

M E M O R A N D U M

July 6, 2026

TO: Government Operations & Fiscal Policy Committee

FROM: Christine Wellons, Chief Legislative Attorney

SUBJECT: Bill 21-26, Employee Retirement System - Savings and Benefits - Amendments

PURPOSE: Worksession – Committee recommendation expected

Expected Attendees

James Donaldson, Deputy Chief Labor Relations Officer
Yan Yan, Chief, Retirement Administration Division, Department of Finance
Carol Jones, Retirement Service Manager, Department of Finance
Shantée Jackson, Office of Management and Budget
Gino Renne, President, Municipal and County Government Employees Organization (MCGEO)
Lisa Titus, MCGEO
Lisa Blackwell, MCGEO

Bill 21-26, Employee Retirement System - Savings and Benefits - Amendments, sponsored by the Council President at the request of the County Executive, was introduced on May 5, 2026. A public hearing occurred on June 9, 2026. A worksession of the Government Operations and Fiscal Policy (GO) Committee is scheduled for July 9 at 9:30 AM.

Bill 21-26 would:

- (1) add correctional health nurses to retirement Group E, effective June 30, 2029;
- (2) remove retirement Groups E and J age requirements for normal retirement when 25 years of service are met;
- (3) increase employee and employer contributions for employees that participate in the Guaranteed Retirement Income Plan (GRIP);
- (4) increase employee and employer contributions for Group I members participating in the Retirement Savings Plan (RSP);
- (5) reopen GRIP enrollment for specified members of the OPT and SLT bargaining unit for a limited time;
- (6) provide post-retirement Cost-of-Living Adjustment (COLA) to GRIP;
- (7) provide a one-time limited irrevocable opportunity to purchase credited service years for specified Emergency Communications Center (ECC) employees in Groups E and J; and
- (8) generally amend the employee retirement system and benefits.

The County Executive proposed the bill in connection with the newly negotiated Memorandum of Agreement (the “Agreement”) between the Montgomery County Government and the Municipal & County Government Employees Organization, UFCW, Local 1994 (MCGEO) for the term July 1, 2026 through June 31, 2029.

BACKGROUND

As contemplated under Article 41 of the Agreement, Bill 21-26 would make various amendments to the GRIP and the RSP, and would amend eligibility and benefits for retirement Groups E and J.

- Group E consists of: The Chief Administrative Officer, the Executive Director of the Office of the County Council, the hearing examiners, the County Attorney and each head of a principal department or office of the County government, if appointed to that position before July 30, 1978, or a member having held that position on or before October 1, 1972. Any sworn deputy sheriff or uniformed County correctional officer in the position of Correctional Officer I, Correctional Officer II, Correctional Officer III, Correctional Dietary Officer I, Correctional Dietary Officer II, Resident Supervisor I, Resident Supervisor II, Resident Supervisor III, Correctional Supervisor-Sergeant, Correctional Dietary Supervisor, Correctional Shift Commander-Lieutenant, Correctional Unit Commander-Captain, Deputy Warden, or Warden, or the following positions in the Emergency Communications Center: Public Safety Emergency Communications Specialist I, Public Safety Emergency Communications Specialist II, Public Safety Emergency Communications Specialist III, Public Safety Emergency Communications Specialist IV, Senior Public Safety Emergency Communications Specialist, Public Safety Communications Supervisor, Public Safety Emergency Communications Manager, or Emergency Communications MLS Manager II and III. *See* Montgomery County Code Section 33-37(f)(4).
- Group J consists of: Any County member who works in a correctional facility or the Emergency Communications Center and due to the required duties of the member’s position, is designated by the Chief Administrative Officer. *See* Code Section 33-37(f)(8).

On May 21, 2026, the Council approved the FY2027 operating budget, which included funding to implement the provisions of Bill 21-26 as applicable to FY2027. *See* Council Resolution No. 20-1132, [Montgomery County Council - Legislative Information Management System – Resolution details](#). The use of the FY2027 appropriations to implement Bill 21-26 is dependent upon the enactment of Bill 21-26.

BILL SPECIFICS

Bill 21-26 generally would increase employer contributions to employee retirement accounts. In addition, it would increase eligibility and pension benefits for Deputy Sheriffs and Correctional Officers (Group E), as well as for personnel of Emergency Communications Center and correctional facilities (Group J).

Employer Contributions. The County currently contributes 8.0% of employees' salaries into either an RSP or GRIP retirement savings account. Employees contribute 4.0% of their salaries to these accounts. Bill 21-26 would raise the County Government's contribution rate to 9.0% of salary effective January 2027 and to 10.0% of salary effective January 2028. The employee contribution would increase to 5.0% of salary effective January 2027, and to 6.0% of salary effective January 2028.

In addition, the bill would provide to MCGEO members who were hired before July 2015, and who currently participate in the RSP, a one-time irrevocable option to transfer their RSP balances to the GRIP.

Annuity Option. The bill would add a post-retirement annuity option for GRIP members. This provision would provide employees with an option to roll over the balance of their GRIP account into an annuity that guarantees regular payments for the duration of their lives. Monthly payments would be adjusted annually linked to changes in Washington Arlington-Alexandria Consumer Price Index, capped at 2.5% per year. Annuity recipients would not contribute additional funds to pay for annual cost of living adjustments.

Pension Modifications for Groups E and J. Bill 21-26 would:

- Eliminate age requirements for Group E and J members to qualify for retirement. Members of the Group E and J plans currently receive full pension benefits at age 55 with 15 years of credited service, or at age 45 with 25 years of credited service. Bill 21-26 would grant a full pension benefit after 25 years of credited service, regardless of age.
- Grant certain Emergency Communications Center (ECC) employees a one-time irrevocable opportunity to purchase credited years of service at the full actuarial cost plus a 7.5% risk share.
- Transfer Correctional Health Nurses, who currently are members of the Correctional Staff pension plan (Group J), to the Correctional Officers pension plan (Group E).

SUMMARY OF IMPACT STATEMENTS

Fiscal Impact. The Office of Management and Budget states, "Expenditures are expected to increase...annually to \$15.5 million by FY31. These increases do not include the indeterminate fiscal impacts of some of the changes implemented by the bill that are dependent on variables such as the number of affected employees, the amount of purchased service credit, and the value of balances transferred into new plans. These indeterminate increases primarily affect the potential costs impacts beyond FY27, and will depend on the actual experiences resulting from employee plan selections." OMB anticipates a total expenditure increase of \$58,794,926 over the coming 6 years.

Economic Impact. The Office of Legislative Oversight (OLO) "anticipates that Bill 21-26 would have a negative impact on overall economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would codify several negotiated changes to the County's pension and retirement systems between the Municipal and County Government

Employee Organization (MCGEO) and the County Executive, updating eligibility rules, benefits provisions, and contribution rates for multiple employee groups.” OLO continues, “Applying residency patterns to the projected fiscal impacts implies that only about \$22.9 million of the \$58.8 million in additional expenditures over FY26-FY31 would flow to in-County households, while roughly \$35.9 million would accrue to nonresidents. Because a majority of the new income is expected to leak outside the County even though it is funded by local taxpayers, the Bill is likely to generate relatively weak local government multiplier effects compared to if a larger share of the funds were recirculated within the County. Given the magnitude of the annual leakages, the Bill’s long-term net impact on overall economic conditions in the County would likely be negative.”

Racial Equity and Social Justice Impact. OLO “anticipates Bill 21-26 would have a positive impact on racial equity and social justice (RESJ) in the County. Bill 21-26 would make changes to the County’s retirement plans that disproportionately benefit Black employees. This could help reduce established racial disparities in retirement outcomes.” OLO did not offer any RESJ-related amendments.

Climate Assessment. OLO “anticipates Bill 21-26 will have no impact on the County’s contribution to addressing climate change.”

SUMMARY OF PUBLIC HEARING

The County Council held a public hearing on Bill 21-26 on June 9, 2026. There were no speakers.

ISSUES FOR THE COMMITTEE’S CONSIDERATION

1. Actuarial Analysis

As noted by Council staff during the Council’s FY2027 budget deliberations, the estimates of future year costs for the proposed retirement benefit increases are based on actuarial assumptions that may change. Most notably, the actuaries adopted the current retirement program assumption of a 7.5% investment rate of return. If at any point the Board of Investment Trustees lowers the assumed rate of return or if investment performance does not meet the assumed rate of return, additional funding will be required to make up the difference. In addition, the actuarial assumptions are based on future year salary increases as projected by the Executive. Actual salary increases have well-exceeded their assumed annual growth rate in recent years. Adjustment to either of these actuarial assumptions could significantly raise future-year costs above the dollar amounts provided by the Executive. *See Staff Report by Howard/Trombka at page 11 (April 20, 2026), [Howard/Trombka Staff Report](#)*

2. Policy Considerations

Rationale for RSP / GRIP modifications. In the context of reviewing the FY2027 operating budget, Council staff asked OLR to provide justification for the proposed increase in the County Government’s RSP and GRIP contributions rates. OLR responded:

Negotiations aimed to improve the County’s retirement system by strengthening RSP and GRIP. MCGEO sought to make GRIP more like a pension with higher

contribution rates and annuity payments, including a COLA. Legal advice indicated both RSP and GRIP contributions must be raised equally to comply with IRS rules.

See [Howard/Trombka Staff Report](#) at page 8.

Council staff notes that in 1994, the County established a policy to discontinue pension benefits for new non-public safety employees. In essence, Bill 21-26 would alter this policy by providing all GRIP members with a pension-like annuity. *See id.* at 10.

Pension Modifications. Council Staff asked OLR to provide justification for the Executive's recommended Group E and Group J pension modifications. OLR responded:

The modifications to Groups E and JK were implemented to align them with other County pension plans, including Groups F and G, which do not stipulate age requirements. This adjustment was especially significant for Group E, as it encompasses public safety personnel. Similarly, because Group JK includes individuals working in public safety settings, it was agreed to incorporate this plan into the changes.

See [Howard/Trombka Staff Report](#) at page 9.

Staff notes the potential that these modifications could incentivize Deputy Sheriffs and Correctional Officers to retire after fewer years of service. These incentives may impact County efforts to retain public safety employees and meet staffing requirements.

3. Fees for RSP Participants

After the Council discussed the issue of rolling over RSP balances to the GRIP during budget deliberations, Council staff requested follow-up information on the potential impact on investment fees of moving RSP participants' account balances to the GRIP. Since investment fees are based on total assets under management, moving assets from the RSP to the GRIP could impact fees that participants pay for both those programs. The Office of Labor Relations and the Montgomery County Retirement Plans provided the response detailed below in italics.

In summary, if eligible members choose to move their account balances from the RSP to the GRIP it could result in increased fees paid by those who remain in the RSP by an estimated 1 to 2 basis points. Using the average account value of \$326,157, this could result in estimated fee increases of \$32.62 annually for RSP participants.

Currently, the RSP has 2,165 members who were hired before July, 1, 2015. There are about 1,250 of those members who would be eligible to elect to transfer from the RSP to the GRIP when the GRIP is reopened. The average and median market value of participant accounts are \$326,157 and \$279,090, respectively. If one then multiplies those amounts by 1,250 participants, the

estimated eligible amounts to be transferred are \$407,696,441 (average) and \$348,861,975 (median).

Assuming all assets were to move, some of the potential impacts are outlined below:

- The fees for the target date funds could possibly change from 0.10% to 0.12% (2bps difference).*
- The State Street S&P 500 fees could possibly change from 0.013% to 0.023% (1 bps difference).*
- The State Street Russell Small/Mid Cap Index fees could possibly change from 0.04% to 0.052% (1.2 bps difference)*
- The State Street Global All Cap Equity ex-U.S. Index fees could possibly change from 0.07% to a higher negotiated fee TBD.*
- The State Street U.S. Bond Index fees could possibly change from 0.04% to 0.052% (1.2 bps difference)*

The following assumptions were used as part of this analysis:

- That the average/median market value of each RSP participant is equivalent to the average/median market value of each MCGEO employee eligible to switch to the GRIP.*
- That each MCGEO employee eligible to switch to the GRIP has the same market value in their account, and that market value is then multiplied by 1,250, which is the expected number of MCGEO employees eligible to make the switch from the RSP to the GRIP.*
- That all MCGEO employees eligible to make the switch from the RSP to the GRIP will do so.*
- For the target date calculation, Staff assumed that each employee had 75% of their account invested in target date funds, as that is the overall allocation to target date funds across the entire RSP. As a result, the amounts assumed to potentially move were \$305,772,331 (\$407,696,441*.75 (average)) and \$261,646,481 (\$348,861,975*.75 (median)).*
- For the other funds listed, the assumption is that 58% of existing assets were to move from the RSP to the GRIP. The percentage is calculated by dividing the number of expected MCGEO employees (1,250) by the total RSP participants (2,165).*

It is important to remember that these are estimates. Staff will not be able to provide more detailed estimates until they are provided with the names of those employees who actually elect to transfer, and they are then able to dig deeper into their allocations.

4. Technical Correction

Bill 21-26, as introduced, mistakenly referred to the “Guaranteed Retirement Income Plan” as the “Guaranteed Income Retirement Plan”. Council staff requests the Committee’s permission to correct this and any other typographical errors prior to enactment.

This packet contains:

Bill 21-26

County Executive Memorandum

Circle #Bill

© 1

© 15

Fiscal Impact Summary	© 29
Economic Impact Statement	© 34
Climate Impact Assessment	© 40
Actuarial Analysis	© 42
Racial Equity and Social Justice Impact Statement	© 81

Bill No. 21-26
Concerning: Employee Retirement
System - Savings and Benefits -
Amendments
Revised: 4/27/2026 Draft No. 1
Introduced: May 5, 2026
Expires: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the Request of the County Executive

AN ACT to:

- (1) add correctional health nurses to retirement Group E, effective June 30, 2029;
- (2) remove retirement Groups E and J age requirement for normal retirement when 25 years of service are met;
- (3) increase employee and employer contributions for employees that participate in the Guaranteed Income Retirement Plan (GRIP);
- (4) increase employee and employer contributions for Group I members participating in the Retirement Savings Plan (RSP);
- (5) reopen GRIP enrollment for specified members of the OPT and SLT bargaining unit for a limited time;
- (6) provide post-retirement Cost-of-Living Adjustment (COLA) to GRIP;
- (7) provide a one-time limited irrevocable opportunity to purchase credited service years for specified Emergency Communications Center (ECC) employees in Groups E and J; and
- (8) generally amend the employee retirement system and benefits.

By amending

Montgomery County Code

Chapter 33, Personnel and Human Resources

Sections 33-37, 33-38, 33-39, 33-40, 33-41, 33-44, 33-116, and 33-117

Boldface

Underlining

[Single boldface brackets]

Double underlining

[[Double boldface brackets]]

* * *

Heading or defined term.

Added to existing law by original bill.

Deleted from existing law by original bill.

Added by amendment.

Deleted from existing law or the bill by amendment.

Existing law unaffected by bill.

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Sections 33-37, 33-38, 33-39, 33-40, 33-41, 33-44, 33-116 and 33-117 are amended, as follows:

33-37. Membership Requirement and membership groups.

* * *

(f) *Membership groups and eligibility.* Any full-time or part-time employee is eligible for membership in the appropriate membership group if the employee meets all of the requirements for the group:

* * *

(4) Group E: The Chief Administrative Officer, the Executive Director of the Office of the County Council, the hearing examiners, the County Attorney and each head of a principal department or office of the County government, if appointed to that position before July 30, 1978, or a member having held that position on or before October 1, 1972. Any sworn deputy sheriff or uniformed County correctional officer in the position of Correctional Officer I, Correctional Officer II, Correctional Officer III, Correctional Dietary Officer I, Correctional Dietary Officer II, Resident Supervisor I, Resident Supervisor II, Resident Supervisor III, Correctional Supervisor-Sergeant, Correctional Dietary Supervisor, Correctional Shift Commander-Lieutenant, Correctional Unit Commander-Captain, Deputy Warden, or Warden, or the following positions in the Emergency Communications Center: Public Safety Emergency Communications Specialist I, Public Safety Emergency Communications Specialist II, Public Safety Emergency Communications Specialist III, Public Safety Emergency Communications Specialist IV, Senior Public Safety

Emergency Communications Specialist, Public Safety Communications Supervisor, Public Safety Emergency Communications Manager, or Emergency Communications MLS Manager II and III, or, effective June 30, 2029, any correctional health nurse in the position of Correctional Health Nurse I or Correctional Health Nurse II. Any Group E member who has reached elective early retirement date may retain membership in Group E if the member transfers from the position which qualified the member for Group E. Any Group E member who is temporarily transferred from the position which qualified the member for Group E may retain membership in Group E as long as the temporary transfer from the Group E position does not exceed 3 years. Notwithstanding the foregoing provisions in Group E, any employee who is eligible for membership in Group E must participate in the guaranteed retirement income plan or the retirement savings plan under Article VIII if the employee:

- (A) (i) begins, or returns to, County service on or after October 1, 1994 (except as provided in the last sentence of subsection (e)(2));
- (ii) is not represented by an employee organization; and
- (iii) does not occupy a bargaining unit position; or
- (B) (i) begins County service on or after October 1, 1994; and
- (ii) is subject to the terms of a collective bargaining agreement between the County and an employee organization which requires the employee to

participate in the guaranteed retirement income plan
or the retirement savings plan.

* * *

(k) *Eligibility for the guaranteed retirement income plan.*

* * *

(10) Effective July 1, 2026, members of the OPT or SLT collective bargaining unit of the County government who were hired prior to July 1, 2015, and who previously elected or defaulted to the retirement savings plan prior to the guaranteed income retirement plan being made the default retirement election in 2015, will be given a one-time, irrevocable opportunity to elect to terminate participation in the retirement savings plan and participate in the guaranteed retirement income plan. An employee who makes this election must have his or her retirement savings plan account balance transferred to the guaranteed retirement income plan. The amount transferred into the guaranteed retirement income plan must become the participant's initial guaranteed retirement income plan account balance. An employee who does not make this election must continue to participate in the retirement savings plan. The County and United Food and Commercial Workers (UFCW), Local 1994, Municipal and County Government Employees Organization (MCGEO) will jointly determine the timeline for communication, election, and implementation no later than August 1, 2026; with notice being sent to bargaining unit members no later than September 30, 2026; and with election to switch to guaranteed retirement income plan submitted no later than December 31, 2026.

* * *

33-38. Normal retirement date, mandatory retirement date, early retirement date, and trial retirement.

- (a) Normal retirement date. The normal retirement date is the first day of the month elected by a member after the member meets the years of service and age requirements for the applicable membership group. For normal retirement:

* * *

- (4) Group E: The member must have at least:

- (A) 15 years of credited service and be at least age 55; or
(B) 25 years of credited service [and be] at [least] any age [46].

* * *

- (8) Group J: The member must have at least:

- (A) 15 years of credited service and be at least age 55; or
(B) 25 years of credited service [and be] at [least] any age [46].

* * *

33-39. Member Contributions and Credited Interest.

- (a) Member contributions. Each member of the retirement system must contribute a portion of the member's regular earnings through regular payroll deductions.

* * *

- (4) Member contributions to the guaranteed retirement income plan.

- (A) A non-public safety employee member in the guaranteed retirement income plan must contribute 4[%] percent of regular earnings less than or equal to the Social Security wage base and 8[%] percent of regular earnings that exceed the Social Security wage base. For service beginning the

first full pay period after December 31, 2026, a non-public safety employee member in the guaranteed retirement income plan must contribute 5 percent of regular earnings less than or equal to the Social Security wage base and 9 percent of regular earnings that exceed the Social Security wage base. For service beginning the first full pay period after December 31, 2027, a non-public safety employee member in the guaranteed retirement income plan must contribute 6 percent of regular earnings less than or equal to the Social Security wage base and 10 percent of regular earnings that exceed the Social Security wage base.

* * *

33-40. Employer contributions.

* * *

(e) Guaranteed Retirement Income Plan.

- (1) Each pay period, the County must credit to each non-public safety member's guaranteed retirement income plan account an amount equal to 6 percent for service beginning on the first pay period after June 30, 2011 and 8 percent for service beginning on the first pay period after June 30, 2012 and 9 percent for service beginning the first full pay period after December 31, 2026 and 10 percent for service beginning the first full pay period after December 31, 2027 of the member's regular earnings. Interest must be credited at an annual rate of 7.25 percent on the County contribution credits. If the annual 7.25 percent interest rate does not comply with applicable law, the third segment rate described in Internal Revenue Code Section 430(h)(2)(G) or any successor provision

must apply. Interest must be credited to a member's guaranteed retirement income plan account balance on a monthly basis as of the last day of the month.

* * *

33-41 Credited service.

* * *

(r) Positions added to Group E eligibility.

(1) Notwithstanding subsection (a)(2), an employee in the position of Public Safety Emergency Communications Specialist I, Public Safety Emergency Communications Specialist II, Public Safety Emergency Communications Specialist III, Public Safety Emergency Communications Specialist IV, Senior Public Safety Emergency Communications Specialist, Public Safety Communications Supervisor, Public Safety Emergency Communications Manager, or Emergency Communications MLS Manager 2 who was hired on or before July 1, 2023, and who was participating in the guaranteed retirement income plan or the retirement savings plan prior to eligibility in Group E may:

(A) make a one-time irrevocable election to purchase credited service with their entire existing guaranteed retirement income plan or retirement savings plan balances up to and including August 7, 2024, in accordance with an actuarial determination of the value transferred; [or]

(B) retain guaranteed retirement income plan or retirement savings plan balances, will no longer participate in the guaranteed retirement income plan or retirement savings plan, and will enter Group E with a credited service balance

of 0 years, unless the employee is otherwise eligible to purchase other service credits provided for in this section[.];
or

(C) Those employees who were in the retirement savings plan (RSP) or GRIP benefit plans prior to August 8, 2023 shall have a one-time irrevocable opportunity to purchase any additional credited service years, up to their matching years of service from their hire date with County government, at a price of the full actuarial cost, plus a 7.5 percent risk share, with the actuarial cost determined in accordance with Section 33-44(o)(1) for the mandatory integrated plan. Employees may purchase the service on an after-tax basis over a period of time not exceeding 5 years. If an employee uses a payment plan, they must pay an additional 6.5 percent interest per year. The reduction of the payment plan interest rate is intended exclusively for the ECC group specified in this subsection. The County must notify affected employees of their option to purchase no later than August 1, 2026. Affected employees must submit their request to purchase by October 1, 2026. Individual cost projections, to include but not limited to payment options and payment amount to purchase years of credited service, must be provided no later than December 31, 2026. An employee's final decision to purchase must be submitted no later than March 1, 2027.

(2) Eligible employees who elect to purchase credited service under this subsection may not apply any years of service while a member of the guaranteed retirement income plan or the retirement savings

plan for the purposes of calculating years of service under either the optional retirement plan or the integrated retirement plan.

(3) Eligibility for early or normal retirement will be based upon the credited service at the time the employee enters Group E plus any credited service purchased by the employee.

(4) The vesting provisions in subsection (a)(2) will apply to employees listed in subsection (r)(1) regardless of whether they elect to purchase service credit under this subsection.

(s) *Positions added to Group J eligibility.*

(1) Notwithstanding subsection (a)(2), a County member who was hired on or before July 1, 2023, and who was participating in the guaranteed retirement income plan or the retirement savings plan prior to Group J eligibility, and who becomes Group J eligible after July 1, 2023 may:

(A) make a one-time irrevocable election to purchase credited service with their entire existing guaranteed retirement income plan or retirement savings plan balances up to and including August 7, 2024, in accordance with an actuarial determination of the value transferred; [or]

(B) retain guaranteed retirement income plan or retirement savings plan balances, will no longer participate in the guaranteed retirement income plan or retirement savings plan, and will enter Group J with a credited service balance of 0 years, unless the employee is otherwise eligible to purchase other service credits provided for in this section[.];

or

(C) Emergency Communication Center Employees currently in Group JK who were in the RSP or GRIP benefit plans prior to August 8, 2023, shall have a one-time irrevocable opportunity to purchase any credited service years up to their matching years of service from their hire date with County government at a price of the full actuarial cost, plus a 7.5 percent risk share, with the actuarial cost determined in accordance with Sec. 33-44 (o)(1) for the mandatory integrated plan. Employees may purchase the service on an after-tax basis over a period of time not exceeding 5 years. If an employee uses a payment plan, they must pay an additional 6.5 percent interest per year. The reduction of the payment plan interest rate is intended exclusively for the ECC group specified in this subsection. The County must notify affected employees of their option to purchase no later than August 1, 2026. Affected employees must submit their request to purchase by October 1, 2026. Individual cost projections, to include but not limited to payment options and payment amount to purchase years of credited service, must be provided to affected employees no later than December 31, 2026. An employee's final decision to purchase must be submitted no later than March 1, 2027.

(2) Eligible employees who elect to purchase credited service under this subsection may not apply any years of service while a member of the guaranteed retirement income plan or the retirement savings plan for the purposes of calculating years of service under either the optional retirement plan or the integrated retirement plan.

(3) Eligibility for early or normal retirement will be based upon the credited service at the time the employee enters Group J plus any credited service purchased by the employee.

(4) The vesting provisions in subsection (a)(2) will apply to employees listed in subsection (s)(1) regardless of whether they elect to purchase service credit under this subsection.

33-44. Pension payment options and cost of living adjustments.

* * *

(g) Distributions from the Guaranteed Retirement Income Plan. A participant who receives a contribution under Section 33-42A must not receive a distribution until the participant attains the Social Security retirement age. Any other participant may receive a distribution when the participant terminates County employment. A participant may elect a distribution from the guaranteed retirement income plan of a participant's vested guaranteed retirement income plan account balance as follows:

* * *

(2) Annuity Method of Distribution.

(A) Payment Election. A participant may elect to receive the participant's guaranteed retirement income plan account balance paid in:

[(A)] (i) a single life annuity payable to the participant during the life of that participant; or

[(B)] (ii) a joint and survivor annuity payable to the participant over the participant's lifetime and, at the participant's death, payable to the designated beneficiary (spouse, domestic partner, or children only) who survives. Payments must be made for the

designated beneficiary's lifetime in the amount payable to the participant or another amount elected by the participant, but not less than 10 percent of the amount payable to the participant.

(B) Participants who elect a single life annuity or a joint and survivor Annuity shall receive a post-retirement Cost-of-Living Adjustment (COLA) based upon changes in Washington-Arlington-Alexandria Consumer Price Index, up to 2.5 percent annually. The COLA does not apply to retirees in the Retirement Savings Plan who elect the transfer to employees' retirement system, annuity option under, Section 33-120(f)(4).

33-116. Participant Contributions.

(a) Percent of participant contributions.

(1) (A) Group I. Each participant in Group I must contribute, through regular payroll deductions, 4 percent of regular earnings less than or equal to the Social Security wage base and 8 percent of regular earnings that exceed the Social Security wage base. For service beginning the first full pay period after December 31, 2026, each Group I participant must contribute 5 percent of regular earnings less than or equal to the Social Security wage base and 9 percent of regular earnings that exceed the Social Security wage base. For service beginning the first full pay period after December 31, 2027, each Group I participant must contribute 6 percent of regular earnings less than or equal to the Social Security wage base and 10 percent of regular earnings that exceed the Social Security wage base.

* * *

Sec. 33-117. Employer contributions

(a) *Amount of employer contributions.*

- (1) Group I participants. The County must contribute to the retirement savings plan in quarterly installments, on behalf of each Group I participant, an amount equal to 6 percent for service beginning on the first pay period after June 30, 2011, [and] 8 percent for service beginning on the first pay period after June 30, 2012, 9 percent for service beginning on the first full pay period after December 31, 2026, and 10 percent for service beginning on the first full pay period after December 31, 2027 of that participant's regular earnings while a Group I participant during a plan year.

* * *



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

April 23, 2026

TO: Natali Fani-González, President
Montgomery County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: Bill XX-26 – OPT-SLT Bargaining Units-Pension and Retirement Adjustments

I have attached for review and submission to Council a draft of the proposed legislative changes resulting from the recent negotiations between the Montgomery County Government and the Municipal and County Government Employee Organization, Local 1994. The Agreement, which is the product of a settlement reached during negotiations, reflects the changes to the existing Collective Bargaining Agreement effective July 1, 2026, through June 30, 2029.

Enclosures: Bill XX-26 – OPT-SLT Bargaining Units-Pension and Retirement Adjustments
Fiscal Impact Statement
Legislative Request Report

cc: Tommy Heyboer, Chief of Staff to the Council President, Montgomery County Council
Craig Howard, Executive Director, Montgomery County Council
Richard S. Madaleno, Chief Administrative Officer
Ken Hartman-Espada, Assistant Chief Administrative Officer
Tricia Swanson, Director of Strategic Partnerships
Traci Anderson, Director, Office of Human Resources
Jennifer Bryant, Director, Office of Management and Budget
Jennifer Harling, Esq., Chief Labor Relations Officer
John Markovs, County Attorney, Office of the County Attorney

Bill No. XX-26
Concerning: OPT/SLT Bargaining Units –
Pension and Retirement Adjustments
Revised: _____ Draft No. 1
Introduced: _____
Expires: _____
Enacted: _____
Executive: _____
Effective: _____
Sunset
Date: _____ Ch. _____,
Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN ACT to:

- (1) add correctional health nurses to retirement Group E, effective June 30, 2029;
- (2) remove Groups E and J age requirement for normal retirement when 25 years of service are met;
- (3) reopen GRIP enrollment for specified members of the OPT and SLT bargaining unit for a limited time;
- (4) increase employee and employer contributions for employees that participate in the Guaranteed Income Retirement Plan (“GRIP”);
- (5) increase employee and employer contributions for Group I members participating in the Retirement Savings Plan (“RSP”);
- (6) provide post-retirement Cost-of-Living Adjustment (COLA) to GRIP; and
- (7) provide a one-time limited irrevocable opportunity to purchase credited service years for specified ECC employees in Groups E and J.

By amending

Montgomery County Code

Chapter 33, Personnel and Human Resources

Sections 33-37, 33-38, 33-39, 33-40, 33-41, 33-44, 33-116 & 33-117

Boldface

Underlining

[Single boldface brackets]

Double underlining

[[Double boldface brackets]]

* * *

Heading or defined term.

Added to existing law by original bill.

Deleted from existing law by original bill.

Added by amendment.

Deleted from existing law or the bill by amendment.

Existing law unaffected by bill.

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Sections 33-37, 33-38, 33-39, 33-40, 33-41, 33-44, 33-116 and 33-117 are amended, as follows:

ARTICLE III. EMPLOYEE'S RETIREMENT SYSTEM.

* * *

DIVISION 2. ELIGIBILITY AND QUALIFICATIONS

* * *

33-37. Membership Requirement and membership groups.

* * *

(f) *Membership groups and eligibility.* Any full-time or part-time employee is eligible for membership in the appropriate membership group if the employee meets all of the requirements for the group:

* * *

(4) Group E: The Chief Administrative Officer, the Executive Director of the Office of the County Council, the hearing examiners, the County Attorney and each head of a principal department or office of the County government, if appointed to that position before July 30, 1978, or a member having held that position on or before October 1, 1972. Any sworn deputy sheriff or uniformed County correctional officer in the position of Correctional Officer I, Correctional Officer II, Correctional Officer III, Correctional Dietary Officer I, Correctional Dietary Officer II, Resident Supervisor I, Resident Supervisor II, Resident Supervisor III, Correctional Supervisor-Sergeant, Correctional Dietary Supervisor, Correctional Shift Commander-Lieutenant, Correctional Unit Commander-Captain, Deputy Warden, or Warden, or the following positions in the Emergency Communications Center: Public Safety Emergency Communications Specialist I, Public Safety Emergency Communications Specialist II, Public Safety

Emergency Communications Specialist III, Public Safety Emergency Communications Specialist IV, Senior Public Safety Emergency Communications Specialist, Public Safety Communications Supervisor, Public Safety Emergency Communications Manager, or Emergency Communications MLS Manager II and III, or, effective June 30, 2029, any correctional health nurse in the position of Correctional Health Nurse I or Correctional Health Nurse II. Any Group E member who has reached elective early retirement date may retain membership in Group E if the member transfers from the position which qualified the member for Group E. Any Group E member who is temporarily transferred from the position which qualified the member for Group E may retain membership in Group E as long as the temporary transfer from the Group E position does not exceed 3 years. Notwithstanding the foregoing provisions in Group E, any employee who is eligible for membership in Group E must participate in the guaranteed retirement income plan or the retirement savings plan under Article VIII if the employee:

- (A) (i) begins, or returns to, County service on or after October 1, 1994 (except as provided in the last sentence of subsection (e)(2));
- (ii) is not represented by an employee organization; and
- (iii) does not occupy a bargaining unit position; or
- (B) (i) begins County service on or after October 1, 1994; and
- (ii) is subject to the terms of a collective bargaining agreement between the County and an employee organization which

requires the employee to participate in the guaranteed retirement income plan or the retirement savings plan.

* * *

(k) *Eligibility for the guaranteed retirement income plan.*

* * *

(10) Effective July 1, 2026, members of the OPT or SLT collective bargaining unit of the County government who were hired prior to July 1, 2015, and who previously elected or defaulted to the retirement savings plan prior to the guaranteed income retirement plan being made the default retirement election in 2015, will be given a one-time, irrevocable opportunity to elect to terminate participation in the retirement savings plan and participate in the guaranteed retirement income plan. An employee who makes this election must have his or her retirement savings plan account balance transferred to the guaranteed retirement income plan. The amount transferred into the guaranteed retirement income plan must become the participant's initial guaranteed retirement income plan account balance. An employee who does not make this election must continue to participate in the retirement savings plan. The County and United Food and Commercial Workers (UFCW), Local 1994, Municipal and County Government Employees Organization (MCGEO) will jointly determine the timeline for communication, election, and implementation no later than August 1, 2026; with notice being sent to bargaining unit members no later than September 30, 2026; and with election to switch to guaranteed retirement income plan submitted no later than December 31, 2026.

* * *

33-38. Normal retirement date, mandatory retirement date, early retirement date, and trial retirement.

(a) *Normal retirement date.* The normal retirement date is the first day of the month elected by a member after the member meets the years of service and age requirements for the applicable membership group. For normal retirement:

* * *

(4) *Group E:* The member must have at least:

(A) 15 years of credited service and be at least age 55; or

(B) 25 years of credited service [and be] at [least] any age [46].

* * *

(8) *Group J:* The member must have at least:

(A) 15 years of credited service and be at least age 55; or

(B) 25 years of credited service [and be] at [least] any age [46].

* * *

33-39. Member Contributions and Credited Interest.

(a) *Member contributions.* Each member of the retirement system must contribute a portion of the member's regular earnings through regular payroll deductions.

* * *

(4) Member contributions to the guaranteed retirement income plan.

(A) A non-public safety employee member in the guaranteed retirement income plan must contribute 4% of regular earnings less than or equal to the Social Security wage base and 8% of regular earnings that exceed the Social Security wage base. For service beginning the first full pay period after December 31, 2026, a non-public safety employee member in the guaranteed

retirement income plan must contribute 5% of regular earnings less than or equal to the Social Security wage base and 9% of regular earnings that exceed the Social Security wage base. For service beginning the first full pay period after December 31, 2027, a non-public safety employee member in the guaranteed retirement income plan must contribute 6% of regular earnings less than or equal to the Social Security wage base and 10% of regular earnings that exceed the Social Security wage base.

* * *

33-40. Employer contributions.

* * *

(e) Guaranteed Retirement Income Plan.

- (1) Each pay period, the County must credit to each non-public safety member's guaranteed retirement income plan account an amount equal to 6 percent for service beginning on the first pay period after June 30, 2011 and 8 percent for service beginning on the first pay period after June 30, 2012 and 9 percent for service beginning the first full pay period after December 31, 2026 and 10 percent for service beginning the first full pay period after December 31, 2027 of the member's regular earnings. Interest must be credited at an annual rate of 7.25 percent on the County contribution credits. If the annual 7.25 percent interest rate does not comply with applicable law, the third segment rate described in Internal Revenue Code Section 430(h)(2)(G) or any successor provision must apply. Interest must be credited to a member's guaranteed retirement income plan account balance on a monthly basis as of the last day of the month.

* * *

33-41 Credited service.

* * *

(r) Positions added to Group E eligibility.

(1) Notwithstanding subsection (a)(2), an employee in the position of Public Safety Emergency Communications Specialist I, Public Safety Emergency Communications Specialist II, Public Safety Emergency Communications Specialist III, Public Safety Emergency Communications Specialist IV, Senior Public Safety Emergency Communications Specialist, Public Safety Communications Supervisor, Public Safety Emergency Communications Manager, or Emergency Communications MLS Manager 2 who was hired on or before July 1, 2023, and who was participating in the guaranteed retirement income plan or the retirement savings plan prior to eligibility in Group E may:

(A) make a one-time irrevocable election to purchase credited service with their entire existing guaranteed retirement income plan or retirement savings plan balances up to and including August 7, 2024, in accordance with an actuarial determination of the value transferred; [or]

(B) retain guaranteed retirement income plan or retirement savings plan balances, will no longer participate in the guaranteed retirement income plan or retirement savings plan, and will enter Group E with a credited service balance of 0 years, unless the employee is otherwise eligible to purchase other service credits provided for in this section[.]; or

(C) Those employees who were in the retirement savings plan (RSP) or GRIP benefit plans prior to August 8, 2023 shall have a one-

161 time irrevocable opportunity to purchase any additional credited
 162 service years, up to their matching years of service from their hire
 163 date with County government, at a price of the full actuarial cost,
 164 plus a 7.5% risk share, with the actuarial cost determined in
 165 accordance with Sec. 33-44(o)(1) for the mandatory integrated
 166 plan. Employees may purchase the service on an after-tax basis
 167 over a period of time not exceeding five (5) years. If an employee
 168 uses a payment plan, they must pay an additional 6.5% interest
 169 per year. The reduction of the payment plan interest rate is
 170 intended exclusively for the ECC group specified in this
 171 subsection. The County must notify affected employees of their
 172 option to purchase no later than August 1, 2026. Affected
 173 employees must submit their request to purchase by October 1,
 174 2026. Individual cost projections, to include but not limited to
 175 payment options and payment amount to purchase years of
 176 credited service, must be provided no later than December 31,
 177 2026. An employee's final decision to purchase must be
 178 submitted no later than March 1, 2027.

- 179 (2) Eligible employees who elect to purchase credited service under this
 180 subsection may not apply any years of service while a member of the
 181 guaranteed retirement income plan or the retirement savings plan for
 182 the purposes of calculating years of service under either the optional
 183 retirement plan or the integrated retirement plan.
 184 (3) Eligibility for early or normal retirement will be based upon the credited
 185 service at the time the employee enters Group E plus any credited
 186 service purchased by the employee.

(4) The vesting provisions in subsection (a)(2) will apply to employees listed in subsection (r)(1) regardless of whether they elect to purchase service credit under this subsection.

(s) *Positions added to Group J eligibility.*

(1) Notwithstanding subsection (a)(2), a County member who was hired on or before July 1, 2023, and who was participating in the guaranteed retirement income plan or the retirement savings plan prior to Group J eligibility, and who becomes Group J eligible after July 1, 2023 may:

(A) make a one-time irrevocable election to purchase credited service with their entire existing guaranteed retirement income plan or retirement savings plan balances up to and including August 7, 2024, in accordance with an actuarial determination of the value transferred; [or]

(B) retain guaranteed retirement income plan or retirement savings plan balances, will no longer participate in the guaranteed retirement income plan or retirement savings plan, and will enter Group J with a credited service balance of 0 years, unless the employee is otherwise eligible to purchase other service credits provided for in this section[.]; or

(C) Emergency Communication Center Employees currently in Group JK who were in the RSP or GRIP benefit plans prior to August 8, 2023, shall have a one-time irrevocable opportunity to purchase any credited service years up to their matching years of service from their hire date with County government at a price of the full actuarial cost, plus a 7.5% risk share, with the actuarial cost determined in accordance with Sec. 33-44 (o)(1) for the mandatory integrated plan. Employees may purchase the service

on an after-tax basis over a period of time not exceeding five (5) years. If an employee uses a payment plan, they must pay an additional 6.5% interest per year. The reduction of the payment plan interest rate is intended exclusively for the ECC group specified in this subsection. The County must notify affected employees of their option to purchase no later than August 1, 2026. Affected employees must submit their request to purchase by October 1, 2026. Individual cost projections, to include but not limited to payment options and payment amount to purchase years of credited service, must be provided to affected employees no later than December 31, 2026. An employee's final decision to purchase must be submitted no later than March 1, 2027.

- (2) Eligible employees who elect to purchase credited service under this subsection may not apply any years of service while a member of the guaranteed retirement income plan or the retirement savings plan for the purposes of calculating years of service under either the optional retirement plan or the integrated retirement plan.
- (3) Eligibility for early or normal retirement will be based upon the credited service at the time the employee enters Group J plus any credited service purchased by the employee.
- (4) The vesting provisions in subsection (a)(2) will apply to employees listed in subsection (s)(1) regardless of whether they elect to purchase service credit under this subsection.

* * *

DIVISION 3. BENEFITS.

* * *

33-44. Pension payment options and cost of living adjustments.

* * *

(g) *Distributions from the Guaranteed Retirement Income Plan.* A participant who receives a contribution under Section 33-42A must not receive a distribution until the participant attains the Social Security retirement age. Any other participant may receive a distribution when the participant terminates County employment. A participant may elect a distribution from the guaranteed retirement income plan of a participant's vested guaranteed retirement income plan account balance as follows:

* * *

(2) Annuity Method of Distribution.

(A) Payment Election. A participant may elect to receive the participant's guaranteed retirement income plan account balance paid in:

[(A)] (i) a single life annuity payable to the participant during the life of that participant; or

[(B)] (ii) a joint and survivor annuity payable to the participant over the participant's lifetime and, at the participant's death, payable to the designated beneficiary (spouse, domestic partner, or children only) who survives. Payments must be made for the designated beneficiary's lifetime in the amount payable to the participant or another amount elected by the participant, but not less than 10 percent of the amount payable to the participant.

(B) Participants who elect a single life annuity or a joint and survivor annuity shall receive a post-retirement Cost-of-Living Adjustment (COLA) based upon changes in Washington-Arlington-Alexandria Consumer Price Index, up to 2.5%

annually. The COLA does not apply to retirees in the Retirement Savings Plan who elect the transfer to employees' retirement system, annuity option under, Section 33-120(f)(4).

* * *

ARTICLE VIII. EMPLOYEES' RETIREMENT SAVINGS PLAN.

DIVISION 1. RETIREMENT SAVINGS PLAN.

* * *

33-116. Participant Contributions.

(a) *Percent of participant contributions.*

- (1) (A) Group I. Each participant in Group I must contribute, through regular payroll deductions, 4 percent of regular earnings less than or equal to the Social Security wage base and 8 percent of regular earnings that exceed the Social Security wage base. For service beginning the first full pay period after December 31, 2026, each Group I participant must contribute 5% of regular earnings less than or equal to the Social Security wage base and 9% of regular earnings that exceed the Social Security wage base. For service beginning the first full pay period after December 31, 2027, each Group I participant must contribute 6% of regular earnings less than or equal to the Social Security wage base and 10% of regular earnings that exceed the Social Security wage base.

* * *

Sec. 33-117. Employer contributions.

(a) *Amount of employer contributions.*

- (1) *Group I participants.* The County must contribute to the retirement savings plan in quarterly installments, on behalf of each Group I participant, an amount equal to 6 percent for service beginning on the

first pay period after June 30, 2011, [and] 8 percent for service beginning on the first pay period after June 30, 2012, 9 percent for service beginning on the first full pay period after December 31, 2026, and 10 percent for service beginning on the first full pay period after December 31, 2027 of that participant's regular earnings while a Group I participant during a plan year.

* * *

Approved:

Natali Fani-González, President, County Council

Date

Approved:

Marc Elrich, County Executive

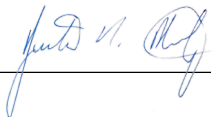
Date

This is a correct copy of Council action.

Sara Tenenbaum, Clerk of the Council

Date

APPROVED AS TO FORM AND LEGALITY
OFFICE OF THE COUNTY ATTORNEY



4/13/2026

Date:



Fiscal Impact Statement

Office of Management and Budget

Bill XX-26

OPT/SLT Bargaining Units-Pension and Retirement Adjustments

Bill Summary

This bill addresses several negotiated changes related to pension and retirement adjustments. This bill offers a one-time opportunity for specific Emergency Communication Center (ECC) employees to purchase retirement service credits, removes normal retirement age requirements with 25 years of service for Employees' Retirement System (ERS) Groups E and J, expands ERS Group E to include correctional health nurses, adds Cost of Living Adjustments (COLA) to Guaranteed Retirement Income Plan (GRIP) annuities, increases GRIP and Retirement Savings Plan (RSP) contribution rates, and temporarily reopens enrollment for the GRIP for certain employees.

Fiscal Impact Summary

Expenditures are estimated to increase by approximately \$3.2 million in FY27, increasing annually to \$15.5 million by FY31. These increases do not include the indeterminate fiscal impacts of some of the changes implemented by the bill that are dependent on variables such as the number of affected employees, the amount of purchased service credit, and the value of balances transferred into new plans. These indeterminate increases primarily affect the potential cost impacts beyond FY27, and will depend on the actual experiences resulting from employee plan selections.

Fiscal Year	2026	2027	2028	2029	2030	2031	Total
Personnel Costs	\$0	\$3,194,532	\$10,586,674	\$14,538,146	\$14,974,289	\$15,501,285	\$58,794,926
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$3,194,532	\$10,586,674	\$14,538,146	\$14,974,289	\$15,501,285	\$58,794,926
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Impact	\$0	(\$3,194,532)	(\$10,586,674)	(\$14,538,146)	(\$14,974,289)	(\$15,501,285)	(\$58,794,926)
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis

The one-time irrevocable service purchase opportunity will enable specific ECC employees in Groups E and J to purchase credited years of service at the full actuarial cost plus a 7.5% risk share. The cost impact is dependent on the number of affected employees and the amount of service purchased. At this time, there is no estimate for how many employees would take this opportunity.

The change in retirement eligibility condition for members of Groups E and J will adjust normal retirement eligibility from age 55 and 15 years of credited service, or age 46 and 25 years of credited service to 25 years of credited service at any age, with an estimated impact of \$2,507 in the first year of inclusion in the actuarial valuation. Amendments were submitted on April 21, 2026 to include this amount in the FY27 budget.

The transfer of correctional health nurses from Groups A and J to Group E will be effective on June 30, 2029, with the cost dependent on the number of affected employees. The impact of this would be determined in the actuarial valuation for



funding the FY30 budget.

The changes to the County and employee contribution rates to GRIP and RSP member account balances will increase the current County contribution rate of 8.00% of pay to 9.00% of pay effective January 1, 2027 and to 10.00% of pay effective January 1, 2028. The current employee contribution rate will increase from 4.00% of pay to 5.00% of pay effective January 1, 2027 and to 6.00% of pay on January 1, 2028. The estimated FY27 impact of changes to the County and employee contribution rates is \$3,639,388. This amount accounts for the value of the additional county contribution; subsequent annual valuations will assume estimates for both the county contribution requirements and the actuarial impacts on liability.

The addition of COLA adjustments to GRIP annuities will enable employees participating in the GRIP who elect the optional form of payment to annuitize their GRIP account balance to receive an annual post-retirement COLA linked to changes in the Washington-Arlington-Alexandria Consumer Price Index, up to 2.5% annually, with an estimated FY27 impact of up to (-\$103,519). Amendments will be submitted to include this amount in the FY27 budget. The actuarial analysis presents the estimated impact for a full year; this estimate represents impact that recognizes an expected January 1, 2027 effective date.

The one-time irrevocable opportunity to switch to the GRIP will enable represented employees hired before July 1, 2014 who previously elected or defaulted to the RSP to enroll in the GRIP. The RSP balances of affected employees will be transferred to the GRIP and the guaranteed interest rate of 7.25% will be applied prospectively. The cost impact of this change is dependent on the number of affected employees and the value of the balances transferred. At this time, there is no estimate for how many employees would take this opportunity. Amendments will be submitted to include (-\$343,844) in the FY27 budget, an assumption of a 25% shift of eligible represented employees from RSP to GRIP. The actuarial analysis presents the estimated impact for a full year; this estimate represents impact that recognizes an expected January 1, 2027 effective date.

The funding necessary to implement the FY27 impact of the RSP and GRIP contribution increases was included in the FY27 County Executive Recommended Operating Budget. All other items with estimated FY27 impact will be addressed with a budget amendment.

Staff Impact

The bill is expected to impact staff time and workload. Duties include developing retirement models for a large number of employees, creating and disseminating communication to eligible and affected employees, conducting various informational employee meetings, and recordkeeping updates. These changes are anticipated to be absorbed by current staff but may result in delays in other projects.

Actuarial Analysis

Actuarial analysis was performed in order to estimate the fiscal impact of each change. The actuaries measured the cost impact to the Montgomery County Employee's Retirement System with impacts calculated as of July 1, 2025 (the effective date of the most recent actuarial valuation) for FY27 contributions. Actual impacts for FY28 and future valuations will depend on the final assumptions approved, as well as other natural assumption changes or updates present in the valuation. For applicable changes, the actuarial analysis also presents scenarios to estimate the cost impact of certain parentages of employees transferring plans.

See attached actuarial analyses performed by Gabriel, Roeder, Smith and Company for full details.



Information Technology Impact	The bill requires adjustments to retirement information in the County's Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
<i>Later actions that may impact revenue or expenditures if future spending is projected</i>	The bill does not authorize future spending.
<i>Ranges of revenue or expenditures that are uncertain or difficult to project</i>	The expenditure estimates for FY28 and beyond are subject to actuarial valuations performed for each budget year. Changes to underlying actuarial assumptions could have an impact on the accuracy of the initial estimates, and the compounding effect of multiple provisions is likely to result in additional expenses in the valuations.
Contributors	Carol Jones, Department of Finance - Retirement Administration Division Yan Yan, Department of Finance - Retirement Administration Division James Donaldson, Office of Labor Relations Shantee Jackson, Office of Management and Budget



LEGISLATIVE REQUEST REPORT

Bill No. XX-XX

Title of Bill

- I. Description: Enhancements to GRIP, RSP, Group E and Group JK.

- II. Problem: These retirement enhancements were bargained during 2025-2026 term negotiations with MCGEO.

- III. Goals and Objectives: Increase employer and employee contribution rates for GRIP and RSP and to add a retirement COLA for GRIP. Remove the years of service requirement for Groups E and JK. Allow Group E (ECC) members to buy additional service credit at a premium.

- IV. Coordination: OLR, OCA, FIN, RAD, GRS and consultants PFM and Septon Strategies

- V. Fiscal Impact: OMB to provide.

- VI. Economic Impact:

- VII. Evaluation of the Results of the Proposed Law:

- VIII. Experience Elsewhere: N/A

- IX. Sources of Information:

- X. Application within Municipalities: N/A

XI. Penalties: N/A

Economic Impact Statement

Montgomery County, Maryland

Bill 21-26, Employee Retirement System – Savings and Benefits – Amendment

Summary

The Office of Legislative Oversight (OLO) anticipates that Bill 21-26 would have a negative impact on overall economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would codify several negotiated changes to the County's pension and retirement systems between the Municipal and County Government Employee Organization (MCGEO) and the County Executive, updating eligibility rules, benefit provisions, and contribution rates for multiple employee groups. To assess its economic impacts, this analysis examines the Bill's effects on household income and the secondary effects on local businesses, using data on the residency of active affected County employees and the Office of Management and Budget (OMB)'s Fiscal Impact Statement.

The Bill would increase retirement income for employees in the Department of Correction and Rehabilitation, the Sheriff's Office, Fire and Rescue Service and Police Department Emergency Communications Centers, and multiple general-government departments with MCGEO OPT and SLT employees participating in GRIP or the RSP. Applying residency patterns to the projected fiscal impacts implies that only about \$22.9 million of the \$58.8 million in additional expenditures over FY26–FY31 would flow to in-County households, while roughly \$35.9 million would accrue to nonresidents. Because a majority of the new income is expected to leak outside the County even though it is funded by local taxpayers, the Bill is likely to generate relatively weak local multiplier effects compared to if a larger share of the funds were recirculated within the County. Given the magnitude of the annual leakages, the Bill's long-term net impact on overall economic conditions in the County would likely be negative.

Background and Purpose of Bill 21-26

The County Executive recently completed negotiations with MCGEO, the union that represents all eligible County employees "associated with office, professional, paraprofessional, and technical functions."¹ The negotiations resulted in an agreement that would make changes to the County's employee retirement systems.

The purpose of Bill 21-26 is to enact the provisions in the agreement. As stated in the Bill, it would make the following changes:

- add correctional health nurses to retirement Group E, effective June 30, 2029;
- remove retirement Groups E and J age requirement for normal retirement when 25 years of service are met;
- increase employee and employer contributions for employees that participate in the Guaranteed Retirement Income Plan (GRIP);
- increase employee and employer contributions for Group I members participating in the Retirement Savings Plan (RSP);

- reopen GRIP enrollment for specified members of the Office, Professional, and Technical (OPT) and Service, Labor, and Trades (SLT) bargaining unit for a limited time;
- provide post-retirement Cost-of-Living Adjustment (COLA) to GRIP; and
- provide a one-time limited irrevocable opportunity to purchase credited service years for specified Emergency Communications Center (ECC) employees in Groups E and J.

According to the County's Office of Management and Budget (OMB), "[e]xpenditures are estimated to increase by approximately \$3.2 million in FY27, increasing annually to \$15.5 million by FY31."

The Council introduced the Bill on behalf of the County Executive on May 5, 2026.

Information Sources, Methodologies, and Assumptions

As required by Section 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill 21-26 on residents and private organizations, using the Council's priority economic indicators as the measure. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.¹

Analytical Approach

In this analysis, OLO focuses on two primary channels of the Bill's potential impacts:

- (1) direct changes in household income benefit recipients, and
- (2) secondary effects on local businesses arising from any additional spending that occurs within the County.

This analysis evaluates these channels by distinguishing affected County employees who reside within the County from those who live outside the County. Residency serves two functions: it identifies the share of beneficiaries who are County residents for purposes of assessing impacts on resident households, and it is used as a proxy for the share of additional income that is likely to be spent within the County rather than elsewhere. Additional income spent outside the County would constitute a "leakage."

Information Sources and Assumptions

This analysis relies on the following sources of information:

- Data from the Office of Human Resources (OHR) on residency of County employees;
- OLO's prior analysis of County benefit changes in the Economic Impact Statements for Bill 11-26; and
- The Office of Management and Budget (OMB)'s Fiscal Impact Statement for Bill 21-26.

Scope Limitation

The fiscal impact statement determined that the Bill would increase County expenditures and have no impact on revenues. As a result, the County would bear the cost of benefit changes rather than taxpayers facing higher tax rates. Because OLO does not know how the County would otherwise allocate the funds used for the

¹ Montgomery County Code, "[Sec. 2-81B, Economic Impact Statements](#)."

benefit increase in the absence of enacting the Bill, this Economic Impact Statement limits its scope to the economic impacts of the higher benefit changes on residents and private organizations. In particular, the analysis does not assess the Bill's opportunity cost; that is, it does not compare these impacts to the economic effects of alternative uses of the same County operating funds.

Variables

The economic effects of Bill 21-26 would primarily depend on the following variables:

- total increase in benefits
- place of residence of recipients
- inflation rates
- household savings rates

Impacts

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Residents

OLO anticipates that Bill 21-26 would have mixed impacts on certain residents in the County.

By codifying negotiated changes to the County's pension and retirement systems between MCGEO and the County Executive, the Bill would primarily affect employees in the Department of Correction and Rehabilitation, the Sheriff's Office, Fire and Rescue Service and Police Department Emergency Communications Centers, and multiple general-government departments with MCGEO OPT and SLT employees participating in GRIP or the RSP. By modifying benefits, affected workers would receive higher total compensation and, in expectation, higher household income over time, holding all else equal.²

As shown in Table A1 in the Appendix, residency patterns for County employees vary across departments and between active and retired employees.³ Across the affected departments, only about 39 percent of active employees and 38 percent of retirees reside in Montgomery County.

Given these residency patterns, only about 39 percent of active and 38 percent of retired employees in the affected departments reside in the County. Applying these residency shares to the projected fiscal impacts, OLO estimates that roughly \$22.9 million of the \$58.8 million in additional expenditures over FY26–FY31 would flow to in-County employees and retirees, while about \$35.9 million would flow to beneficiaries living outside the County. See **Table 1** below. For in-County beneficiaries, this represents a gain in retirement-year income

² Assuming that benefit increases do not materially reduce beneficiaries' employment levels or other sources of income as a substitute for the increase.

³ Police and Sheriff's Office both have just over half of their active employees living in the County, which is close to the overall County-wide figure of 54.1 percent for all active County employees across all departments, not just those listed in Table A1. In contrast, the Department of Correction and Rehabilitation has 38 percent of its active employees residing in the County, and Fire and Rescue Services is even lower at 21 percent. Among retired employees, retirees from the Police Department are the only group in which a majority reside in the County.

partly offset by higher payroll contributions during working years; for out-County beneficiaries, the income gains would largely accrue and be spent outside Montgomery County.

Because an estimated \$35.9 million of the \$58.8 million in additional expenditures over FY26–FY31 would accrue to nonresident employees and retirees, much of the new income would leak out of the County economy rather than recirculating among County households. This leakage means that County residents, as consumers and workers, would forego the opportunity to benefit from a sizable share of the new income through higher local spending, employment, or wages.

Table 1. Anticipated Leakage of Fiscal Impacts

Fiscal Year	2026	2027	2028	2029	2030	2031	Total
Total Expenditures	\$0	\$3,194,532	\$10,586,674	\$14,538,146	\$14,974,289	\$15,501,285	\$58,794,926
In-County (39 percent)	\$0	\$1,245,867	\$4,128,803	\$5,669,877	\$5,839,973	\$6,045,501	\$22,930,021
Out-County (61 percent)	\$0	\$1,948,665	\$6,457,871	\$8,868,269	\$9,134,316	\$9,455,784	\$35,864,905

Beyond these impacts, OLO does not expect the Bill to affect residents in terms of the Council's other priority indicators.

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Bill 21-26 would have mixed impacts on certain private organizations in the County.

The Bill would indirectly impact certain County-based businesses. Geography plays an important role in consumption, as individuals tend to spend more close to where they live, especially in frequently purchased sectors such as food services, gasoline, and other local retail services.⁴

Some County businesses would benefit from higher future spending by residents whose retirement income increases due to the Bill. However, because an estimated \$35.9 million of the \$58.8 million in additional expenditures over FY26–FY31 would accrue to nonresidents, a majority of the new income would leak out of the County and would not generate additional demand for local goods and services. As a result, local businesses would capture only a minority of the potential gains from the Bill.

Beyond these impacts, OLO does not expect the Bill to affect businesses in terms of the Council's other priority indicators.

Net Impact

OLO anticipates that Bill 21-26 would have a negative impact on overall economic conditions in the County. The expenditures from the Bill would be financed with County revenues that are ultimately raised from residents and businesses located in the County. Applying residency patterns to the projected fiscal impacts implies that only about \$22.9 million of the \$58.8 million in additional expenditures over FY26–FY31 would flow to in-County households, while roughly \$35.9 million would accrue to nonresidents. Because a majority of the new income is expected to leak outside the County even though it is funded by local taxpayers, the Bill is likely to generate relatively weak local multiplier effects compared to if a larger share of the funds were recirculated

⁴ Sumit Agarwal et al., [Consumer Mobility and the Local Structure of Consumption Industries](#), with National Bureau of Economic Research (National Bureau of Economic Research, 2017).

within the County. Given the magnitude of the annual leakages, the Bill's long-term net impact on overall economic conditions in the County would likely be negative.

Discussion Items

Not applicable

Caveats

Two caveats to the economic impact analysis conducted here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

Contributions

Stephen Roblin, PhD (OLO) prepared this report.

Appendix

Table A1. Residence of County Employees by Department and Status

Active Employees

Department	Total Employees	Residing In-County	Residing Out-County	Percent Residing In-County
Correction and Rehabilitation	502	191	311	38.0
Fire and Rescue Services	1411	292	1119	20.7
Police	1783	933	850	52.3
Sherriff's Office	182	97	85	53.3
Total	3878	1513	2365	39.0

Retired Employees

Department	Total Employees	Residing In-County	Residing Out-County	Percent Residing In-County
Correction and Rehabilitation	243	54	189	22.2
Fire and Rescue Service	581	107	474	18.4
Police	805	462	343	57.4
Sherriff's Office	101	39	62	38.6
Total	1730	662	1068	38.3

Note: Across all agencies, 54 percent of active employees reside in the County, whereas 51 percent of retired employees reside in the County.

Climate Assessment

Office of Legislative Oversight

BILL 21-26: EMPLOYEE RETIREMENT SYSTEM – SAVINGS AND BENEFITS - AMENDMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 21-26 will have no impact on the County's contribution to addressing climate change as it is proposing changes to benefits for certain County employees.

BACKGROUND AND PURPOSE OF BILL 21-26

The County Executive recently completed negotiations with the Municipal and County Government Employee Organization (MCGEO), Local 1994. MCGEO is the union that represents all eligible County employees "associated with office, professional, paraprofessional, and technical functions."¹ The negotiations resulted in an agreement that would make changes to the County's employee retirement systems.²

The purpose of Bill 21-26 is to enact the provisions in the agreement. As stated in the Bill, it would make the following changes:

- add correctional health nurses to retirement Group E, effective June 30, 2029;
- remove retirement Groups E and J age requirement for normal retirement when 25 years of service are met;
- increase employee and employer contributions for employees that participate in the Guaranteed Retirement Income Plan (GRIP);
- increase employee and employer contributions for Group I members participating in the Retirement Savings Plan (RSP);
- reopen GRIP enrollment for specified members of the Office, Professional, and Technical (OPT) and Service, Labor, and Trades (SLT) bargaining unit for a limited time;
- provide post-retirement Cost-of-Living Adjustment (COLA) to GRIP; and
- provide a one-time limited irrevocable opportunity to purchase credited service years for specified Emergency Communications Center (ECC) employees in Groups E and J.³

According to the County's Office of Management and Budget (OMB), "[e]xpenditures are estimated to increase by approximately \$3.2 million in FY27, increasing annually to \$15.5 million by FY31."⁴

The Council introduced the Bill on behalf of the County Executive on May 5, 2026.

ANTICIPATED IMPACTS

As the Bill is proposing changes to benefits for certain County employees, OLO anticipates Bill 21-26 will have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.⁵ OLO does not offer recommendations or amendments as Bill 21-26 will have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help increase the County's community climate resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

¹ Montgomerycountymd.gov, "[Negotiated Agreements](#)," accessed May 14, 2026.

² See Marc Elrich to County Council, Memorandum, April 23, 3036 in [Introduction Staff Report](#) for Bill 21-26.

³ See Bill 21-26 text in [Introduction Staff Report](#).

⁴ See Fiscal Impact Statement for Bill 21-26 in Introduction Staff Report.

⁵ Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022



March 13, 2026

Ms. Jennifer Harling, Esq.
Chief Labor Relations Officer
Office of Labor Relations
Montgomery County Government
101 Monroe Street, 12th Floor
Rockville, Maryland 20850

Subject: Service Purchase Opportunity for ECC Employees in Groups E and J, Group E and J Retirement Eligibility Changes, Transfer of Correctional Health Nurses to Group E

Dear Ms. Harling:

As requested, we have measured the cost impact to the Montgomery County Employees' Retirement System (ERS) of the following changes:

- Provide a one-time irrevocable opportunity for ECC employees in Groups E and J to purchase credited years of service;
- Change the normal retirement eligibility conditions for Groups E and J to allow retirement at 25 years of service at any age; and
- Transfer Correctional Health Nurses to Group E.

The cost impact in this letter is based on the results of the July 1, 2025 actuarial valuation.

Service Purchase Opportunity for ECC Employees in Groups E and J

Specified ECC employees in Groups E and J will be provided a one-time irrevocable opportunity to purchase credited years of service at the full actuarial cost, plus a 7.5% risk share.

The cost impact to Groups E and J will depend on the number of employees and the amount of service purchased. For example, if the full actuarial cost of purchasing the service is \$10,000, the employee would pay \$10,750 for the service purchase, which would have a favorable impact on the Group E and J unfunded liability. The service purchase would also increase the funded ratio (if the funded ratio is less than 107.5%).

Change in Retirement Eligibility Conditions

Currently, members of Group E and Group J are eligible for normal retirement at age 55 and 15 years of credited service, or age 46 and 25 years of credited service. The retirement eligibility conditions have been revised and members will now be eligible for normal retirement with 25 years of credited service at any age.

The change in retirement eligibility conditions affects members who earn 25 years of credited service before reaching age 46 (entered the plan before age 21).

Exhibit VI includes a summary of the number of active members by calculated hire age. There are 21 current active members of Group E (20 of which who are younger than age 46 as of the valuation date and may be impacted by this change) and 2 current active members of Group J (0 of which who are younger than age 46 as of the valuation date and may be impacted by this change) with calculated hire ages younger than 21.

Exhibit VII includes a summary of the current age and service for the Group E members with a calculated hire age of younger than 21.

The change is estimated to increase the Group E unfunded actuarial liability measured as of July 1, 2025, by \$17,100 and the Group E County contribution for fiscal year 2027 by \$2,507.

Transfer of Correctional Health Nurses to Group E

Correctional Health Nurses will be transferred to Group E on June 30, 2029.

The County provided a data file on January 12, 2026 with the employees as of July 1, 2025 eligible to transfer under a previous proposal. The Correctional Health Nurses were included on that file and can be classified as follows:

Employee designation	Group A	Group J	Total
Correctional Health Nurses	1	20	21

The employee in Group A is a non-represented employee (bargaining unit code NON) and the employees in Group J are represented employees (bargaining unit code OPT).

There were two employees in Group J on the data file provided who were not in the actuarial valuation as of July 1, 2025.

Because the data is as of July 1, 2025 and the transfer will occur on June 30, 2029, the number of affected employees may be different than the 21 shown above.

Plan Provision Comparison

Upon transferring from Group A or Group J, Correctional Health Nurses would receive the benefits in accordance with the Group E provisions for all service, including the following benefit provisions (compared to Group A or J provisions):

- Normal and early retirement eligibility

Group	Normal Retirement Eligibility (Age/Service)	Early Retirement Eligibility (Age/Service)
A	60/5, 55/30	50/15, 45/20
J	55/15, 46/25	45/15, 41/20
E	55/15, 46/25	45/15, 41/20



- Benefit payable until Social Security Normal Retirement Age (SSNRA) equal to the pre-SSNRA benefit accrual rate times average final earnings for each year of credited service, up to the maximum amount of years. Benefit payable beginning at SSNRA (Age 70 for Group E and J) equal to the post-SSNRA benefit accrual rate times average final earnings for each year of credited service, up to the maximum amount of years.

Group	Pre-SSNRA Benefit Accrual First 25 Years	Pre-SSNRA Benefit Accrual after 25 Years	Maximum Years of Service*	Post-SSNRA Benefit Accrual**	Benefit Change Age/SSNRA
A	2.00%	2.00%	36	1.25%	SSNRA
J	2.50%	2.00%	30	1.65%	70
E	2.60%	2.25%	30	1.65%	70

* Maximum years plus sick leave credit.

**Applicable to average final earnings up to Social Security maximum covered compensation. Benefit accrual rates for average final earnings above Social Security maximum covered compensation are the pre-SSNRA rates.

- Employee contributions

Group	Employee Rate up to the SSTWB	Employee Rate in Excess of the SSTWB
A	6.00%	8.00%
J	6.75%	10.50%
E	6.75%	10.50%

Asset Transfer

The County Code does not specify a method to use for transferring assets from Group A or J to another group. Therefore, we assumed that assets attributable to each member of Group A and J correspond to the funded ratio based on the actuarial value of assets for each of those plans. Because the Groups A, H, and GRIP funded ratio is 98.5%, assets attributable to transferring Group A members are equal to 98.5% of the liabilities under the Group A plan provisions and assumptions calculated for those members. Similarly, the funded ratio for Group J is 104.0% and, therefore, assets attributable to transferring Group J members are equal to 104.0% of the liabilities under the Group J plan provisions and assumptions calculated for those members. Additional employee contributions would also be made to Group E (as shown in the table on the following page).

Under the County Code Chapter 33-37, members who transfer from Group A or H to Group E, F, G or J (or between Groups A and H) will have their service transferred to the new group. In addition to paying the contribution rate increase as of the effective date of transfer, the transferring member must pay the additional amount of contributions that would have been paid as a member of Group E, F, G or J (or A or H) from July 1, 1970, or hire date, if later, plus interest at the rate of 6 ½% per annum to date of full payment.



The following table provides details on the amount of the asset transfer from Groups A and J to Group E, the estimated additional employee contributions required for the transfer and the estimated impact on the net unfunded liability for Groups A, J and E.

The estimated impact on the unfunded actuarial liability measured as of July 1, 2025 is \$(2,512) for Group A, \$212,760 for Group J, and \$225,376 for Group E, for a net increase in the unfunded actuarial accrued liability of \$435,624. The transfer will occur on June 30, 2029 and will be measured as of that date and will first affect the County fiscal year 2031 contribution.

Current Group	Group A	Group J	Total
New Group	Group E		
Number	1	20	21
Salary	\$ 130,181	\$ 2,244,954	\$ 2,375,135
Average Age	46.1	54.3	53.9
Average Credited Service	8.7	9.8	9.8
AC with 4% Interest (Current Group)	\$ 62,079	\$ 1,482,689	\$ 1,544,767
Additional AC with 6.5% interest due (Group E)	9,312	0	9,312
Funded Ratio Current Group	98.5%	104.0%	
Asset Transfer Amount Based on Funded Ratio	\$ 164,979	\$ 5,531,762	\$ 5,696,741
Total Asset Transfer Amount	\$ 174,291	\$ 5,531,762	\$ 5,706,053
Actuarial Accrued Liability (Group E)	\$ 316,644	\$ 5,614,785	\$ 5,931,429
Actuarial Accrued Liability Current Group	167,491	5,319,002	5,486,493
Estimated Increase in Liability Due to Group Transfer	149,153	295,783	444,936
Net Unfunded Liability Under Group E After Transfer	\$ 142,353	\$ 83,023	\$ 225,376
Net Unfunded Liability Under Current Group After Transfer	(2,512)	212,760	210,248
Transferring Member Funded Ratio Under Group E	55.0%	98.5%	

Please note that the estimated additional AC with interest for Group E shown above is a rough estimate only. (We estimated that if a member with 9 years of service was required to make an additional contribution of 0.75% of pay for each of the 9 years, accumulated with 6.50% interest, the additional amount would be approximately equal to 15% of their current AC with interest.) We set the assumption of 15% based on a hypothetical projection using the historical employee contribution rates of Groups A and E, the current salary increase assumption for Group A, annual interest on the Group A contributions of 4% and annual interest on the make-up additional contribution of 6.50%. A full salary history back to the employee's hire date would be needed in order to calculate the actual additional contribution the employee would need to make in order to transfer under the provisions of County Code Chapter 33-37. (We are happy to provide an exact calculation for the member, if requested, after receiving the necessary salary history.)



Normal Cost Comparison

The normal cost rate is the estimated annual cost of providing benefits (as a percentage of payroll) over a member's career.

Based on the most recent actuarial valuation as of July 1, 2025, following are the County normal cost rates for Groups A, E, and J based on the members participating in those plans as of the valuation date. The average County normal cost rate for Group E is higher than the rate for Groups A and J due to the retirement eligibility conditions, benefits provided and actuarial assumptions applicable to Group E compared to the other groups. Therefore, the County contribution is expected to increase as a result of transferring the Correctional Health Nurses from Groups A and J to Group E.

Group A	Group E	Group J
5.18%	14.63%	12.83%

Summary of Results

The following transfer scenarios are included in this letter:

Exhibit	Description
I(a)	Total Group Cost Impact Summary of Group E/J Retirement Eligibility Change and Correctional Health Nurse Transfer to Group E
I(b)	Cost Impact Summary of Group E/J Retirement Eligibility Change
I(c)	Cost Impact Summary of Correctional Health Nurse Transfer to Group E
II	Actuarial Valuation Results as of July 1, 2025 – Baseline
III	Actuarial Valuation Results as of July 1, 2025 for Transferring Members from Groups A and J to Group E
IV	Actuarial Valuation Results as of July 1, 2025 – Illustrative Results After Correctional Health Nurse Transfer to Group E
V	Projected County Contributions Based on Retirement Eligibility Changes and Transfer
VI	Summary of Calculated Age at Hire – Groups E and J
VII	Age/Service Schedule for Group E Members Hired at Ages Younger Than 21

The Appendix includes the language from County Code Chapter 33-37 which describes the transfer provisions for the Group A and J members and a brief summary of the current benefit provisions.

The change in Group E and J retirement eligibility conditions is projected to slightly increase the County contribution requirement. There are currently only a small number of Group E employees who would be affected and no Group J employees who would be affected.

The transfer of Correctional Health Nurses from Group A and J to Group E is expected to increase the County contribution requirement. Transferring employees would be required to make an additional contribution upon transferring attributable to past service. Because the Group E employee contribution rate is 0.75% of pay higher than the Group A contribution rate, this additional amount for each year of past service (with 6.50% annualized interest from the year the original contribution would have been



made to the payment date) would need to be contributed by the employee under the provisions of County Code Chapter 33-37. However, this additional amount is not expected to be high enough to cover the difference in the actuarial accrued liability under Group E compared to Group A and, therefore, the transfer would create an unfunded liability. The actuarial accrued liability for members transferring from Group J is higher under the Group E provisions and assumptions, and because the employee contribution rates are the same under Groups E and J, we don't believe any additional employee contributions would be payable. In addition to the cost associated with the unfunded liability, the ongoing cost (as measured by the County normal cost) is higher under Group E compared to Groups A or J.

Considerations and Disclosures

The analysis was performed at the request of Montgomery County ("County") and is intended for use by the County and those designated by the County. This analysis may be provided to parties other than the County only in its entirety and only with the permission of the County.

We assumed that member behavior would be based on the Group E assumptions for results after the transfer and that assumed rates of salary increase, termination rates and retirement rates would be based on total service (including service under the current plan). This may result in assuming that members will retire at a different age if they transfer to Group E than if they remain in their current plan.

We amortized the change in unfunded liability over a 20-year period which is consistent with the current funding policy.

If any of the provisions, underlying data or assumptions used in this analysis appear to be incorrect or unreasonable, please let us know as soon as possible so we can update the analysis.

Future actuarial measurements may differ significantly from the current measurements presented in this cost analysis due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions, contribution amounts or applicable law.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training and Processes Team, who developed and maintain the model.

To the best of our knowledge, the information contained in this analysis is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.



Ms. Jennifer Harling
Montgomery County Government
March 13, 2026
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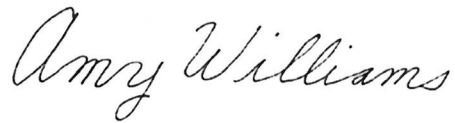
Amy Williams and Alex Rivera are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

Please let us know if you have any questions or would like to discuss the results of this analysis further.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Amy Williams, ASA, EA, MAAA, FCA
Senior Consultant



Alex Rivera, FSA, EA, MAAA, FCA
Senior Consultant



Cost Impact Summary by Group of Change in Retirement Eligibility Conditions for Groups E and J and Transfer of Correctional Health Nurses from Group A and J to Group E

	Valuation as of July 1, 2025							
	Non-Public Safety			Public Safety				
	Group A	Group H	Group J	Group E	Group F	Group G	GRIP	Total
	Actuarial Accrued Liability (AAL)							
Total Actuarial Accrued Liability								
Baseline	\$ 895,698,543	\$ 671,998,983	\$ 83,208,212	\$ 519,808,410	\$ 1,547,594,631	\$ 1,378,967,895	\$ 385,112,402	\$ 5,482,389,076
Group E/J Retirement Eligibility Change	895,698,543	671,998,983	83,208,212	519,825,510	1,547,594,631	1,378,967,895	385,112,402	5,482,406,176
Correctional Health Nurse Transfer	895,531,052	671,998,983	77,889,210	525,739,839	1,547,594,631	1,378,967,895	385,112,402	5,482,834,012
Change in Total Actuarial Accrued Liability								
Group E/J Retirement Eligibility Change	\$ -	\$ -	\$ -	17,100	-	-	-	17,100
Correctional Health Nurse Transfer	\$ (167,491)	\$ -	\$ (5,319,002)	\$ 5,931,429	\$ -	\$ -	\$ -	\$ 444,936
	Unfunded Actuarial Accrued Liability (UAAL)							
Net Unfunded Actuarial Accrued Liability								
Baseline	\$ 21,685,384	\$ (14,605,745)	\$ (3,340,202)	\$ 24,149,094	\$ 49,720,549	\$ 143,549,652	\$ 13,170,841	\$ 234,329,573
Group E/J Retirement Eligibility Change	21,685,384	(14,605,745)	(3,340,202)	24,166,194	49,720,549	143,549,652	13,170,841	234,346,673
Correctional Health Nurse Transfer	21,682,872	(14,605,745)	(3,127,442)	24,374,470	49,720,549	143,549,652	13,170,841	234,765,197
Change in Unfunded Actuarial Accrued Liability								
Group E/J Retirement Eligibility Change	\$ -	\$ -	\$ -	17,100	-	-	-	17,100
Correctional Health Nurse Transfer	\$ (2,512)	\$ -	\$ 212,760	\$ 225,376	\$ -	\$ -	\$ -	\$ 435,624
	Actuarial Value of Assets Funded Ratio (AVA Funded Ratio)							
AVA Funded Ratio								
Baseline	98.5%	98.5%	104.0%	95.4%	96.8%	89.6%	98.5%	95.6%
Group E/J Retirement Eligibility Change	98.5%	98.5%	104.0%	95.4%	96.8%	89.6%	98.5%	95.6%
Correctional Health Nurse Transfer	98.5%	98.5%	104.0%	95.4%	96.8%	89.6%	98.5%	95.6%
Change in AVA Funded Ratio								
Group E/J Retirement Eligibility Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Correctional Health Nurse Transfer	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Estimated County Contribution (Dollars)							
County Contribution Dollar								
Baseline	\$ 872,997	\$ 1,198,881	\$ 1,306,991	\$ 9,263,256	\$ 23,733,961	\$ 40,708,720	\$ 23,227,455	\$ 100,312,261
Group E/J Retirement Eligibility Change	872,997	1,198,881	1,306,991	9,265,763	23,733,961	40,708,720	23,227,455	100,314,768
Correctional Health Nurse Transfer	863,737	1,198,881	1,047,102	9,601,500	23,733,961	40,708,720	23,227,455	100,381,356
Change in County Contribution (\$)								
Group E/J Retirement Eligibility Change	\$ -	\$ -	\$ -	2,507	-	-	-	2,507
Correctional Health Nurse Transfer	\$ (9,260)	\$ -	\$ (259,889)	\$ 338,244	\$ -	\$ -	\$ -	\$ 69,095

Net UAAL shown above does not include Outside Agency UAAL of \$8,645,355 that will be separately funded by the outside agencies.



**Cost Impact Summary of Change in Group E Retirement Eligibility Conditions
Based on the Actuarial Valuation as of July 1, 2025**

	Baseline Actuarial Valuation Results		Retirement Eligibility Change		Difference	
	Group E	% of Payroll	Group E	% of Payroll	Group E	% of Payroll
<u>Total All Plans</u>						
Active Members						
Number	608		608		-	
Average Age	41.2		41.2		0.0	
Average Credited Service	8.9		8.9		0.0	
Total Base Payroll	\$ 55,010,616		\$ 55,010,616		\$ 0	
DRSP/DROP Members						
Number	24		24		-	
Total Base Payroll	\$ 2,976,849		\$ 2,976,849		\$ -	
Total Benefits	1,511,901		1,511,901		-	
Terminated Vested Members						
Number	26		26		-	
Total Benefits (non-GRIP)	\$ 225,128		\$ 225,128		\$ -	
Actuarial Accrued Liability						
Active Members	\$ 165,186,647		\$ 165,203,747		\$ 17,100	
DRSP/DROP Members	21,566,004		21,566,004		-	
Terminated Vested Members	1,367,130		1,367,130		-	
Retired Members and Beneficiaries	331,688,629		331,688,629		-	
Total	519,808,410		519,825,510		17,100	
Actuarial Value of Assets	\$ 495,659,316		\$ 495,659,316		\$ -	
Unfunded Actuarial Accrued Liability	\$ 24,149,094		\$ 24,166,194		\$ 17,100	
Funded Ratio (Actuarial Value of Assets)	95.4%		95.4%		0.0%	
Annual Gross Normal Cost						
Benefits	\$ 10,766,015	(20.66%)	\$ 10,767,277	(20.66%)	\$ 1,262	(0.00%)
Expenses of Administration	371,962	(0.72%)	371,962	(0.72%)	-	(0.00%)
Total	11,137,977	(21.38%)	11,139,239	(21.38%)	1,262	(0.00%)
Amortization of Unfunded Liability	\$ 1,643,384	(2.99%)	\$ 1,644,629	(2.99%)	\$ 1,245	(0.00%)
Annual Contribution Requirement:						
County Portion	\$ 9,263,256	(17.62%)	\$ 9,265,763	(17.62%)	\$ 2,507	(0.00%)
Employee Portion	3,518,105	(6.75%)	3,518,105	(6.75%)	(0)	(0.00%)
Total	12,781,361	(24.37%)	12,783,868	(24.37%)	2,507	(0.00%)



Total Cost Impact Summary of Transfer of Correctional Health Nurses from Groups A and J to Group E
Measured as of July 1, 2025
Actual Transfer will be Effective June 30, 2029

Valuation as of July 1, 2025			
	Baseline	Transfer All Service	Difference from Baseline
<u>Total All Plans</u>			
Active Members			
Number	7,125	7,125	-
Total Base Payroll	\$ 706,952,441	\$ 706,952,441	\$ -
Total Actuarial Accrued Liability	5,482,389,076	5,482,834,012	444,936
Actuarial Value of Assets	5,239,414,148	5,239,423,460	9,312
Unfunded Actuarial Accrued Liability	\$ 242,974,928	\$ 243,410,552	\$ 435,624
Outside Agency Non-GRIP Unfunded Liability	8,645,355	8,645,355	-
Net Unfunded Actuarial Accrued Liability	234,329,573	234,765,197	435,624
Funded Ratio (Actuarial Value of Assets)	95.6%	95.6%	0.0%
Annual Gross Normal Cost			
Total (Benefits and Expenses)	\$ 117,631,888	\$ 117,667,712	\$ 35,824
Amortization of Unfunded Liability	19,801,319	19,833,043	31,724
Annual Contribution Requirement:			
County Portion	\$ 100,312,261	\$ 100,381,356	\$ 69,095
Employee Portion	37,120,946	37,119,399	(1,547)
Total	137,433,207	137,500,755	67,548

The increase in the actuarial value of assets is from the additional contributions required from members transferring from Group A.



Actuarial Valuation Results as of July 1, 2025 – Baseline

	Combined Groups A, H, GRIP	Valuation as of July 1, 2025										% of Payroll
		Non-Public Safety					Public Safety					
		Group A	Group H	Group J	Group E	Group F	Group G	GRIP	Total			
Total All Plans												
Active Members												
Number	4,102	126	224	119	608	1,048	1,248	3,752		7,125		
Average Age	49.1	60.8	61.2	49.3	41.2	40.5	38.7	48.0		45.4		
Average Credited Service	9.6	31.5	30.1	13.8	8.9	14.7	12.5	7.6		10.8		
Total Base Payroll	\$ 386,600,332	\$ 17,447,793	\$ 23,892,647	\$ 13,893,619	\$ 55,010,616	\$ 121,661,822	\$ 129,786,052	\$ 345,259,892	\$	\$ 706,952,441		
DRSP/DROP Members												
Number					24	53	66			143		
Total Base Payroll					\$ 2,976,849	\$ 7,691,513	\$ 9,446,557			\$ 20,114,919		
Total Benefits					1,511,901	5,118,231	5,648,304			12,278,436		
Terminated Vested Members												
Number	708	12	14	4	26	39	19	682		796		
Total Benefits (non-GRIP)					\$ 225,128	\$ 498,268	\$ 205,732			\$ 1,253,865		
Retired Members and Beneficiaries												
Number	293,402	\$ 191,634	\$ 101,768	\$ 31,335	\$ 225,128	\$ 498,268	\$ 205,732			\$ 1,253,865		
Total Membership												
									\$	\$ 474,401	\$ 330,830,406	
										4,455	14,934	
Actuarial Accrued Liability												
Active Members	\$ 485,818,444	\$ 80,018,085	\$ 96,557,437	\$ 50,563,481	\$ 165,186,647	\$ 565,562,013	\$ 531,987,709	\$ 309,242,922	\$	\$ 1,799,118,294		
DRSP/DROP Members					21,566,004	74,770,889	85,548,541			181,885,434		
Terminated Vested Members	74,343,925	1,913,665	965,022	144,566	1,367,130	2,931,144	1,155,175	71,465,238		79,941,940		
Retired Members and Beneficiaries	1,392,647,559	813,766,793	574,476,524	32,500,165	331,688,629	904,330,585	760,276,470	4,404,242		3,421,443,408		
Total	1,952,809,928	895,698,543	671,998,983	83,208,212	519,808,410	1,547,594,631	1,378,967,895	385,112,402		5,482,389,076		
Actuarial Value of Assets	\$ 1,923,914,093	\$ 86,548,414	\$ 495,659,316	\$ 1,497,874,082	\$ 1,235,418,243			\$ 5,239,414,148				
Unfunded Actuarial Accrued Liability	\$ 28,895,835	\$ (3,340,202)	\$ 24,149,094	\$ 49,720,549	\$ 143,549,652			\$		\$ 242,974,928		
Outside Agency Non-GRIP Unfunded Liability	8,645,355							8,645,355				
Net Unfunded Actuarial Accrued Liability	20,250,480									234,329,573		
Funded Ratio (Actuarial Value of Assets)	98.5%			104.0%	95.4%	96.8%	89.6%			95.6%		
Annual Gross Normal Cost												
Benefits	\$ 38,295,605	\$ 1,590,467	\$ 2,171,335	\$ 2,415,656	\$ 10,766,015	\$ 27,559,673	\$ 34,543,739	\$ 34,533,803	\$	\$ 113,580,688	16.83%	
Expenses of Administration	1,093,951	180,182	217,425	113,857	371,962	1,273,516	1,197,914	696,344		4,051,200	0.60%	
Total	39,389,556	1,770,649	2,388,760	2,529,513	11,137,977	28,833,189	35,741,653	35,230,147		117,631,888	17.43%	
Amortization of Unfunded Liability ¹	\$ 1,424,634	\$ 59,040	\$ 88,385	\$ (349,162)	\$ 1,643,384	\$ 2,847,560	\$ 14,234,903	\$ 1,277,209	\$	\$ 19,801,319	2.81%	
Annual Contribution Requirement:												
County Portion	\$ 25,299,333	\$ 872,997	\$ 1,198,881	\$ 1,306,991	\$ 9,263,256	\$ 23,733,961	\$ 40,708,720	\$ 23,227,455	\$	\$ 100,312,261	14.74%	
Employee Portion	15,514,857	956,692	1,278,264	873,360	3,518,105	7,946,788	9,267,836	13,279,901		37,120,946	5.50%	
Total	40,814,190	1,829,689	2,477,145	2,180,351	12,781,361	31,680,749	49,976,556	36,507,356		137,433,207	20.24%	

¹ Amortization bases established prior to the July 1, 2015 actuarial valuation were recombined into a single amortization base equal to the total unfunded liability as of July 1, 2015. Beginning July 1, 2023, the amortization of the current and future unfunded liability for the non-Public Safety groups A, H, and GRIP was amortized over a 20-year closed period. Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over separate closed 20-year amortization periods for each of the Public Safety groups (Groups E, F, G and J).



Actuarial Valuation Results as of July 1, 2025 – Transfer of Correctional Health Nurses from Groups A and J to Group E

	Group A Members Transfer All Service to Group E		Group J Member Transfer All Service to Group E	
	Before Transfer	After Transfer	Before Transfer	After Transfer
	Group A	Group E	Group J	Group E
Total All Plans				
Active Members				
Number	1	1	20	20
Average Age	46.1	46.1	54.3	54.3
Average Credited Service	8.7	8.7	9.8	9.8
Total Base Payroll	\$ 130,181	\$ 130,181	\$ 2,244,954	\$ 2,244,954
Actuarial Accrued Liability				
Active Members	\$ 167,491	\$ 316,644	\$ 5,319,002	\$ 5,614,785
DRSP/DROP Members				
Terminated Vested Members			-	-
Retired Members and Beneficiaries				
Total	167,491	316,644	5,319,002	5,614,785
Annual Gross Normal Cost				
Benefits	\$ 15,254	(11.98%) \$ 26,933	(21.06%) \$ 398,720	(18.98%) \$ 423,190
Expenses of Administration	1,465	(1.15%) 1,470	(1.15%) 18,490	(0.88%) 18,160
Total	16,719	(13.13%) 28,403	(22.21%) 417,210	(19.86%) 441,350
Annual Gross Normal Cost				
County Portion	\$ 9,077	(7.13%) \$ 19,773	(15.46%) \$ 275,383	(13.11%) \$ 302,058
Employee Portion	7,642	(6.00%) 8,630	(6.75%) 141,827	(6.75%) 139,292
Total	16,719	(13.13%) 28,403	(22.21%) 417,210	(21.39%) 441,350

The portion of the normal cost attributable to administrative expenses is the same percentage of payroll assumption used in the actuarial valuation as of July 1, 2025.

The member transferring from Group A is a non-represented employee and the members transferring from Group J are represented employees.



Actuarial Valuation Results as of July 1, 2025 – Illustrative Results after Transfer of Correctional Health Nurses from Groups A and J to Group E
Actual Transfer will be Effective June 30, 2029

	Combined Groups A, H, GRIP	Valuation as of July 1, 2025							% of Payroll
		Non-Public Safety		Public Safety			GRIP	Total	
		Group A	Group H	Group J	Group E	Group F			
Total All Plans									
Active Members									
Number	4,101	125	224	99	629	1,048	1,248	3,752	7,125
Average Age									
Average Credited Service									
Total Base Payroll	\$ 386,470,151	\$ 17,317,612	\$ 23,892,647	\$ 11,648,665	\$ 57,385,751	\$ 121,661,822	\$ 129,786,052	\$ 345,259,892	\$ 706,952,441
DRSP/DROP Members									
Number					24	53	66		143
Total Base Payroll					\$ 2,976,849	\$ 7,691,513	\$ 9,446,557	\$	\$ 20,114,919
Total Benefits					1,511,901	5,118,231	5,648,304		12,278,436
Terminated Vested Members									
Number	708	12	14	4	26	39	19	682	796
Total Benefits (non-GRIP)	\$ 293,402	\$ 191,634	\$ 101,768	\$ 31,335	\$ 225,128	\$ 498,268	\$ 205,732	\$	\$ 1,253,865
Retired Members and Beneficiaries									
Number								21	6,870
Total Benefits								\$ 474,401	\$ 330,830,406
Total Membership								4,455	14,934
Actuarial Accrued Liability									
Active Members	\$ 485,650,953	\$ 79,850,594	\$ 96,557,437	\$ 45,244,479	\$ 171,118,076	\$ 565,562,013	\$ 531,987,709	\$ 309,242,922	\$ 1,799,563,230
DRSP/DROP Members					21,566,004	74,770,889	85,548,541		181,885,434
Terminated Vested Members	74,343,925	1,913,665	965,022	144,566	1,367,130	2,931,144	1,155,175	71,465,238	79,941,940
Retired Members and Beneficiaries	1,392,647,559	813,766,793	574,476,524	32,500,165	331,688,629	904,330,585	760,276,470	4,404,242	3,421,443,408
Total	1,952,642,437	895,531,052	671,998,983	77,889,210	525,739,839	1,547,594,631	1,378,967,895	385,112,402	5,482,834,012
Actuarial Value of Assets	\$ 1,923,749,114	\$ 81,016,652	\$ 501,365,369	\$ 1,497,874,082	\$ 1,235,418,243			\$ 5,239,423,460	
Unfunded Actuarial Accrued Liability	\$ 28,893,323	\$ (3,127,442)	\$ 24,374,470	\$ 49,720,549	\$ 143,549,652			\$	\$ 243,410,552
Outside Agency Non-GRIP Unfunded Liability	8,645,355								8,645,355
Net Unfunded Actuarial Accrued Liability	20,247,968								234,765,197
Funded Ratio (Actuarial Value of Assets)	98.5%	104.0%	95.4%	96.8%	89.6%				95.6%
Annual Gross Normal Cost									
Benefits	\$ 38,280,351	\$ 1,575,213	\$ 2,171,335	\$ 2,016,936	\$ 11,216,138	\$ 27,559,673	\$ 34,543,739	\$ 34,533,803	\$ 113,616,837
Expenses of Administration	1,092,486	178,717	217,425	95,367	391,592	1,273,516	1,197,914	696,344	4,050,875
Total	39,372,837	1,753,930	2,388,760	2,112,303	11,607,730	28,833,189	35,741,653	35,230,147	117,667,712
Amortization of Unfunded Liability ¹	\$ 1,424,451	\$ 58,857	\$ 88,385	\$ (333,668)	\$ 1,659,797	\$ 2,847,560	\$ 14,234,903	\$ 1,277,209	\$ 19,833,043
Annual Contribution Requirement:									
County Portion	\$ 25,290,073	\$ 863,737	\$ 1,198,881	\$ 1,047,102	\$ 9,601,500	\$ 23,733,961	\$ 40,708,720	\$ 23,227,455	\$ 100,381,356
Employee Portion	15,507,215	949,050	1,278,264	731,533	3,666,027	7,946,788	9,267,836	13,279,901	37,119,399
Total	40,797,288	1,812,787	2,477,145	1,778,635	13,267,527	31,680,749	49,976,556	36,507,356	137,500,755
									20.25%

¹ Amortization bases established prior to the July 1, 2015 actuarial valuation were recombined into a single amortization base equal to the total unfunded liability as of July 1, 2015. Beginning July 1, 2023, the amortization of the current and future unfunded liability for the non-Public Safety groups A, H, and GRIP was amortized over a 20-year closed period. Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over separate closed 20-year amortization periods for each of the Public Safety groups (Groups E, F, G and J).



Projected County Contributions
Based on the Actuarial Valuation as of July 1, 2025

All Groups	Group E and J			
	Baseline	Group E and J Retirement Eligibility Change	Correctional Health Nurse Transfer to Group E	Retirement Eligibility Change and
Projected County Contribution Requirement \$				
Fiscal Year 2027	\$ 100,312,261	\$ 100,314,768	\$ 100,314,768	
Fiscal Year 2028	103,321,629	103,324,211	103,324,211	
Fiscal Year 2029	106,421,278	106,423,937	106,423,937	
Fiscal Year 2030	109,613,916	109,616,655	109,616,655	
Fiscal Year 2031	112,902,334	112,905,155	112,982,922	
5-Year Total	532,571,417	532,584,727	532,662,494	
Difference from Baseline				
Fiscal Year 2027		\$ 2,507	\$ 2,507	
Fiscal Year 2028		2,582	2,582	
Fiscal Year 2029		2,660	2,660	
Fiscal Year 2030		2,739	2,739	
Fiscal Year 2031		2,822	80,589	
5-Year Total		13,310	91,077	

The County contribution requirement is projected to increase by three percent each year. The fiscal year 2027 contribution is based on payroll as of July 1, 2025. The projections do not include the impact of the deferred gains and losses in the future projected actuarial value of assets after July 1, 2025.

The Groups E and J retirement eligibility condition change affects current represented employees only (and does not affect any current non-represented employees).

The Correctional Health Nurse transfer to Group E which is effective June 30, 2029 is projected to first affect the fiscal year 2031 County contribution.



Summary of Calculated Age at Hire and Number Younger than Age 46 as of the Valuation Date – Group E and J
Based on Actuarial Valuation as of July 1, 2025

Calculated Age at Hire	Group E		Group J	
	Number	Number with Attained Age < 46	Number	Number with Attained Age < 46
Under 18				
18	2	2		
19	3	3	2	0
20	16	15		
21	20	15	1	1
22-24	94	80	17	6
25-29	161	133	24	19
30-34	128	89	19	9
35-39	70	46	22	10
40-44	54	28	14	5
45-49	40	3	10	0
50-54	12	0	4	0
55-59	8	0	5	0
60 or Older			1	0
Total	608	414	119	50
Total Affected by Change		20		0

In order to determine how many current active members are affected by the change to allow normal retirement at 25 years of credited service at any age, we calculated a hire age for each active member based on the member's age at the valuation date minus credited service at the valuation date. (Credited service includes County, purchased, transferred, sick leave and military service as of the valuation date.) Members with calculated hire ages younger than 21 would have 25 years of service before age 46 based on earning one year of credited service in each future year (and no changes to purchased, transferred, sick leave and military service).



**Summary of Age and Service as of the Valuation Date
For Members with Calculated Hire Ages Younger than 21 – Group E**

Based on Actuarial Valuation as of July 1, 2025

Hire Age Less than 21	Current Service													40 and Over	Totals
	Current Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35-39		
19	1													1	
20	1													1	
21	2	2												4	
22		1												1	
23			1											1	
24														0	
25-29						6								6	
30-34														0	
35-39								2						2	
40-44								1	3					4	
45-49														0	
50-54												1		0	
55-59														1	

Language from Montgomery County Code Section Article III, Division 2, Chapter 33-37 regarding group transfers

(g) Transfer from one group to another. A member who elects to transfer from one membership group to another as a result of amendments to this Article must transfer by December 31, 1978, or forfeit this option. However, under paragraph 4, a group D member may transfer to group F at any time before the member's retirement date. Additional contributions made as a result of the transfer must not be treated as picked-up contributions.

(1) Transfers From Group A to Group E, F, G, H, or J. Whenever a group A member transfers to a position which is qualified for membership in group E, F, G, H, or J, the retirement service credits earned as a group A member must be used for the purpose of qualifying for retirement. Except for the contribution rate increase as of the effective date of transfer, there will be no additional charges levied on any member who is transferred prior to July 1, 1970. Any member who transfers after July 1, 1970, in addition to paying the contribution rate increase as of the effective date of transfer, must pay the additional amount of contributions that would have been paid as a member of group E, F, G, H, or J from July 1, 1970, or hire date, if later, plus interest at the rate of 6 ½ percent per annum to date of full payment.

(5) Transfers From Group H to Group A, E, F, G, or J. A group H member may transfer to group A, E, F, G, or J and the retirement service credits earned as a group H member must be used for the purpose of qualifying for retirement under group A, E, F, G, or J. Any member who transfers on or after July 1, 1989, in addition to paying the contribution rate increase as of the effective date of transfer, must pay the additional amount of contributions that would have been paid as a member of group A, E, F, G, or J from July 1, 1970, or hire date, if later, plus interest at the rate of 6 ½ percent per annum to date of full payment.

Benefit Provisions as of July 1, 2025

1. Social Security Wage Base

For any particular year, the maximum amount of earnings creditable for benefit computation purposes under the Old Age, Survivors and Disabilities Insurance Program established by the Federal Social Security Act.

Year	Social Security Taxable Wage Base	Year	Social Security Taxable Wage Base
2011	\$106,800	2021	\$142,800
2012	\$110,100	2022	\$147,000
2013	\$113,700	2023	\$160,200
2014	\$117,000	2024	\$168,600
2015	\$118,500	2025	\$176,100
2016	\$118,500		
2017	\$127,200		
2018	\$128,400		
2019	\$132,900		
2020	\$137,700		

2. Social Security Maximum Compensation Level

The maximum dollar amount of earnings upon which Social Security benefits are based, assuming:
 (1) an employee's annual compensation is at least as great as the taxable wage base each year, for a 35-year period through the year in which the employee attains Social Security Retirement Age,
 (2) the employee remained in covered employment during each calendar year, and (3) the taxable wage base stays level from date of retirement to Social Security Retirement Age.

3. Social Security Retirement Age

Age 65 for employees born prior to January 1, 1938.

Age 66 for employees born on or after January 1, 1938, and prior to January 1, 1955.

Age 67 for employees born on or after January 1, 1955.

4. Regular Earnings

Gross pay for actual hours worked, excluding overtime.

Imputed Compensation for FY2010 only (effective July 1, 2009):

- Regular earnings for a Group A, E, J or H member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.5% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

5. Benefits

A. Normal Retirement Date:

Age and Service Requirement:

- Group A: Age 60 and five years of credited service, or age 55 and 30 years of credited service (after June 30, 2002, age 60 and five years of credited service, or age 50 and 30 years of credited service for members who are Police Telecommunicators).
- Group E, J: Age 55 and 15 years of credited service, or age 46 and 25 years of credited service.
- Group H: Age 60 and five years of credited service, or age 55 and 30 years of credited service (after June 30, 2002, age 60 and five years of credited service, or age 50 and 30 years of credited service for members who are Police Telecommunicators or members of the Service, Labor and Trades (SLT) bargaining unit).

B. Benefit Amount:

1. Optional non-integrated plan: All groups other than Group E, J, F or G – 2% of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.
 - Group E, J: 2.4% of average final earnings for each of the first 25 years of credited service, plus 2% of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credit in excess of 25 years is credited at 2% of average final earnings.
2. Integrated plans:
 - a. From date of retirement to Social Security Retirement Age (age 70 for Group E, G, and J members beginning with retirements on or after July 1, 2024 and age 70 for Group F members beginning with retirements on or after August 7, 2023):
 - Group E: 2.6% of average final earnings for each of the first 25 years of credited service, plus 2.25% of average final earnings for each year of credited service more than 25 years up to a maximum of 30 years, plus sick leave credits. (Prior to August 8, 2023, 2.4% of average final earnings for each of the first 25 years of credited service, plus 2% of average final earnings for each year of credited service more than 25 years up to a maximum of 31 years, plus sick leave credits).
 - Group J: 2.5% of average final earnings for each of the first 25 years of credited service, plus 2% of average final earnings for each year of credited service more than 25 years up to a maximum of 30 years, plus sick leave credits. (Prior to August 7, 2023: 2.4% of average final earnings for each of the first 25 years of credited service, plus 2%



of average final earnings for each year of credited service more than 25 years up to a maximum of 31 years, plus sick leave credits.)

- b. From attainment of Social Security Retirement Age (age 70 for Group E, G, and J members beginning with retirements on or after July 1, 2024 and age 70 for Group F members beginning with retirements on or after August 7, 2023):
 - For Groups A, B or H: 1.25% of average final earnings up to Social Security maximum covered compensation plus 2% of average final earnings above Social Security maximum covered compensation, multiplied by years of credited service up to 36 years, plus sick leave credits.
 - Group E: 1.65% of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years plus sick leave credits, plus 2.6% of average final earnings above Social Security maximum covered compensation for each of the first 25 years, and 2.25% of average final earnings above Social Security maximum covered compensation for each year of credited service after 25 years up to a maximum of 30 years, plus sick leave credits. Sick leave credits used for years in excess of 25 years is credited at 2.25% of average final earnings above Social Security maximum covered compensation. (Prior to August 8, 2023, 1.65% of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 31 years plus sick leave credits, plus 2.4% of average final earnings above Social Security maximum covered compensation for each of the first 25 years, and 2% of average final earnings above Social Security maximum covered compensation for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits.) Sick leave credits used for years in excess of 25 years is credited at 2% of average final earnings above Social Security maximum covered compensation.
 - Group J: 1.65% of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years plus sick leave credits, plus 2.5% of average final earnings above Social Security maximum covered compensation for each of the first 25 years, and 2% of average final earnings above Social Security maximum covered compensation for each year of credited service after 25 years up to a maximum of 30 years, plus sick leave credits. Sick leave credits used for years in excess of 25 years is credited at 2% of average final earnings above Social Security maximum covered compensation. (Prior to August 7, 2023: 1.65% of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 31 years plus sick leave credits, plus 2.4% of average final earnings above Social Security maximum covered compensation for each of the first 25 years, and 2% of average final earnings above Social Security maximum covered compensation for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits.) Sick leave credits used for years in excess of 25 years is credited at 2% of average final earnings above Social Security maximum covered compensation.

6. Post-Retirement Increases

Optional non-integrated plan: Annual adjustment to the benefit equal to 100% of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5%.

Optional integrated plan: Annual adjustment to the benefit equal to 100% of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5%.

Mandatory integrated plan:

- Participants who enrolled on or after July 1, 1978, and retired before November 1, 2001 – Annual adjustment to the benefit equal to 60% of CPI increase, limited to 5%. However, if over age 65 or disabled, then the maximum limit of 5% does not apply.
- Participants who enrolled on or after July 1, 1978, and retired on or after November 1, 2001 – Annual adjustment to the benefit equal to 100% of the change in Consumer Price Index for the Washington Metro Area up to 3%, plus 60% of any change in Consumer Price Index greater than 3%, not to exceed a total of 7.5% for years and months of credited service before July 1, 2011. The maximum 7.5% does not apply to disability retirees or retirees over age 65 for years of service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5%.

Following are the recent COLA increases granted July 1.

COLA Granted July 1	100% of CPI, Pre-7/1/2011 Service	100% of CPI up to 3%, 60% of Change in Excess of 3%, Pre-7/1/2011 Service	100% of CPI, Capped at 2.5%, Post- 7/1/2011 Service	60% of CPI
2020	-0.088%	-0.088%	-0.088%	-0.053%
2021	3.797%	3.478%	2.500%	2.278%
2022	7.518%	5.711%	2.500%	4.511%
2023	3.053%	3.032%	2.500%	1.832%
2024	3.289%	3.174%	2.500%	1.974%
2025	1.867%	1.867%	1.867%	1.120%

Disability Benefits:

For a disability occurring after June 30, 2011, as determined by the Disability Review Panel, any post-retirement adjustment of the disability retirement benefit will not exceed 2.5%.

Sick Leave:

For purposes of applying any post-retirement adjustment, any sick leave will be credited as years and months of service as of the date of retirement. For participants who retire after July 1, 2011, any post-retirement adjustment will not exceed 2.5% on any sick leave credited as years and months of service.

DRSP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DRSP exit is subject to the 2.5% post-retirement adjustment limit.

DROP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DROP exit is subject to the 2.5% post-retirement adjustment limit.

Transferred Service:

For purposes of applying any post-retirement adjustment, any transferred service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to transfer service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5% on the transferred service.

Purchased Service:

For purposes of applying any post-retirement adjustment, any purchased service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to purchase service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5% on the purchased service.





March 9, 2026

Ms. Jennifer Harling, Esq.
Chief Labor Relations Officer
Office of Labor Relations
Montgomery County Government
101 Monroe Street, 12th Floor
Rockville, Maryland 20850

Subject: GRIP and RSP Enhancements & RSP Transfers to GRIP – Cost Impact for Represented and Non-Represented Employees

Dear Ms. Harling:

As requested, we have measured the cost impact to the Montgomery County Employees' Retirement System (ERS) of a proposal to apply the same changes to non-represented employees participating in the Guaranteed Retirement Income Plan (GRIP) or the Retirement Savings Plan (RSP) that were recently bargained and adopted for represented employees participating in the GRIP and RSP. The cost impact in this letter is based on the results of the July 1, 2025 actuarial valuation.

The changes that were adopted for represented employees are as follows:

1. The current employee contribution rate of 4.00% and the current employer contribution rate of 8.00% to the RSP and GRIP member account balances will increase by 1.00% of pay effective January 1, 2027 (to 5.00% and 9.00%, respectively) and will increase by an additional 1.00% of pay effective January 1, 2028 (to 6.00% and 10.00%, respectively).
2. Employees participating in GRIP who elect the optional form of payment to annuitize their GRIP account balance will receive an annual Post-Retirement Cost-of-Living Adjustment (COLA) linked to changes in the Washington-Arlington-Alexandria Consumer Price Index, up to 2.5% annually.
 - a. The GRIP annuitization factors are based on a 0% COLA rate.
3. Effective July 1, 2026, employees hired before July 1, 2015 who previously elected or defaulted to the RSP will be given a one-time irrevocable opportunity to switch to the GRIP.
 - a. MCERP has confirmed that the RSP balance will be transferred to the GRIP and the guaranteed interest rate of 7.25% will be applied prospectively.

The County provided active member data files for GRIP and RSP for the July 1, 2025 actuarial valuation that can be summarized as follows (retirement code CM and RM are represented employees):

Employee designation	GRIP	RSP*	Total	RSP Hired Before 7/1/2015
Represented	3,019	1,580	4,599	1,320
Non-represented	733	1,709	2,442	835
Total	3,752	3,289	7,041	2,155

**Excludes three members who were in the July 1, 2025 actuarial valuation with an active GRIP status. Non-represented includes 3 elected officials in GRIP (code CZ) and 9 in RSP (code ZK).*

The following transfer scenarios are included in this letter:

Exhibit	Description
I	Cost Impact – Represented GRIP Provision Changes and Represented RSP Transfer to GRIP (GRIP Impact Only)
II	Cost Impact – Non-Represented GRIP Provision Changes and Non-Represented RSP Transfer to GRIP (GRIP Impact Only)
III	Cost Impact – Represented RSP Provision Changes and Represented RSP Transfer to GRIP (GRIP and RSP Impact)
IV	Cost Impact – Non-Represented RSP Provision Changes and Non-Represented RSP Transfer to GRIP (GRIP and RSP Impact)
V	Data Summary
VI	Projected County Contributions from GRIP and RSP Changes

The Appendix includes a brief summary of the current actuarial assumptions and benefit provisions.

Exhibit I summarizes the cost impact of the changes to the GRIP plan provisions applicable to the represented employees only. There are four transfer scenarios – 25%, 50%, 75% and 100% of eligible represented employees transfer from RSP to GRIP.

Exhibit II summarizes the cost impact of the changes to the GRIP plan provisions applicable to the non-represented employees. The cost impact for the non-represented employees assumes that the changes were already effective for the represented employees. There are four transfer scenarios – 25%, 50%, 75% and 100% of eligible non-represented employees transfer from RSP to GRIP.

Exhibit III summarizes the cost impact of the changes to the RSP plan provisions and the combined impact of the GRIP and RSP changes applicable to the represented employees only. There are four transfer scenarios – 25%, 50%, 75% and 100% of eligible represented employees transfer from RSP to GRIP.

Exhibit IV summarizes the cost impact of the changes to the RSP plan provisions and the combined impact of the GRIP and RSP changes applicable to the non-represented employees. The cost impact for the non-represented employees assumes that the changes already were effective for the represented employees. There are four transfer scenarios – 25%, 50%, 75% and 100% of eligible non-represented employees transfer from RSP to GRIP.

Exhibit VI summarizes the projected County contributions for fiscal years 2027 through 2031 and reflects that employee and County contributions will increase by 1.00% of pay each effective January 1, 2027 and will increase by an additional 1.00% of pay each effective January 1, 2028.

Based on the current assumptions and plan provisions, there is expected to be a decrease in County contributions if eligible employees transfer from RSP to GRIP. The normal cost rate (the estimated annual cost of benefits) is lower for GRIP than for RSP because GRIP accounts are credited with 7.25% annual interest and the current investment return assumption is 7.50%.



Considerations and Disclosures

The analysis was performed at the request of Montgomery County ("County") and is intended for use by the County and those designated by the County. This analysis may be provided to parties other than the County only in its entirety and only with the permission of the County.

We assumed that member behavior would be based on the GRIP assumptions for results after the transfer and that assumed rates of salary increase, termination rates, and retirement rates would be based on total service (including service under the current plan). We have not performed an analysis using different sets of assumptions. We recommend additional sensitivity analysis on the assumptions used before moving forward with the transfer to evaluate the cost associated with a range of possible assumptions.

If any of the provisions, underlying data or assumptions used in this analysis appear to be incorrect or unreasonable, please let us know as soon as possible so we can update the analysis.

Future actuarial measurements may differ significantly from the current measurements presented in this cost analysis due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions, contribution amounts or applicable law.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training and Processes Team, who developed and maintain the model.

To the best of our knowledge, the information contained in this analysis is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Amy Williams and Alex Rivera are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.



Ms. Jennifer Harling
Montgomery County Government
March 9, 2026
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Please let us know if you have any questions or would like to discuss the results of this analysis further.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Amy Williams, ASA, EA, MAAA, FCA
Senior Consultant



Alex Rivera, FSA, EA, MAAA, FCA
Senior Consultant



**Cost Impact Details of Proposed Changes in GRIP Plan Provisions for
Represented Employees Only
(Only Represented RSP Employees are Assumed to Transfer to GRIP)
Based on the Actuarial Valuation as of July 1, 2025**

	Baseline GRIP	Increase in Contribution Rate Represented GRIP	GRIP Annuitization and COLA Represented GRIP	25% RSP Hired Before 7/1/2015 Transfer to GRIP Total	50% RSP Hired Before 7/1/2015 Transfer to GRIP Total	75% RSP Hired Before 7/1/2015 Transfer to GRIP Total	100% RSP Hired Before 7/1/2015 Transfer to GRIP Total
Active Members							
Number	3,752	3,752	3,752	4,082	4,412	4,742	5,072
Total Base Payroll	\$ 345,259,892	\$ 345,259,892	\$ 345,259,892	\$ 377,192,541	\$ 409,125,191	\$ 441,057,840	\$ 472,990,490
Actuarial Accrued Liability							
Active Members	\$ 309,242,922	\$ 323,054,745	\$ 321,823,692	\$ 406,108,978	\$ 490,394,265	\$ 574,679,551	\$ 658,964,837
Terminated Vested Members	71,465,238	71,465,238	71,465,238	71,465,238	71,465,238	71,465,238	71,465,238
Retired Members and Beneficiaries	4,404,242	4,404,242	4,404,242	4,404,242	4,404,242	4,404,242	4,404,242
Total	385,112,402	398,924,225	397,693,172	481,978,458	566,263,745	650,549,031	734,834,317
Annual Gross Normal Cost							
Benefits	\$ 34,533,803 (10.45%)	\$ 43,022,244 (13.01%)	\$ 42,826,191 (12.96%)	\$ 47,293,711 (13.11%)	\$ 51,761,232 (13.24%)	\$ 56,228,752 (13.35%)	\$ 60,696,273 (13.44%)
Expenses of Administration	696,344 (0.22%)	696,344 (0.22%)	696,344 (0.22%)	762,845 (0.22%)	829,346 (0.22%)	895,847 (0.22%)	962,347 (0.22%)
Total	35,230,147 (10.67%)	43,718,588 (13.23%)	43,522,535 (13.18%)	48,056,556 (13.33%)	52,590,578 (13.46%)	57,124,599 (13.57%)	61,658,620 (13.66%)
Annual Gross Normal Cost							
County Portion	\$ 21,950,246 (6.65%)	\$ 25,620,272 (7.75%)	\$ 25,424,219 (7.70%)	\$ 28,042,281 (7.78%)	\$ 30,660,344 (7.85%)	\$ 33,278,406 (7.91%)	\$ 35,896,469 (7.95%)
Employee Portion	13,279,901 (4.02%)	18,098,316 (5.48%)	18,098,316 (5.48%)	20,014,275 (5.55%)	21,930,234 (5.61%)	23,846,193 (5.66%)	25,762,152 (5.71%)
Total	35,230,147 (10.67%)	43,718,588 (13.23%)	43,522,535 (13.18%)	48,056,556 (13.33%)	52,590,578 (13.46%)	57,124,599 (13.57%)	61,658,620 (13.66%)
Combined Groups A, H and GRIP				Combined Groups A, H and GRIP with Represented Employee RSP Transfers			
Total Actuarial Accrued Liability							
Group A	\$ 895,698,543	\$ 895,698,543	\$ 895,698,543	\$ 895,698,543	\$ 895,698,543	\$ 895,698,543	\$ 895,698,543
Group H	671,998,983	671,998,983	671,998,983	671,998,983	671,998,983	671,998,983	671,998,983
GRIP	385,112,402	398,924,225	397,693,172	481,978,458	566,263,745	650,549,031	734,834,317
Total	1,952,809,928	1,966,621,751	1,965,390,698	2,049,675,984	2,133,961,271	2,218,246,557	2,302,531,843
Actuarial Value of Assets	\$ 1,923,914,093	\$ 1,923,914,093	\$ 1,923,914,093	\$ 2,008,779,325	\$ 2,093,644,556	\$ 2,178,509,788	\$ 2,263,375,020
Unfunded Actuarial Accrued Liability	\$ 28,895,835	\$ 42,707,658	\$ 41,476,605	\$ 40,896,659	\$ 40,316,715	\$ 39,736,769	\$ 39,156,823
Outside Agency Non-GRIP Unfunded Liability	8,645,355	8,645,355	8,645,355	8,645,355	8,645,355	8,645,355	8,645,355
Net Unfunded Actuarial Accrued Liability	20,250,480	34,062,303	32,831,250	32,251,304	31,671,360	31,091,414	30,511,468
Funded Ratio	98.5%	97.8%	97.9%	98.0%	98.1%	98.2%	98.3%
County Normal Cost							
Group A	\$ 813,957	\$ 813,957	\$ 813,957	\$ 813,957	\$ 813,957	\$ 813,957	\$ 813,957
Group H	1,110,496	1,110,496	1,110,496	1,110,496	1,110,496	1,110,496	1,110,496
GRIP	21,950,246	25,620,272	25,424,219	28,042,281	30,660,344	33,278,406	35,896,469
Total	23,874,699	27,544,725	27,348,672	29,966,734	32,584,797	35,202,859	37,820,922
Amortization of Unfunded Liability	\$ 1,424,634	\$ 2,430,465	\$ 2,340,815	\$ 2,298,581	\$ 2,256,347	\$ 2,214,113	\$ 2,171,879
Total County Contribution	\$ 25,299,333	\$ 29,975,190	\$ 29,689,487	\$ 32,265,315	\$ 34,841,144	\$ 37,416,972	\$ 39,992,801



**Cost Impact Details of Proposed Changes in GRIP Plan Provisions for
Non-Represented Employees (Based on Updated Baseline Results Reflecting the
Contribution Rate and GRIP Annuitization and COLA Changes for Represented Employees)
(Only Non-Represented RSP Employees are Assumed to Transfer to GRIP)
Based on the Actuarial Valuation as of July 1, 2025**

	Inc. in Contrib. GRIP Ann./COLA Represented		Increase in Contribution Rate		GRIP Annuitization and COLA		25% RSP Hired Before 7/1/2015 Transfer to GRIP		50% RSP Hired Before 7/1/2015 Transfer to GRIP		75% RSP Hired Before 7/1/2015 Transfer to GRIP		100% RSP Hired Before 7/1/2015 Transfer to GRIP	
	Baseline GRIP	GRIP	All	GRIP	All	GRIP	Total	Total	Total	Total	Total	Total	Total	Total
Active Members														
Number	3,752	3,752		3,752		3,752	3,961	4,170	4,378	4,587				
Total Base Payroll	\$ 345,259,892	\$ 345,259,892		\$ 345,259,892		\$ 345,259,892	\$ 373,152,166	\$ 401,044,440	\$ 428,936,713	\$ 456,828,986				
Actuarial Accrued Liability														
Active Members	\$ 309,242,922	\$ 321,823,692		\$ 328,321,262		\$ 327,674,976	\$ 404,974,827	\$ 482,274,679	\$ 559,574,530	\$ 636,874,381				
Terminated Vested Members	71,465,238	71,465,238		71,465,238		71,465,238	71,465,238	71,465,238	71,465,238	71,465,238				
Retired Members and Beneficiaries	4,404,242	4,404,242		4,404,242		4,404,242	4,404,242	4,404,242	4,404,242	4,404,242				
Total	385,112,402	397,693,172		404,190,742		403,544,456	480,844,307	558,144,159	635,444,010	712,743,861				
Annual Gross Normal Cost														
Benefits	\$ 34,533,803	\$ 42,826,191	(12.96%)	\$ 46,032,837	(13.93%)	\$ 45,963,597	\$ 49,879,919	\$ 53,796,242	\$ 57,712,564	\$ 61,628,886	(14.10%)			
Expenses of Administration	696,344	696,344	(0.22%)	696,344	(0.22%)	696,344	754,962	813,579	872,197	930,814	(0.22%)			
Total	35,230,147	43,522,535	(13.18%)	46,729,181	(14.15%)	46,659,941	50,634,881	54,609,821	58,584,761	62,559,700	(14.32%)			
Annual Gross Normal Cost														
County Portion	\$ 21,950,246	\$ 25,424,219	(7.70%)	\$ 26,839,699	(8.13%)	\$ 26,770,459	\$ 29,071,862	\$ 31,373,266	\$ 33,674,669	\$ 35,976,073	(8.24%)			
Employee Portion	13,279,901	18,098,316	(5.48%)	19,889,482	(6.07%)	19,889,482	21,563,018	23,236,555	24,910,091	26,583,628	(6.08%)			
Total	35,230,147	43,522,535	(13.18%)	46,729,181	(14.15%)	46,659,941	50,634,881	54,609,821	58,584,761	62,559,700	(14.32%)			
Combined Groups A, H and GRIP														
Total Actuarial Accrued Liability														
Group A	\$ 895,698,543	\$ 895,698,543		\$ 895,698,543		\$ 895,698,543	\$ 895,698,543	\$ 895,698,543	\$ 895,698,543	\$ 895,698,543				
Group H	671,998,983	671,998,983		671,998,983		671,998,983	671,998,983	671,998,983	671,998,983	671,998,983				
GRIP	385,112,402	397,693,172		404,190,742		403,544,456	480,844,307	558,144,159	635,444,010	712,743,861				
Total	1,952,809,928	1,965,390,698		1,971,888,268		1,971,241,982	2,048,541,833	2,125,841,685	2,203,141,536	2,280,441,387				
Actuarial Value of Assets														
Unfunded Actuarial Accrued Liability	\$ 1,923,914,093	\$ 1,923,914,093		\$ 1,923,914,093		\$ 1,923,914,093	\$ 2,001,665,807	\$ 2,079,417,521	\$ 2,157,169,235	\$ 2,234,920,949				
Outside Agency Non-GRIP Unfunded Liability	\$ 28,895,835	\$ 41,476,605		\$ 47,974,175		\$ 46,424,164	\$ 46,876,026	\$ 46,424,164	\$ 45,972,301	\$ 45,520,438				
Net Unfunded Actuarial Accrued Liability	20,250,480	32,831,250		39,328,820		38,682,534	38,230,671	37,778,809	37,326,946	36,875,083				
Funded Ratio	98.5%	97.9%		97.6%		97.6%	97.7%	97.8%	97.9%	98.0%				
County Normal Cost														
Group A	\$ 813,957	\$ 813,957		\$ 813,957		\$ 813,957	\$ 813,957	\$ 813,957	\$ 813,957	\$ 813,957				
Group H	1,110,496	1,110,496		1,110,496		1,110,496	1,110,496	1,110,496	1,110,496	1,110,496				
GRIP	21,950,246	25,424,219		26,839,699		26,770,459	29,071,862	31,373,266	33,674,669	35,976,073				
Total	23,874,699	27,348,672		28,764,152		28,694,912	30,996,315	33,297,719	35,599,122	37,900,526				
Amortization of Unfunded Liability														
Total County Contribution	\$ 1,424,634	\$ 2,340,815		\$ 2,813,993		\$ 2,766,928	\$ 2,734,022	\$ 2,701,115	\$ 2,668,209	\$ 2,635,302				
	\$ 25,299,333	\$ 29,689,487		\$ 31,578,145		\$ 31,461,840	\$ 33,730,337	\$ 35,998,835	\$ 38,267,331	\$ 40,535,828				



**Cost Impact Details of Proposed Changes in RSP Plan Provisions and
Combined Contribution Impact of GRIP and RSP Plan Provision Changes for
Represented Employees Only
(Only Represented RSP Employees are Assumed to Transfer to GRIP)
Based on the Actuarial Valuation as of July 1, 2025**

	Baseline RSP	Increase in Contribution Rate Represented RSP	GRIP Annuitization and COLA Represented RSP	25% RSP Hired Before 7/1/2015 Transfer to GRIP RSP	50% RSP Hired Before 7/1/2015 Transfer to GRIP RSP	75% RSP Hired Before 7/1/2015 Transfer to GRIP RSP	100% RSP Hired Before 7/1/2015 Transfer to GRIP RSP
Active Members							
Number	3,291	3,291	3,291	2,961	2,631	2,301	1,971
Total Base Payroll	\$ 356,976,113	\$ 356,976,113	\$ 356,976,113	\$ 325,043,464	\$ 293,110,814	\$ 261,178,165	\$ 229,245,515
Actuarial Accrued Liability							
Active Members	\$ 699,656,498	\$ 699,656,498	\$ 699,656,498	\$ 614,791,266	\$ 529,926,035	\$ 445,060,803	\$ 360,195,571
Terminated Vested Members	-	-	-	-	-	-	-
Retired Members and Beneficiaries	-	-	-	-	-	-	-
Total	\$ 699,656,498	\$ 699,656,498	\$ 699,656,498	\$ 614,791,266	\$ 529,926,035	\$ 445,060,803	\$ 360,195,571
Annual Gross Normal Cost							
Benefits	\$ 42,837,134	\$ 48,806,309	\$ 48,806,309	\$ 43,697,085	\$ 38,587,861	\$ 33,478,637	\$ 28,369,413
Expenses of Administration	785,347	785,347	785,347	715,096	644,844	574,592	504,340
Total	\$ 43,622,481	\$ 49,591,656	\$ 49,591,656	\$ 44,412,181	\$ 39,232,705	\$ 34,053,229	\$ 28,873,753
Annual Gross Normal Cost							
County Portion	\$ 29,343,436	\$ 32,328,024	\$ 32,328,024	\$ 29,064,508	\$ 25,800,991	\$ 22,537,474	\$ 19,273,957
Employee Portion	14,279,045	17,263,632	17,263,632	15,347,673	13,431,714	11,515,755	9,599,796
Total	\$ 43,622,481	\$ 49,591,656	\$ 49,591,656	\$ 44,412,181	\$ 39,232,705	\$ 34,053,229	\$ 28,873,753
Combined Groups A, H and GRIP							
Total Annual County Contribution	\$ 25,299,333	\$ 29,975,190	\$ 29,689,487	\$ 32,265,315	\$ 34,841,144	\$ 37,416,972	\$ 39,992,801
Payroll of RSP Participants Assumed to Transfer to GRIP				\$ 31,932,649	\$ 63,865,299	\$ 95,797,948	\$ 127,730,598
Combined Groups A, H, GRIP and RSP							
Total Annual County Contribution	\$ 54,642,769	\$ 62,303,214	\$ 62,017,511	\$ 61,329,823	\$ 60,642,135	\$ 59,954,446	\$ 59,266,758
Change from Baseline		7,660,445	7,374,742	6,687,054	5,999,366	5,311,677	4,623,989
Change from GRIP Annuitization and COLA				(687,688)	(1,375,376)	(2,063,065)	(2,750,753)



**Cost Impact Details of Proposed Changes in RSP Plan Provisions and
Combined Contribution Impact of GRIP and RSP Plan Provision Changes for
Non-Represented Employees (Based on Updated Baseline Results Reflecting
Contribution Rate and GRIP Annuitization and COLA for Represented Employees)
(Only Non-Represented RSP Employees are Assumed to Transfer to GRIP)
Based on the Actuarial Valuation as of July 1, 2025**

	Baseline RSP	Inc. in Contrib. Rate, GRIP Ann./COLA Represented RSP	Increase in Contribution Rate		GRIP Annuitization and COLA		25% RSP Hired Before 7/1/2015 Transfer to GRIP RSP	50% RSP Hired Before 7/1/2015 Transfer to GRIP RSP	75% RSP Hired Before 7/1/2015 Transfer to GRIP RSP	100% RSP Hired Before 7/1/2015 Transfer to GRIP RSP
			All	RSP	All	RSP				
Active Members Number	3,291	3,291		3,291		3,291				
Total Base Payroll	\$ 356,976,113	\$ 356,976,113	\$ 356,976,113		\$ 356,976,113		\$ 329,083,839	\$ 301,191,565	\$ 273,299,292	\$ 245,407,018
Actuarial Accrued Liability										
Active Members	\$ 699,656,498	\$ 699,656,498	\$ 699,656,498		\$ 699,656,498		\$ 621,904,784	\$ 544,153,070	\$ 466,401,356	\$ 388,649,642
Terminated Vested Members										
Retired Members and Beneficiaries										
Total	699,656,498	699,656,498	699,656,498		699,656,498		621,904,784	544,153,070	466,401,356	388,649,642
Annual Gross Normal Cost										
Benefits	\$ 42,837,134	(12.00%) \$ 48,806,309	(13.67%) \$ 57,116,178	(16.00%) \$ 57,116,178	(16.00%) \$ 57,116,178	(16.00%) \$ 57,116,178	\$ 52,653,414	\$ 48,190,650	\$ 43,727,887	\$ 39,265,123
Expenses of Administration	785,347	(0.22%) 785,347	(0.22%) 785,347	(0.22%) 785,347	(0.22%) 785,347	(0.22%) 785,347	723,984	662,621	601,258	539,895
Total	43,622,481	(12.22%) 49,591,656	(13.89%) 57,901,525	(16.22%) 57,901,525	(16.22%) 57,901,525	(16.22%) 57,901,525	53,377,398	48,853,271	44,329,145	39,805,018
Annual Gross Normal Cost County Portion	\$ 29,343,436	(8.22%) \$ 32,328,024	(9.05%) \$ 36,482,958	(10.22%) \$ 36,482,958	(10.22%) \$ 36,482,958	(10.22%) \$ 36,482,958	\$ 33,632,368	\$ 30,781,777	\$ 27,931,187	\$ 25,080,597
Employee Portion	14,279,045	(4.00%) 17,265,632	(4.84%) 21,418,567	(6.00%) 21,418,567	(6.00%) 21,418,567	(6.00%) 21,418,567	19,745,031	18,071,494	16,397,958	14,724,421
Total	43,622,481	(12.22%) 49,591,656	(13.89%) 57,901,525	(16.22%) 57,901,525	(16.22%) 57,901,525	(16.22%) 57,901,525	53,377,398	48,853,271	44,329,145	39,805,018
Combined Groups A, H and GRIP										
Total Annual County Contribution	\$ 25,299,333	\$ 29,689,487	\$ 31,578,145	\$ 31,461,840			\$ 33,730,337	\$ 35,998,835	\$ 38,267,331	\$ 40,535,828
Payroll of RSP Participants Assumed to Transfer to GRIP							\$ 27,892,274	\$ 55,784,548	\$ 83,676,821	\$ 111,569,095
Total Annual County Contribution	\$ 54,642,769	\$ 62,017,511	\$ 68,061,103	\$ 67,944,798			\$ 67,362,704	\$ 66,780,612	\$ 66,198,518	\$ 65,616,425
Change from Represented Employee Changes Scenario			6,043,592	5,927,287			5,345,194	4,763,101	4,181,008	3,598,914
Change from GRIP Annuitization and COLA All Scenario							(582,094)	(1,164,186)	(1,746,280)	(2,328,373)



Summary of Membership Data as of July 1, 2025

Valuation as of July 1, 2025				
	GRIP	RSP	Total	RSP Hired Before 7/1/2015
Active Members				
Number	3,752	3,289	7,041	2,155
Average Age	48.0	51.3	49.6	55.3
Average Service	7.6	13.9	10.5	19.2
Total Base Payroll	\$ 345,259,892	\$ 356,976,113	\$ 702,236,005	\$ 239,299,693
Total Account Balance	322,078,991	699,656,498	1,021,735,489	650,467,783
Represented Active Members				
Number	3,019	1,580	4,599	1,320
Total Base Payroll	\$ 251,924,292	\$ 149,229,391	\$ 401,153,683	\$ 127,730,598
Total Account Balance	193,706,457	349,856,559	543,563,015	339,460,927
Non-Represented Active Members				
Number	733	1,709	2,442	835
Total Base Payroll	\$ 93,335,600	\$ 207,746,722	\$ 301,082,321	\$ 111,569,095
Total Account Balance	128,372,534	349,799,940	478,172,474	311,006,856



**Projected County Contributions Based on GRIP and RSP Contribution Rate Changes and
Providing a COLA to Participants Who Annuitize Their GRIP Balances with the County
Based on the Actuarial Valuation as of July 1, 2025**

Combined Group A, H, GRIP and RSP Projected County Contribution Requirement \$	Baseline	Scenario 1: With GRIP and RSP Changes for Represented Employees		Scenario 2: With GRIP and RSP Contribution Rate Changes for Non-Represented Employees		Scenario 3: With GRIP Annuitization and COLA Changes for Non-Represented Employees	
Fiscal Year 2027	\$ 56,282,052	\$ 58,181,048	\$ 59,737,273	\$ 59,707,325			
Fiscal Year 2028	57,970,514	63,838,411	68,647,147	68,554,606			
Fiscal Year 2029	59,709,629	67,768,208	74,372,205	74,245,115			
Fiscal Year 2030	61,500,918	69,801,254	76,603,371	76,472,468			
Fiscal Year 2031	63,345,946	71,895,292	78,901,472	78,766,642			
5-Year Total	298,809,059	331,484,213		357,746,155			
Difference from Baseline							
Fiscal Year 2027		\$ 1,898,996	\$ 3,455,221	\$ 3,425,272			
Fiscal Year 2028		5,867,897	10,676,633	10,584,092			
Fiscal Year 2029		8,058,579	14,662,576	14,535,486			
Fiscal Year 2030		8,300,336	15,102,453	14,971,550			
Fiscal Year 2031		8,549,346	15,555,526	15,420,696			
5-Year Total		32,675,154	59,452,409	58,937,096			
Difference from Scenario 1 (Additional Cost for Changes for Non-Represented Employees)							
Fiscal Year 2027			\$ 1,556,225	\$ 1,526,276			
Fiscal Year 2028			4,808,735	4,716,194			
Fiscal Year 2029			6,603,997	6,476,907			
Fiscal Year 2030			6,802,117	6,671,214			
Fiscal Year 2031			7,006,180	6,871,350			
5-Year Total			26,777,254	26,261,942			

The projected contributions above reflect that employee and County contributions will increase by 1.00% of pay each effective January 1, 2027 and will increase by an additional 1.00% of pay each effective January 1, 2028 and that the FY 2027 payroll is projected to be 3% higher than payroll as of July 1, 2025.
The County could increase the FY 2027 GRIP contribution rate by 0.5% from the rate calculated in the July 1, 2025 actuarial valuation to account for this change.



**July 1, 2025 Actuarial Valuation Assumptions
Applicable to GRIP**

The assumed rate of price inflation is 2.50%.

The assumed COLA is 2.20%.

The assumed rate of investment return used was 7.50%, net of expenses, annually.

Rates of Retirement

Age	Under 15 Years of Service	15 Years of Service and Over
55	5.00%	5.00%
56	5.00%	5.00%
57	5.00%	5.00%
58	5.00%	5.00%
59	5.00%	5.00%
60	5.00%	5.00%
61	5.00%	5.00%
62	6.00%	12.00%
63	6.00%	12.00%
64	8.00%	12.00%
65	13.00%	15.00%
66	13.00%	15.00%
67	13.00%	20.00%
68	13.00%	20.00%
69	13.00%	25.00%
70	20.00%	40.00%
71	20.00%	40.00%
72	20.00%	40.00%
73	20.00%	40.00%
74	20.00%	40.00%
75	100.00%	100.00%

Members who retire with less than 20 years of service are assumed to elect a lump sum. 50% of members who retire with 20 or more years of service are assumed to annuitize their GRIP account balance through the County. (Annuitization assumption is only applicable to the proposed scenarios. The valuation assumption is that 100% of members elect a lump sum.)



GRIP Annuitization Rates (applicable to the proposed scenarios only):

The GRIP annuitization rates are assumed to be based on an interest rate of 5.50% (similar to the rates applicable for the year ending June 30, 2025) for members that retire within the next five years and an interest rate of 4.00% (similar to the rates prior to 2021) for members that retire more than five years after the valuation date. This assumption was also used in the August 6, 2024 analysis.

The GRIP annuitization factors are based on a 0% COLA rate.

Retiree Age	Retire More Than 5 Years After the Valuation Date	Retire Within 5 Years of the Valuation Date
55	17.146128	14.450588
56	16.839713	14.240567
57	16.526964	14.024130
58	16.206705	13.800171
59	15.879215	13.568805
60	15.544245	13.329695
61	15.202765	13.083548
62	14.854595	12.830093
63	14.502514	12.571627
64	14.145945	12.307573
65	13.781966	12.035282
66	13.412698	11.756476
67	13.038075	11.470992
68	12.656754	11.177526
69	12.268756	10.875954
70	11.874487	10.566495
71	11.474816	10.249785
72	11.070549	9.926418
73	10.662408	9.596927
74	10.251118	9.261862
75	9.838010	8.922332

Rates of Annual Salary Increase

Service at Assumed Pay Increase	GRIP
1	6.75%
2	6.50%
3	6.00%
4	6.00%
5	5.75%
6	5.75%
7	5.75%
8	5.25%
9	5.00%
10	5.00%
11	4.25%
12	4.25%
13	4.00%
14	4.00%
15	4.00%
16	3.50%
17	3.50%
18	3.50%
19	3.50%
20	3.50%
21	3.25%
22	3.25%
23	3.25%
24	3.25%
25	3.25%
26+	3.00%

The assumed rate of total payroll growth used in amortizing the unfunded liability as a level percentage of pay is 3.00%.

The assumed increase in the Social Security Taxable Wage Base is 3.00%.



Rates of Separation from Active Membership

Service Beginning of Year	GRIP	
	Male	Female
0	10.50%	12.50%
1	9.50%	10.50%
2	9.00%	9.50%
3	7.50%	9.00%
4	7.50%	8.50%
5	6.50%	8.00%
6	6.00%	7.00%
7	5.50%	5.00%
8	4.00%	4.50%
9	4.00%	4.00%
10	3.75%	3.75%
11	3.50%	3.50%
12	3.25%	3.25%
13	3.00%	3.00%
14	3.00%	2.75%
15	2.00%	2.50%
16	2.00%	2.50%
17	2.00%	2.50%
18	2.00%	2.50%
19	2.00%	2.50%
20+	2.00%	2.00%

Benefit Provisions as of July 1, 2025

1. Social Security Wage Base

For any particular year, the maximum amount of earnings creditable for benefit computation purposes under the Old Age, Survivors and Disabilities Insurance Program established by the Federal Social Security Act.

Year	Social Security Taxable Wage Base	Year	Social Security Taxable Wage Base
2011	\$106,800	2021	\$142,800
2012	\$110,100	2022	\$147,000
2013	\$113,700	2023	\$160,200
2014	\$117,000	2024	\$168,600
2015	\$118,500	2025	\$176,100
2016	\$118,500		
2017	\$127,200		
2018	\$128,400		
2019	\$132,900		
2020	\$137,700		

2. Social Security Maximum Compensation Level

The maximum dollar amount of earnings upon which Social Security benefits are based, assuming:

- (1) an employee's annual compensation is at least as great as the taxable wage base each year, for a 35-year period through the year in which the employee attains Social Security Retirement Age,
- (2) the employee remained in covered employment during each calendar year, and (3) the taxable wage base stays level from date of retirement to Social Security Retirement Age.

Guaranteed Retirement Income Plan (effective 7/1/2009)

A. Eligibility for GRIP entry:

- Full-time Non-Public Safety employees hired on or after July 1, 2009, who do not participate in the retirement savings plan may make a one-time irrevocable election to participate in the GRIP within the first 150 days of full time employment. Participation in the plan begins 180 days after employment.
- Part-time or temporary Non-Public Safety employees hired on or after October 1, 1994, who do not participate in the retirement savings plan may make a one-time irrevocable election to participate in the GRIP after at least 150 days of employment. Participation in the plan begins 180 days after employment.



B. The GRIP account collects:

- Member contributions (pre-tax unless noted otherwise)
 - a. Non-public safety employees: 4% of regular base earnings up to the maximum Social Security wage base plus 8% of the excess.
 - b. Public safety employees: 3% of regular base earnings up to the maximum Social Security wage base plus 6% of the excess.
 - c. Effective July 1, 2011, members had the option to contribute an additional 2% of regular earnings for service between June 30, 2011 and July 1, 2012, on an after-tax basis by making an election in writing on or before September 1, 2011.
- Employer contributions
 - a. Non-public safety employees: 8% of regular base earnings. Effective July 1, 2011, the employer contribution was 6% of regular base earnings for service between June 30, 2011, and July 1, 2012.
 - b. Public safety employees: 10% of regular base earnings. Effective July 1, 2011, the employer contribution was 8% of regular base earnings for service between June 30, 2011, and July 1, 2012.
- 7.25% interest credited from the date of contribution.

C. Vesting Schedule:

- Employees are 100% vested in employee contributions at all times.
- County contributions are 0% vested from 0-3 years of credited service and 100% vested at 3 or more years of credited service.
- Participants become 100% vested at death or disability.

D. Normal Form of Payment – Lump sum

E. Optional Forms of Payment:

- Direct rollover
- Life annuity purchased from MCERP

F. Eligible Agencies:

- CC – credit union employees (outside agency)
- CM – union employees (represented)
- CN – non-bargaining employees (non-represented)
- CP – public safety employees
- CZ – elected officials who transferred from the EOP



Actuarial Valuation Assumptions (Continued)

Rates of retirement for Public Safety members in Groups E, F and G eligible to retire during the next year were as follows:

Age	Group E			Group F			Group G		
	Under 25 Years of Service	25 Years of Service and Over	First DROP Eligibility	Under 25 Years of Service	25 Years of Service	26 Years of Service and Over	Under 20 or 21 - 24 Years of Service	20 Years of Service	25 Years of Service and Over
Under 42	3.00%	3.50%		2.50%	12.00%	12.00%	3.00%	8.00%	8.00%
42	3.00%	3.50%		2.50%	12.00%	12.00%	3.00%	8.00%	8.00%
43	3.00%	3.50%		2.50%	12.00%	12.00%	3.00%	8.00%	8.00%
44	3.00%	3.50%		2.50%	12.00%	12.00%	3.00%	8.00%	8.00%
45	3.00%	8.00%		2.50%	12.00%	12.00%	3.00%	10.00%	14.00%
46	3.00%	8.00%	23.00%	3.00%	12.00%	12.00%	3.00%	10.00%	14.00%
47	3.00%	8.00%	23.00%	4.00%	12.00%	12.00%	3.00%	10.00%	14.00%
48	3.00%	8.00%	23.00%	4.00%	12.00%	12.00%	3.00%	10.00%	14.00%
49	3.00%	20.00%	35.00%	4.00%	12.00%	12.00%	7.00%	14.00%	14.00%
50	7.50%	30.00%	45.00%	6.00%	20.00%	20.00%	7.00%	14.00%	14.00%
51	7.50%	30.00%	45.00%	6.00%	20.00%	20.00%	7.00%	14.00%	14.00%
52	7.50%	30.00%	45.00%	6.00%	25.00%	25.00%	10.00%	17.00%	20.00%
53	7.50%	30.00%	45.00%	6.00%	25.00%	25.00%	10.00%	17.00%	20.00%
54	7.50%	30.00%	45.00%	6.00%	25.00%	25.00%	10.00%	17.00%	20.00%
55	20.00%	30.00%	25.00%	12.00%	40.00%	30.00%	10.00%	20.00%	20.00%
56	20.00%	30.00%	30.00%	12.00%	40.00%	30.00%	15.00%	30.00%	30.00%
57	20.00%	30.00%	30.00%	15.00%	40.00%	30.00%	15.00%	30.00%	30.00%
58	20.00%	30.00%	30.00%	15.00%	40.00%	35.00%	15.00%	40.00%	40.00%
59	20.00%	30.00%	30.00%	15.00%	40.00%	35.00%	15.00%	40.00%	40.00%
60	15.00%	40.00%	50.00%	20.00%	65.00%	35.00%	30.00%	40.00%	40.00%
61	15.00%	40.00%	50.00%	20.00%	65.00%	35.00%	30.00%	40.00%	40.00%
62	15.00%	40.00%	50.00%	20.00%	65.00%	40.00%	30.00%	40.00%	40.00%
63	15.00%	40.00%	50.00%	25.00%	65.00%	40.00%	30.00%	40.00%	40.00%
64	15.00%	40.00%	50.00%	25.00%	65.00%	40.00%	30.00%	40.00%	40.00%
65	50.00%	50.00%	85.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
66	50.00%	50.00%	85.00%						
67	50.00%	50.00%	85.00%						
68	50.00%	50.00%	85.00%						
69	50.00%	50.00%	85.00%						
70	100.00%	100.00%	100.00%						

Assumption for DRSP and DROP eligible members are as follows:

	Group E (DROP)	Group F (DRSP)	Group G (DROP)
Percent Assumed to Participate	75%	70%	85%
Average Years of Participation	3 years	3 years	3 years



Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 21-26: EMPLOYEE RETIREMENT SYSTEM - SAVINGS AND BENEFITS - AMENDMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 21-26 would have a positive impact on racial equity and social justice (RESJ) in the County. Bill 21-26 would make changes to the County's retirement plans that disproportionately benefit Black employees. This could help reduce established racial disparities in retirement outcomes.

PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is essential to achieve RESJ.¹ This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.²

PURPOSE OF BILL 21-26

The County Executive recently completed negotiations with the Municipal and County Government Employee Organization (MCGEO), Local 1994. MCGEO is the union that represents all eligible County employees "associated with office, professional, paraprofessional, and technical functions."³ The negotiations resulted in an agreement that would make changes to the County's employee retirement systems.⁴

The purpose of Bill 21-26 is to enact the provisions in the agreement. If enacted, Bill 21-26 would:⁵

- Add correctional health nurses to retirement Group E, effective June 30, 2029;
- Remove retirement Groups E and J age requirement for normal retirement when 25 years of service are met;
- Increase employee and employer contributions for employees that participate in the Guaranteed Income Retirement Plan (GRIP);
- Increase employee and employer contributions for Group I members participating in the Retirement Savings Plan (RSP);
- Reopen GRIP enrollment for specified members of the Office, Professional, and Technical (OPT) and Service, Labor, and Trades (SLT) bargaining unit for a limited time;
- Provide post-retirement Cost-of-Living Adjustment (COLA) to GRIP; and
- Provide a one-time limited irrevocable opportunity to purchase credited service years for specified Emergency Communications Center (ECC) employees in Groups E and J.

According to the Office of Management and Budget (OMB), Bill 21-26 would increase County expenditures by approximately \$3.2 million in FY27, increasing annually to \$15.5 million by FY31.⁶

RESJ Impact Statement

Bill 21-26

The Council introduced Bill 21-26 on behalf of the County Executive on May 5, 2026.

This RESJIS builds on the one for Expedited Bill 20-23, OPT/SLT Bargaining Units – Pension and Retirement Adjustments, which OLO published in May 2023.⁷ Please refer to this RESJIS for background on retirement and racial equity.

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 21-26 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

Bill 21-26 would benefit the following groups of County employees:

- A. Correctional health nurses
- B. Employees in retirement Groups E and J
- C. Employees who participate in GRIP
- D. Employees in retirement Group I who participate in RSP
- E. Employees in the OPT/SLT bargaining unit
- F. Certain ECC employees in retirement Groups E and J

Tables A through F in the Appendix summarizes the demographics of each of these employee groups by race and ethnicity, based on 2026 data from the Office of Human Resources (OHR). Of note, racial groups are not inclusive of Latinx origin in OHR's data. The data suggests, relative to the County's population:

- Asian people are underrepresented across the six employee groups;
- Black people are overrepresented across the six employee groups;
- Native American people are proportionately represented in five groups and not represented in one group;
- Pacific Islander people are proportionately represented in three groups and not represented in three groups;
- White people are underrepresented in four groups and proportionately represented in two groups; and
- Latinx people are underrepresented in three groups and proportionately represented in three groups.

Taken together, OLO anticipates Bill 21-26 would have a positive impact on RESJ in the County. Bill 21-26 would make changes to the County's retirement plans that disproportionately benefit Black employees. This could help reduce established racial disparities in retirement outcomes.

RECOMMENDED AMENDMENTS

The County's RESJ Act requires OLO to consider whether to recommend amendments to bills that could reduce racial and social inequities and advance RESJ.⁸ OLO anticipates Bill 21-26 would have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments.

RESJ Impact Statement

Bill 21-26

CAVEATS

Two caveats to this RESJIS should be noted. First, predicting the impact of bills on RESJ is challenging due to data limitations, uncertainty, and other factors. Second, this RESJIS is intended to inform the Council's decision-making process rather than determine it. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

APPENDIX

Table A: Percent of Active Correctional Health Nurses by Race and Ethnicity (Estimated)⁹

Race or ethnicity	Correctional Health Nurses (N=54)	County population
Asian	-	15.3
Black	66.7	18.3
Native American	-	0.1
Pacific Islander	-	0.0
White	20.4	39.5
Latinx	11.1	21.0

Source: OLO analysis of 2026 unpublished Office of Human Resources data and [Table DP05](#), 2024 ACS 5-Year Estimates, Census Bureau.

Table B: Percent of Active Employees in Retirement Groups E and J by Race and Ethnicity (Actual)

Race or ethnicity	Group E and J Employees (N=742)	County population
Asian	4.2	15.3
Black	44.6	18.3
Native American	0.7	0.1
Pacific Islander	-	0.0
White	25.7	39.5
Latinx	12.9	21.0

Source: OLO analysis of 2026 unpublished Office of Human Resources data and [Table DP05](#), 2024 ACS 5-Year Estimates, Census Bureau.

Table C: Percent of Active Employees Participating in GRIP by Race and Ethnicity (Actual)

Race or ethnicity	GRIP Employees (N=3,957)	County population
Asian	8.4	15.3
Black	33.4	18.3
Native American	0.1	0.1
Pacific Islander	0.1	0.0
White	26.5	39.5
Latinx	16.7	21.0

Source: OLO analysis of 2026 unpublished Office of Human Resources data and [Table DP05](#), 2024 ACS 5-Year Estimates, Census Bureau.

RESJ Impact Statement

Bill 21-26

Table D: Percent of Active Group I Employees Participating in RSP by Race and Ethnicity (Estimate)¹⁰

Race or ethnicity	Group I RSP Employees (N=2,719)	County population
Asian	10.0	15.3
Black	29.8	18.3
Native American	0.1	0.1
Pacific Islander	0.1	0.0
White	35.8	39.5
Latinx	13.6	21.0

Source: OLO analysis of 2026 unpublished Office of Human Resources data and [Table DP05](#), 2024 ACS 5-Year Estimates, Census Bureau.

Table E: Percent of Active OPT/SLT Bargaining Unit Employees by Race and Ethnicity (Actual)

Race or ethnicity	OPT/SLT Employees (N=5,807)	County population
Asian	7.5	15.3
Black	36.2	18.3
Native American	0.2	0.1
Pacific Islander	0.1	0.0
White	26.7	39.5
Latinx	16.8	21.0

Source: OLO analysis of 2026 unpublished Office of Human Resources data and [Table DP05](#), 2024 ACS 5-Year Estimates, Census Bureau.

Table F: Percent of Active ECC Employees in Retirement Groups E and J by Race and Ethnicity (Estimated)¹¹

Race or ethnicity	ECC Group E and J Employees (N=162)	County population
Asian	7.4	15.3
Black	27.8	18.3
Native American	0.6	0.1
Pacific Islander	-	0.0
White	34.6	39.5
Latinx	16.0	21.0

Source: OLO analysis of 2026 unpublished Office of Human Resources data and [Table DP05](#), 2024 ACS 5-Year Estimates, Census Bureau.

¹ Definition of racial equity and social justice adopted from M. Gamblin et al., [“Applying Racial Equity to U.S. Federal Nutrition Programs,”](#) Bread for the World and [Racial Equity Tools](#).

² Ibid.

³ [“Negotiated Agreements,”](#) Montgomery County Government.

⁴ Memo from County Executive, [Introduction Staff Report for Bill 21-26](#), Montgomery County Council, Introduced May 5, 2026, pg. (15).

⁵ [Introduction Staff Report for Bill 21-26](#), Montgomery County Council, Introduced May 5, 2026.

⁶ Fiscal Impact Statement, [Introduction Staff Report for Bill 21-26](#), pgs. (29)-(31).

RESJ Impact Statement

Bill 21-26

⁷ [RESJIS for Expedited Bill 20-23](#), Office of Legislative Oversight, May 3, 2023.

⁸ [Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established](#), Montgomery County Council.

⁹ Estimated from number of Grade 21 and 24 active Department of Correction and Rehabilitation (DOCR) employees, which includes correctional health nurses and other active DOCR employees.

¹⁰ Estimated from number of all active employees participating in RSP.

¹¹ Estimated from number of Grade 15, 17, 19, 20, 21, N23, and N25 active employees in retirement Groups E and J, which includes public safety emergency communications staff and other active employees participating in Groups E and J.