

Expedited Bill No. 7-12
Concerning: Employees' Retirement
System – Automatic Distributions
Revised: March 1, 2012 Draft No. 2
Introduced: March 6, 2012
Enacted: May 1, 2012
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- (1) provide for an automatic distribution for account balances of \$1,000 or less in the Optional and Integrated Plans and the Elected Officials' Plan of the Employees' Retirement System; and
- (5) generally amend the law regarding the employees' retirement system.

By amending

Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-39, 33-44 and 33-45

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

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

Sec. 1. Sections 33-39, 33-44, and 33-45 are amended as follows:

33-39. Member contributions and credited interest.

* * *

(c) Return of member contributions.

(1) Refund after employee's separation under the optional and integrated plans.

* * *

(D) Notwithstanding any other provision, if the member's contributions and interest are \$1,000 or less, the amount must be distributed in a lump sum as soon as administratively feasible after termination of employment even if the member does not submit an application. If the distribution cannot be made because the member cannot be located, the member will forfeit the amount. If the member later contacts the County, the member will receive the forfeited amount.

* * *

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

* * *

(h) (1) Required commencement of benefit payments. The distribution of an elected officials' participant's retirement benefits must be made no later than April 1 of the calendar year following the later of the calendar year in which the elected officials' participant attains age seventy and one-half (70 1/2) or the calendar year in which the elected officials' participant retires. In the alternative, the payment of benefits to an elected officials' participant must begin not later than such April 1 under a

28 method of payment that, in accordance with the applicable
 29 United States Treasury Regulations, provides for distribution of
 30 the elected officials' participant's benefits over:

31 [(1)] (A) The life of the elected official's participant;

32 [(2)] (B) The lives of the elected officials' participant and
 33 the elected officials' participant's designated beneficiary;

34 [(3)] (C) A period not extending beyond the life expectancy
 35 of the elected officials' participant; or

36 [(4)] (D) A period not extending beyond the life expectancy
 37 of the elected officials' participant and the elected
 38 officials' participant's designated beneficiary.

39 (2) Notwithstanding any other provision, an elected official's
 40 account balance of \$1,000 or less must be automatically
 41 distributed in a lump sum as soon as administratively feasible
 42 after termination of employment without a request from the
 43 elected official. If the distribution cannot be made because the
 44 elected official cannot be located, the elected official will forfeit
 45 the amount. If the elected official later contacts the County, the
 46 elected official will receive the forfeited amount.

47 * * *

48 (q) *Direct rollover distributions.* A member or beneficiary may elect, in
 49 any manner prescribed by the Chief Administrative Officer at any
 50 time, to have any portion of eligible rollover distribution (as defined
 51 in the Internal Revenue Code) paid directly to an eligible retirement
 52 plan (as defined in the Internal Revenue Code) specified by the
 53 member in a direct rollover. For purposes of this subsection, a direct
 54 rollover is a payment from the retirement system to the eligible

55 retirement plan specified by the member. A member may not elect a
56 direct rollover if the eligible rollover distribution is less than \$200.

57 * * *

58 **33-45. Vested benefits and withdrawal of contributions.**

59 * * *

60 (b) *Withdrawal of contributions for optional and integrated plans.*

61 (1) [If a member complies] In accordance with paragraph (2), the
62 County must refund a member’s contributions with credited
63 interest to:

64 (A) a member whose County service ends before the member
65 is eligible to vest; and

66 (B) a member eligible to vest whose County service ends and
67 who voluntarily elects to withdraw, thus ceasing to be a
68 member.

69 (2) (A) If a member’s contributions and interest are more than
70 \$1,000, to obtain a refund of contributions, a member
71 must properly complete and submit an application for a
72 refund.

73 (B) If a [member] member’s contributions and interest are
74 more than \$1,000, and the member does not properly
75 complete and submit an application for a refund, the
76 County must refund the contributions with credited
77 interest under the minimum distribution requirements of
78 the Internal Revenue Code and corresponding
79 regulations.

80 (C) Notwithstanding any other provision, if the member’s
81 contributions and interest is \$1,000 or less, the amount

82 must be distributed in a lump sum as soon as
83 administratively feasible after termination of employment
84 even if the member does not submit an application. If the
85 distribution cannot be made because the member cannot
86 be located, the member will forfeit the amount. If the
87 member later contacts the County, the member will
88 receive the forfeited amount.

- 89 (3) If a vested member dies before the normal retirement date, the
90 County must pay the designated beneficiary a lump sum death
91 benefit equal to the member's contributions plus credited
92 interest.

93 * * *

94 **Sec. 2. Expedited Effective Date.**

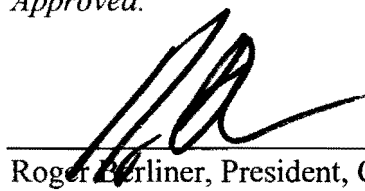
95 The Council declares that this legislation is necessary for the immediate
96 protection of the public interest. This Act takes effect on the date on which it
97 becomes law.

98

99 *Approved:*

100

101



5/2/2012

Roger Berliner, President, County Council

Date

102 *Approved:*

103

Isiah Leggett, County Executive

Date

104 *This is a correct copy of Council action.*

105

Linda M. Lauer, Clerk of the Council

Date