



Internal Memorandum

Subject: Testimony for Bill No. – 2013

To: Lonnie R. Robbins
Chief Administrative Officer

From: L. Todd Allen 
Human Resources Administrator

Date: March 15, 2012

The Howard County Retirement Plan Committee and the Howard County Police and Fire Retirement Plan Committee jointly support passage of Bill No. – 2013, an amendment to the County’s Retirement Plans following passage of the Civil Marriage Protection Act in Maryland’s 2012 legislative session and subsequent passage of the “Question 6 Referendum Petition” on November 6, 2012 which legalized same-sex civil marriage.

The Bill makes the following changes to the Plan:

Clarifies our plan language that “spouse” means an individual who is married to a participant and that “spouse” includes same-sex and opposite-sex spouses except where federal law requires a different meaning. All language was reviewed and approved by Pension Plan legal counsel, Paul Madden.

The Committees recommend adoption by the County Council of language that clearly authorizes the County’s practice.

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Fiscal Note:

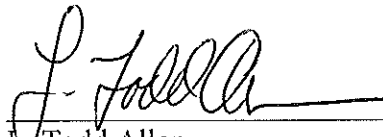
A copy of the fiscal impact statement prepared by Bolton Partners, Inc. is attached for reference.

Next Steps:

To implement any retirement plan change:

- The Retirement Plan Committees must approve the legislation. The Committees unanimously approved the legislation at its February 28, 2013 meeting.
- The Pension Oversight Commission must consider the legislation. At its February 21, 2013 meeting, the Pension Oversight Commission reviewed and considered the amendments. At that time, they expressed they would vote following the February 28, 2013 Retirement Plan meeting. They did vote to approve the proposed legislation and reported that to me formally on March 18, 2013.
- 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.



Todd Allen
Human Resources Administrator

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



January 31, 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 –
Change in definition of “spouse”*

Dear Terry:

You informed us that in the Retirement Plan Committees’ meeting on January 24, 2013, the Committees proposed to change the definition of “spouse” in both the Police and Fire Plan and the Employees Plan (the Plans) to include same sex spouses. The change is driven by the recent change in Maryland law. The Committees asked for a cost impact statement before voting on the change.

We have concluded that implementing this change in the Plans will have an insignificant effect on the cost of the Plans. The only cost impact would be in the cost of the spousal pre-retirement death benefit where our 70% married assumption would need to increase.

Our analysis assumes there will be approximately 4 additional participants per plan who will have a same sex spouse. If the actual number becomes significantly larger, we can review the effect at that time and make changes to the actuarial assumptions as necessary. We did look for some data to determine if the number of 4 additional spouses per plan seemed reasonable and if the number might increase as the time the law is on the books increases. We could only find a limited amount of national data. We did conclude that the number could be 2% of members (4 per plan is about 0.5%). This means that our percentage married assumption of 70% could increase to between 70.5% and 72%. Neither is material.

Other factors to consider include:

1. In the Employees’ plan, retirees can only cover spouses for the J&S option. Since these options are paid for through a reduction in benefits, there is no cost except for a small amount of anti-selection.
2. We can discuss if there are any changes needed in the SPD or benefit statements.
3. While not an issue for the Trustees, you might think about if there is any impact on health care benefits or cost.

Bolton Partners, Inc.

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

Terry Reider
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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.

A handwritten signature in black ink that reads "Ann M. Sturner". The signature is written in a cursive style with a large, looped initial "A".

Ann M. Sturner, FSA, EA

cc: Tom Lowman