




Internal Memorandum

Subject: Testimony for Bill No. ¹⁴ – 2009

To: Lonnie R. Robbins
Chief Administrative Officer

From: L. Todd Allen 
Human Resources Administrator

Date: February 19, 2009

The Howard County Retirement Plan Committee supports passage of Bill No. – 2009, an amendment to the plan that will provide enhanced retirement benefits to Plan Participants covered by the American Federation of State, County and Municipal employees Local 3085 (AFSCME) as negotiated with the Union. The Bill makes the following changes to the Plan:

- Increases the benefit multiplier from 1.55% to 1.66% of final average pay for years and months of Creditable Service for members of the Local 3085 bargaining unit while they are members of the bargaining unit.
- Identifies the job classes to which the enhanced benefit applies.
- Clarifies that a Howard County Retirement Plan retiree who is subsequently reemployed in a job class represented by Local 3085 will be entitled to the enhanced benefit for the period of service after July 1, 2009 but the enhanced benefit will not be made retroactive to service prior to July 1, 2009 for rehires.
- Provides that employee contributions to the Plan for the Local 3085 job classes will increase from 2% of pay to 3% of pay beginning with pay periods effective after July 1, 2011.

- Provides the enhanced benefits and increased employee contributions only during those periods of time in which Participants serve as members of the job classes represented by Local 3085. Those who remain within the Howard County Retirement Plan but cease to be members of the bargaining unit by virtue of promotion, demotion or transfer will not make contributions at the 3% level nor will they be subject to the enhanced benefit multiplier at any time they are not members of Local 3085.

Background:

The current bargaining unit agreement with the blue collar union was negotiated in good faith with Howard County Local 3085, Council 67 of the AFL-CIO for a July 1, 2007 through June 30, 2009 effective date. The parties acknowledged, understood and agreed that any Howard County Retirement Plan amendment would be reviewed by the Pension Oversight Commission and approved by the Howard County Council before its effective date, conforming to normal procedure for any plan amendment. The agreement reached provides that the monthly retirement benefit for bargaining unit members who retire on or after July 1, 2009 would be increased to 1.66% of final average pay time years and months of creditable service. This provides an overall benefit increase of 7% for all years and months of prior service.

Fiscal Note:

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

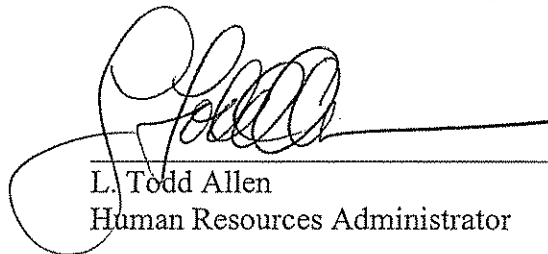
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Next Steps:

To implement any retirement plan change:

- The Retirement Plan Committee must approve the legislation. The Howard County Retirement Plan Committee approved the legislation at its February 19, 2009 meeting.
- The Pension Oversight Commission must consider the legislation. The Pension Oversight Commission will consider the legislation, including its fiscal impact, at their regularly scheduled meeting in March. The POC will provide their comments under separate cover.
- The County Council and County Executive must consider and approve the legislation.

In closing, the changes provided in this Bill are being presented as a negotiated agreement with the Local 3085 Bargaining Union. I am available to provide any further assistance or answer any questions you may have.



L. Todd Allen
Human Resources Administrator

cc: Ken Ulman, County Executive
Jennifer Sager, Legislative Coordinator
Howard County Retirement Plan Committee

**BOLTON
PARTNERS, INC.**

February 23, 2009

Mr. Lonnie Robbins
Chief Administrative Officer
Howard County
3430 Court House Drive
Ellicott City, MD 21043

***Re: Benefit Improvement Study for
Howard County Retirement plan***

Dear Lonnie:

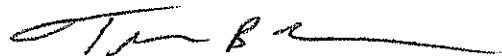
On March 5, 2008 we sent you a cost estimate to increase the benefit multiplier from 1.55% to 1.66% for all service for Union 3085 participants only. In addition, the employee contributions were to have increased from 2% to 3% of pay on July 1, 2009. For Union 3085 participants only, the County's cost would be \$80,856 or 0.91% of covered payroll (using just payroll for 3085 employees). However, the proposed legislation was revised to delay the 1% increase in employee contributions. This will increase the County's cost from \$80,856 or 0.91% of covered payroll to \$169,709 or 1.91% of covered payroll for the first two years. This is based on the data and assumption in the most recent valuation available when the original estimate was made.

I am a member of the American Academy of Actuaries and am qualified to provide this estimate.

Please call me if you have any questions.

Sincerely,

BOLTON PARTNERS, INC.



Thomas B. Lowman, FSA

TBL/tlc

Bolton Partners, Inc.

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