DROP SHALL:

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

17 (I) THE PARTICIPANT'S INTENTION TO PARTICIPATE IN DEPUTY SHERIFFS DROP;

18 (II) THE DATE WHEN THE PARTICIPANT INTENDS TO BEGIN TO PARTICIPATE IN
19 DEPUTY SHERIFFS DROP; AND

20 (III) SUCH OTHER INFORMATION REQUIRED BY THE COMMITTEE TO IMPLEMENT
21 DEPUTY SHERIFFS DROP WITH RESPECT TO THE PARTICIPANT.

22 (IV) SUBMIT THE APPLICATION TO THE COORDINATOR BETWEEN 90 AND 30 DAYS
23 PRIOR TO THE DATE THE PARTICIPANT INTENDS TO BEGIN TO PARTICIPATE IN
24 DEPUTY SHERIFFS DROP.

25 (E) *TERMINATION OF PARTICIPATION.* PARTICIPATION IN DEPUTY SHERIFFS DROP TERMINATES IF
26 THE DEPUTY SHERIFFS DROP PARTICIPANT:

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

29 (2) ACCRUES 35 YEARS OF CREDITABLE SERVICE, OR

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

32 (F) *TERMINATION OF DEPUTY SHERIFFS DROP PARTICIPATION PERIOD.*

- 1 (1) A DEPUTY SHERIFFS DROP PARTICIPANT SHALL PROVIDE AT LEAST 18 MONTHS'
2 WRITTEN NOTICE TO THE COORDINATOR OF HIS OR HER INTENT TO TERMINATE
3 EMPLOYMENT AND END THE DEPUTY SHERIFFS DROP PARTICIPATION PERIOD PRIOR
4 TO THE DATE HE OR SHE ACCRUES 35 YEARS OF CREDITABLE SERVICE OR REACHES
5 THE FIFTH ANNIVERSARY OF HIS OR HER DEPUTY SHERIFFS DROP PARTICIPATION
6 DATE. THIS NOTICE SHALL BE IRREVOCABLE 60 DAYS AFTER THE COORDINATOR
7 RECEIVES THE NOTICE.
- 8 (2) *TERMINATION OF DEPUTY SHERIFFS DROP PARTICIPATION.* THE TERMINATION DATE
9 OF A DEPUTY SHERIFFS DROP PARTICIPANT SHALL BE THE LAST DAY OF HIS OR HER
10 DEPUTY SHERIFFS DROP PARTICIPATION PERIOD. THE DEPUTY SHERIFFS DROP
11 PARTICIPANT WILL BEGIN RECEIVING A RETIREMENT BENEFIT AS OF THE FIRST DAY
12 OF THE MONTH FOLLOWING THE END OF THE DEPUTY SHERIFFS DROP
13 PARTICIPATION PERIOD. THE TERMINATION DATE OF A PARTICIPANT WHO FAILS TO
14 SUBMIT THE DOCUMENTS REQUESTING RETIREMENT SHALL BE THE DATE HE OR SHE
15 ACCRUES 35 YEARS OF CREDITABLE SERVICE OR REACHES THE FIFTH ANNIVERSARY
16 OF HIS OR HER DEPUTY SHERIFFS DROP PARTICIPATION DATE.
- 17 (3) *PENALTY FOR EARLY TERMINATION.* A DEPUTY SHERIFFS DROP PARTICIPANT WHO
18 HAS COMPLETED TWO YEARS OF DEPUTY SHERIFFS DROP PARTICIPATION AND
19 TERMINATES EMPLOYMENT PRIOR TO COMPLETION OF THE 18 MONTH PERIOD
20 PROVIDED IN THE NOTICE DESCRIBED IN SUBSECTION (F)(1) OF THIS SECTION SHALL
21 FORFEIT THE INTEREST ACCRUED IN A NUMBER OF PREVIOUS MONTHS. THE NUMBER
22 OF MONTHS OF INTEREST FORFEITED IS EQUAL TO THE LESSER OF (A) 12 MONTHS OR
23 (B) 18 MINUS THE NUMBER OF FULL CALENDAR MONTHS ACTUALLY SERVED AFTER
24 WRITTEN NOTICE OF INTENT TO TERMINATE EMPLOYMENT AND END THE DEPUTY
25 SHERIFFS DROP PARTICIPATION PERIOD WAS PROVIDED TO THE COORDINATOR. IF A
26 DEPUTY SHERIFFS DROP PARTICIPANT FAILS TO GIVE ANY NOTICE, THE INTEREST
27 PENALTY SHALL BE 12 MONTHS. THERE SHALL BE NO PENALTY UNDER THIS
28 SUBSECTION (F)(3) WITH RESPECT TO A DEPUTY SHERIFFS DROP PARTICIPANT WHO
29 (1) TERMINATES DEPUTY SHERIFFS DROP ON THE DATE HE OR SHE ACCRUES 35
30 YEARS OF CREDITABLE SERVICE OR REACHES THE FIFTH ANNIVERSARY OF HIS OR HER
31 DEPUTY SHERIFFS DROP PARTICIPATION DATE OR (2) DIES, BECOMES DISABLED OR
32 IS SUBJECT TO AN INVOLUNTARY TERMINATION OF EMPLOYMENT.

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

8 (G) *STATUS DURING PARTICIPATION.*

9 (1) *PLAN PARTICIPANT:* A DEPUTY SHERIFFS DROP PARTICIPANT WILL REMAIN A
10 PARTICIPANT IN THE PLAN UNTIL THE LAST DAY OF HIS OR HER DEPUTY SHERIFFS
11 DROP PARTICIPATION PERIOD.

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

17 (3) A DEPUTY SHERIFFS DROP PARTICIPANT WILL NOT ACCRUE CREDIT FOR YEARS OF
18 CREDITABLE SERVICE DURING THE PERIOD OF DEPUTY SHERIFFS DROP
19 PARTICIPATION.

20 (4) A DEPUTY SHERIFFS DROP PARTICIPANT'S COMPENSATION DURING THE DEPUTY
21 SHERIFFS DROP PARTICIPATION PERIOD SHALL NOT BE USED TO INCREASE THE
22 DEPUTY SHERIFFS DROP PARTICIPANT'S AVERAGE COMPENSATION.

23 (5) DURING THE PERIOD OF A DEPUTY SHERIFFS DROP PARTICIPANT'S PARTICIPATION
24 IN DEPUTY SHERIFFS DROP, THE DEPUTY SHERIFFS DROP PARTICIPANT SHALL
25 CONTINUE TO BE ELIGIBLE TO PARTICIPATE IN ANY HEALTH AND WELFARE PLAN OR
26 DEFERRED COMPENSATION PLAN, AND RECEIVE ANY OTHER BENEFITS OTHERWISE
27 AVAILABLE TO DEPUTY SHERIFFS AND SHALL CONTINUE TO BE SUBJECT TO THE
28 PERSONNEL LAWS, REGULATIONS AND POLICIES APPLICABLE TO DEPUTY SHERIFFS.

29 (H) *DEPUTY SHERIFFS DROP ACCOUNT.*

30 (1) AS OF THE EFFECTIVE DATE OF PARTICIPATION IN DEPUTY SHERIFFS DROP, THE
31 COORDINATOR SHALL ESTABLISH AND MAINTAIN A DEPUTY SHERIFFS DROP
32 ACCOUNT FOR EACH DEPUTY SHERIFFS DROP PARTICIPANT. THE DEPUTY SHERIFFS

1 DROP ACCOUNT IS MAINTAINED SOLELY FOR PURPOSES OF ACCOUNTING FOR THE
2 DEPUTY SHERIFFS DROP PARTICIPANT'S BENEFIT FROM DEPUTY SHERIFFS DROP.
3 THE COMMITTEE SHALL BE UNDER NO OBLIGATION TO SEGREGATE FUNDS FROM THE
4 TRUST FOR THE PARTICIPANT'S DEPUTY SHERIFFS DROP ACCOUNT.

5 (2) DURING THE PERIOD OF THE DEPUTY SHERIFFS DROP PARTICIPANT'S PARTICIPATION
6 IN DEPUTY SHERIFFS DROP, THE COORDINATOR SHALL CREDIT EACH MONTH THE
7 FOLLOWING AMOUNTS TO THE DEPUTY SHERIFFS DROP PARTICIPANT'S DEPUTY
8 SHERIFFS DROP ACCOUNT:

9 (I) THE DEPUTY SHERIFFS DROP PARTICIPANT'S MONTHLY RETIREMENT
10 INCOME DETERMINED PURSUANT TO SECTION 1.428, AS OF THE
11 PARTICIPANT'S DEPUTY SHERIFFS DROP PARTICIPATION DATE WITHOUT THE
12 ADJUSTMENT FOR UNUSED DISABILITY LEAVE PURSUANT TO SUBSECTION
13 1.428(J), AND WITHOUT ADJUSTMENT FOR COST OF LIVING INCREASES
14 PROVIDED TO RETIREES UNDER SECTION 1.435 OF THIS SUBTITLE.

15 (II) INTEREST ON THE AMOUNT DESCRIBED IN SUB-PARAGRAPH A IN
16 ACCORDANCE WITH THE FOLLOWING RULES:

17 A. INTEREST COMPOUNDED MONTHLY, BUT WITH AN EFFECTIVE ANNUAL
18 RATE EQUAL TO THE APPLICABLE INTEREST RATE WILL BE APPLIED TO
19 THE BALANCE OF THE DEPUTY SHERIFFS DROP ACCOUNT AS OF THE
20 LAST DAY OF EACH MONTH DURING THE DEPUTY SHERIFFS DROP
21 PARTICIPATION PERIOD.

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

24 (3) *STATEMENT OF ACCOUNT BALANCE.* AT LEAST ONCE A YEAR, THE COORDINATOR
25 SHALL PROVIDE TO A *DEPUTY SHERIFFS DROP PARTICIPANT* A STATEMENT OF THE
26 ACCOUNT BALANCE CREDITED TO THE *DEPUTY SHERIFFS DROP ACCOUNT* AS
27 DESCRIBED IN PARAGRAPH (2).

28 (I) *DISABILITY DURING DEPUTY SHERIFFS DROP PARTICIPATION.* IF DURING THE PERIOD OF A DEPUTY
29 SHERIFFS DROP PARTICIPANT'S PARTICIPATION IN DEPUTY SHERIFFS DROP, THE PARTICIPANT
30 REACHES A TERMINATION DATE BY REASON OF TOTAL AND PERMANENT DISABILITY IN ACCORDANCE
31 WITH SECTION 1.431, THE PARTICIPANT, INDIVIDUALLY, OR BY A REPRESENTATIVE IF THE

1 PARTICIPANT IS UNABLE TO MAKE AN ELECTION DUE TO THE DISABILITY, MAY ELECT TO RECEIVE
2 ONE OF THE FOLLOWING BENEFITS:

3 (1) THE BENEFIT CALCULATED PURSUANT TO SECTION 1.431, BASED UPON THE
4 PARTICIPANT'S ACTUAL YEARS OF CREDITABLE SERVICE, IF APPLICABLE, AND
5 AVERAGE COMPENSATION EARNED THROUGH THE TERMINATION DATE AND
6 CALCULATED AS IF THE DEPUTY SHERIFFS DROP PARTICIPANT HAD NOT ELECTED TO
7 PARTICIPATE IN DEPUTY SHERIFFS DROP. A DEPUTY SHERIFFS DROP PARTICIPANT
8 WHO ELECTS THE BENEFIT PROVIDED FOR IN THIS SUBSECTION (i)(1) WILL FORFEIT
9 HIS OR HER DEPUTY SHERIFFS DROP ACCOUNT; OR

10 (2) THE SUM OF:

11 (i) THE BALANCE OF THE PARTICIPANT'S DEPUTY SHERIFFS DROP ACCOUNT AS
12 OF THE PARTICIPANT'S TERMINATION DATE, PAID IN THE FORM DESCRIBED IN
13 SUBSECTION 1.438.1(K)(2)A. OR 1.438.1(K)(2)B., PLUS

14 (ii) THE MONTHLY BENEFIT CALCULATED PURSUANT TO SECTION 1.431, BASED
15 UPON THE PARTICIPANT'S ACTUAL YEARS OF CREDITABLE SERVICE, IF
16 APPLICABLE AND AVERAGE COMPENSATION EARNED THROUGH THE DAY
17 BEFORE HE OR SHE BECAME A DEPUTY SHERIFFS DROP PARTICIPANT.

18 (j) *DEATH DURING DEPUTY SHERIFFS DROP PARTICIPATION.*

19 (1) IF DURING THE PERIOD OF A DEPUTY SHERIFFS DROP PARTICIPANT'S PARTICIPATION
20 IN DEPUTY SHERIFFS DROP, THE PARTICIPANT REACHES A TERMINATION DATE BY
21 REASON OF DEATH, ONE OF THE FOLLOWING BENEFITS WILL BE PAID:

22 (i) THE PARTICIPANT'S BENEFICIARY WILL RECEIVE:

23 A. THE GENERAL BENEFIT DESCRIBED IN SUBSECTION 1.439(A)(1), PLUS

24 B. ONE HUNDRED PERCENT OF THE BALANCE OF THE PARTICIPANT'S
25 DEPUTY SHERIFFS DROP ACCOUNT AS OF THE DEPUTY SHERIFFS
26 DROP PARTICIPANT'S TERMINATION DATE, PAID IN THE FORM
27 DESCRIBED IN SUBSECTION 1.438.1(K)(2)A. OR 1.438.1(K)(2)B., OR

28 (ii) THE PARTICIPANT'S SURVIVING SPOUSE OR SURVIVING CHILDREN, AS
29 APPLICABLE, WILL RECEIVE:

30 A. ONE HUNDRED PERCENT OF THE BALANCE OF THE PARTICIPANT'S
31 DEPUTY SHERIFFS DROP ACCOUNT AS OF THE DEPUTY SHERIFFS

1 DROP PARTICIPANT'S TERMINATION DATE, PAID IN THE FORM
2 DESCRIBED IN SUBSECTION 1.438.1(K)(2)A. OR 1.438.1(K)(2)B., PLUS

3 B. THE MONTHLY BENEFIT DETERMINED PURSUANT TO SUBSECTION
4 1.439(A)(2) OR 1.439(B) BASED UPON THE PARTICIPANT'S ACTUAL
5 YEARS OF CREDITABLE SERVICE AND AVERAGE COMPENSATION
6 EARNED THROUGH THE DATE OF DEATH AND CALCULATED AS IF THE
7 DEPUTY SHERIFFS DROP PARTICIPANT HAD NOT ELECTED TO
8 PARTICIPATE IN DEPUTY SHERIFFS DROP.

9 (III) BENEFITS WILL BE PAID TO THE DEPUTY SHERIFFS DROP PARTICIPANT'S
10 SURVIVING SPOUSE OR SURVIVING CHILDREN ONLY TO THE EXTENT THE
11 REQUIREMENTS OF SUBSECTIONS 1.439(A)(2) AND 1.439(B)(2) OR
12 1.439(B)(3) ARE MET. IF THE REQUIREMENTS OF SUBSECTIONS 1.439(A)(2)
13 AND 1.439(B)(2) OR 1.439(B)(3) ARE NOT MET, THE DEPUTY SHERIFFS DROP
14 PARTICIPANT'S SURVIVING SPOUSE OR SURVIVING CHILDREN, AS APPLICABLE,
15 WILL RECEIVE THE BENEFIT DESCRIBED IN SUBSECTION (J)(1).

16 (K) *RETIREMENT BENEFITS OF DEPUTY SHERIFFS DROP PARTICIPANTS.* ON THE FIRST DAY OF THE
17 MONTH FOLLOWING THE DEPUTY SHERIFFS DROP PARTICIPANT'S TERMINATION DATE, THE DEPUTY
18 SHERIFFS DROP PARTICIPANT, OR THE DEPUTY SHERIFFS DROP PARTICIPANT'S BENEFICIARY, IF
19 THE PARTICIPANT HAS DIED BEFORE BENEFITS COMMENCE, SHALL BE ENTITLED TO RECEIVE THE
20 FOLLOWING BENEFITS UNDER THE PLAN:

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

24 (2) *DEPUTY SHERIFFS DROP PAYMENT.* THE AMOUNT ACCRUED IN THE PARTICIPANT'S
25 DEPUTY SHERIFFS DROP ACCOUNT, DETERMINED IN ACCORDANCE WITH
26 SUBSECTION (H) AT THE END OF THE DEPUTY SHERIFFS DROP PARTICIPANT'S
27 PARTICIPATION PERIOD, IN THE FORM OF:

- 28 (i) AN ELIGIBLE ROLL-OVER DISTRIBUTION, PURSUANT TO SECTION 1.444; OR
- 29 (ii) A LUMP SUM DISTRIBUTION, REDUCED BY ANY WITHHOLDING TAXES
30 REMITTED TO THE INTERNAL REVENUE SERVICE OR OTHER TAXING
31 AUTHORITY; OR

1 (III) AN ADDITIONAL ANNUITY IN THE NORMAL FORM OF MONTHLY BENEFIT
2 SPECIFIED IN SECTION 1.428 IF THE PARTICIPANT'S MONTHLY INCOME IS
3 PAYABLE IN THE NORMAL FORM OF MONTHLY BENEFIT SPECIFIED IN SECTION
4 1.428; OR

5 (IV) AN ADDITIONAL ANNUITY IN THE FORM OF MONTHLY BENEFIT ELECTED BY
6 THE DEPUTY SHERIFFS DROP PARTICIPANT IN ACCORDANCE WITH SECTION
7 1.442 WITH RESPECT TO THE DEPUTY SHERIFFS DROP PARTICIPANT'S
8 MONTHLY INCOME.

9
10 *Section 2. And Be It Further Enacted by the County Council of Howard County, Maryland that*
11 *this Act shall become effective 61 days after its enactment.*

Amendment 1 to Council Bill No. 51-2024

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

**Legislative Day No. 11
Date: October 7, 2024**

Amendment No. 1

(This amendment corrects cross references.)

- 1 On page 1, in line 31, strike “1.406(ak) and substitute “1.406(AM)”.
- 2
- 3 Strike “1.428(j)” and substitute “1.428(K)” in the following instances:
- 4 1. On page 2, in line 15
- 5 2. On page 5, in line 16
- 6 3. On page 7, in line 19
- 7
- 8 Strike “1.428(j)” and substitute “1.428(K)” in the following instances:
- 9 1. On page 9, in line 3,
- 10 2. On page 12, in line 13
- 11 3. On page 14, in line 23
- 12
- 13 Strike “1.406(am)” and substitute “1.406(AN)” in the following instances:
- 14 1. On page 8, in line 21

I certify that this a true copy of
Am 1 CBSI-2024
passed on October 7, 2024
Michelle Cherry
Council Administrator



Howard County

Internal Memorandum

August 22, 2024

Subject: Council Testimony and Fiscal Impact Statement Re:
Proposed Retirement Plan Amendments Affecting Sheriff Deputies

To: Brandee Ganz, Chief Administrative Officer

From: Jamar Herry
Raul Delerme
Deputy Chief Administrative Officers

Anju A. Bennett,
Chair, Joint Pension Committee
Administrator, Office of Human Resources

Scott Southern, Retirement Coordinator
Office of Human Resources

County Administration recommends the passage of the proposed legislation which would add a Deferred Retirement Option Program (DROP) benefit for the Sheriff deputies. The DROP program incentivizes individuals otherwise eligible for retirement to continue employment for 2-5 years. The plan amendment would be effective July 1, 2024, and subject to eligibility criteria summarized at the bottom of this memo. The County supports this change to address retention and succession planning concerns within the Sheriff's Office. It should be noted that the addition of a DROP option is consistent with pension programs for other public safety personnel.

The proposed legislation was drafted by the Howard County Pension Counsel and reviewed by the Pension Oversight Commission. The Pension Oversight Commission considered the legislation at its meeting on July 16, 2024, and supports the amendment. The Pension Oversight Commission's letter of support is provided as Attachment A.

The proposed legislation provides a benefit enhancement DROP Program who have at least 20 years of Creditable Service in the Howard County Retirement Plan.

- This benefit would apply to individuals who were hired after July 1, 2021.
- Upon obtaining 20 years of creditable service or any month after, a Deputy Sheriff can elect to participate in the DROP program.
- Participation in the DROP option is a minimum of 2 years and a maximum of 5 years. The enrolled participant must provide 18 months' advanced notice of their intent to exit DROP.
- At enrollment into the DROP option, a DROP Account is established for the individual. Every month that the participant is in DROP, the DROP account is credited for their monthly retirement benefit (as if they had elected retirement) along with compounded interest.

Fiscal Impact: Attachment B provides the actuarial costing prepared by our Pension actuary, Bolton USA. The study was completed in February 2024 and considered the FY25 actuarially determined contributions. The Plan amendment would result in a small saving to the Retirement plan.

We are available to provide any further assistance or answer any questions you may have.
cc: Jennifer Sager



Pension Oversight Commission

July 18, 2024

Dr. Calvin Ball, County Executive
Howard County Government
3430 Court House Drive
Ellicott City, MD 21043

Ms. Deb Jung, Chairperson
Howard County Council
3430 Court House Drive
Ellicott City, MD 21043


Dear Dr. Ball and Ms. Jung:

I write on behalf of the Pension Oversight Commission regarding the currently unnumbered bill to amend the Howard County Employees' Retirement Plan, in order to create a Deferred Retirement Option Program (DROP) for Participating Deputy Sheriffs.

The Commissioners reviewed the bill and its fiscal impact at their July 16, 2024 meeting, including the February 2024 report from the pension plan actuaries, Bolton.

The Pension Oversight Commission supports the proposed legislation.

Sincerely,

DocuSigned by:

3525288C7BEB44B...

Jae Chon
Chair

cc: Mr. Dave Jordan, Commission Member
Mr. Lou Hutt, Jr., Commission Member
Ms. Michelle RhodesBrown, Commission Member
Ms. Anju A. Bennett, Chair, Retirement Plan Committees
Mr. Scott Southern, Howard County
Mr. Norman Parker, Howard County



February 23, 2024

Anju Bennett
HR Administrator
Howard County Government
3430 Courthouse Drive
Ellicott City, MD 21043

Re: Howard County Retirement Plan – Analysis for adding a DROP provision for Participating Deputy Sheriffs

Dear Anju:

We have completed our actuarial study to add a Deferred Retirement Option Program (DROP) for Participating Deputy Sheriffs (i.e., Deputy Sheriffs hired after June 30, 2021) who are in the Howard County Retirement Plan. The proposed provisions of the Participating Deputy Sheriffs DROP mirror the provisions of the Corrections DROP.

Our calculations show that the DROP for Participating Deputy Sheriffs may result in a small savings. The primary driver of the pension cost of a DROP is by how much DROP influences retirement behavior:

- Will members leave employment when they would have otherwise without the DROP, or
- Will they work longer because of the DROP.

If employees work longer, then the cost of the DROP is more likely to be lower than if employees elect to enter DROP at an age earlier than they would have retired had there been no DROP and continue to retire (that is, leave employment) at the same age as they would have without a DROP.

The retirement rates used in the July 1, 2023 actuarial valuation assume that the Participating Deputy Sheriffs have a high probability (40%) of retiring when they first become eligible for retirement at 20 years of service. If the DROP is added, a portion of these Participating Deputy Sheriffs who would have retired at 20 years may elect to enter DROP at 20 years of service and continue working for several more years. We assumed that the high 40% assumption would decrease to 25% if a DROP is implemented resulting in members working longer.

Using the retirement rate assumptions included in the appendix of this letter, adding a DROP for Participating Deputy Sheriffs is expected to decrease the County's actuarially determined contribution (ADC) by approximately \$4,600 or 0.43% of Participating Deputy Sheriff payroll (or 0.003% of total plan payroll). Further details are shown on the next page.

	2023 Valuation Results (Baseline)	Participating Deputy Sheriffs DROP
Actuarial Accrued Liability	\$671,177,385	\$671,169,869
Change (\$)		(\$7,516)
Change (%)		-0.001%
AVA Funded Ratio	93.349%	93.350%
Increase/(Decrease)		0.001%
FY2025 ADC*	\$21,329,338	\$21,324,691
Change (\$)		(\$4,647)
Change (%)		-0.022%

*Due to the minimal dollar change in the ADC, the ADC as a percentage of payroll, which is rounded to the nearest tenth of a percentage, would remain unchanged from the baseline rate of 13.1%.

The estimated savings are primarily attributed to:

- (1) assuming members will work longer because of DROP,
- (2) the DROP not granting COLA during the DROP period, and
- (3) the interest crediting rate relative to the assumed return on plan assets.

If members do not work longer because of the DROP, the savings shown above would be overstated and the overall impact could actually be a slight cost to the County.

Given that the current Participating Deputy Sheriffs represent just a small fraction of the Retirement Plan population and that they have low service, the impact of DROP relative to the size of the plan is minimal. As the number of Participating Deputy Sheriffs grows over time and the group's average age and service increase and then stabilize, the impact of DROP on this group relative to the entire Retirement Plan will increase.

Plan Provisions - DROP

The proposed provisions for the Participating Deputy Sheriffs' DROP mirror those of the Corrections' DROP which was effective July 1, 2021. The following summarizes the proposed provisions of the Participating Deputy Sheriffs DROP:

Eligibility

All Participating Deputy Sheriffs 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. Additionally, termination is automatic upon accruing 35 years of Creditable Service.

Deposits to Account

- (a) Monthly benefit at DROP entry with no cost-of-living adjustments (COLAs start after termination of employment and are not retroactive to the date of DROP entry)
- (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 for the valuation minus 4.0%, but not less than 1.5%.

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 years 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, 2023 actuarial valuation of the Howard County Retirement Plan dated February 7, 2024. This table summarizes the data for Participating Deputy Sheriffs as of July 1, 2023

Participating Deputy Sheriffs	
Count	20
Average Age	40.42
Average Service	1.93
Average Salary	\$54,575

Under the Plan’s funding policy, changes in the unfunded liability due to benefit changes for active members are amortized over a period of years equal to the lesser of the average expected future service for the impacted group and 10 years. Since the approximate average expected future service for Participating Deputy Sheriffs is 10 years, the estimated unfunded liability change due to DROP implementation was amortized over 10 years for this study.

Actuarial certification

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

We used the data, methods, and assumptions shown in the July 1, 2023 actuarial valuation report dated February 7, 2024, except where noted otherwise.

We believe the data, methods, and assumptions used in this analysis are reasonable for the purpose of this estimate. The actual effect on the Plan’s funded status and required contributions shall be determined by actual plan experience and may differ from the results presented in this analysis.



This analysis was completed using both proprietary and third-party models (including software and tools). We have tested these models to ensure they are used for their intended purposes, within their known limitations, and without any known material inconsistencies unless otherwise stated.

Bolton does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which this communication is based reflects Bolton's understanding as an actuarial firm. Bolton recommends that recipients of this communication consult with legal counsel when making any decisions regarding compliance with ERISA, the Internal Revenue Code, or any other statute or regulation.

The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. We are not aware of any direct or material indirect conflict of interest that would impair the objectivity of this analysis.

Please call if you have any questions.

Sincerely,

Ann M. Sturner, FSA, EA, FCA, MAAA

Jordan McClane, FSA, EA, FCA, MAAA

Participating Deputy Sheriff Retirement Rates Reflecting DROP Exit

Age/Retirement Eligibility	Rate
Early Retirement	
First eligibility	5%
Early retirement after first eligibility	5%
Normal Retirement (NR), Age < 70	
NR, Age < 62 and Service = 20	25%
NR, Age < 63 and Service = 21	5%
NR, Age < 64 and Service = 22	3%
NR, Age < 65 and Service = 23	2%
NR, Age < 66 and Service = 24	45%
NR, Age < 62 and Service >= 25	10%
NR, Age < 70	40%
NR, Age >= 70	100%

BY THE COUNCIL

This Bill, having been approved by the Executive and returned to the Council, stands enacted on October 10, 2024.

Michelle R. Harrod
Michelle R. Harrod, 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 _____, 2024.

Michelle R. Harrod, 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 _____, 2024.

Michelle R. Harrod, 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 _____, 2024.

Michelle R. Harrod, 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 _____, 2024.

Michelle R. Harrod, 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 _____, 2024.

Michelle R. Harrod, Administrator to the County Council