

Expedited Bill No. 23-14  
 Concerning: Retirement Plans --  
Definitions - Administration -  
Amendments  
 Revised: April 16, 2014 Draft No. 5  
 Introduced: May 6, 2014  
 Enacted: June 17, 2014  
 Executive: June 25, 2014  
 Effective: June 25, 2014  
 Sunset Date: None  
 Ch. 17, Laws of Mont. Co. 2014

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

**AN EXPEDITED ACT to:**

- (1) provide that sick leave is used for vesting purposes in the Employees' Retirement Plan;
- (2) provide that months of service are included for vesting purposes in the Guaranteed Retirement Income Plan and the Retirement Savings Plan;
- (3) permit the Chief Administrative Officer to authorize a designee to receive a beneficiary form;
- (4) clarify that a participant continues to participate in the same retirement plan after changing employment from the County directly to a participating agency or from a participating agency directly to the County;
- (5) clarify that a part-time employee hired before 1994 who has not participated in either the Retirement Savings Plan or the Guaranteed Retirement Income Plan may elect to participate in either plan;
- (6) clarify that a DRSP/DROP account balance must not be distributed until the final decision on a disability application;
- (7) delete outdated references to Internal Revenue Code Section 415, which limits contributions and benefits;
- (8) delete the requirement that the Disability Panel meet to review applications;
- (9) define a "direct rollover" and an "eligible retirement plan"; and
- (10) generally amend the law regarding the Employees' Retirement System and the Retirement Savings Plan.

By amending

Montgomery County Code  
 Chapter 33, Personnel and Human Resources  
 Sections 33-37, 33-38A, 33-41, 33-42, 33-43, 33-44, 33-46, 33-115, 33-119, and 33-120

<b>Boldface</b>	<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:*



28 (C) If a DRSP participant ends participation in the program  
29 before a final decision is made on the disability  
30 retirement application, the DRSP account must not be  
31 distributed until a final decision is made.

32 \* \* \*

33 (b) *DROP Plan for Group G members.*

34 \* \* \*

35 (7) *Disability retirement.*

36 \* \* \*

37 (E) If a DROP participant ends participation in the program  
38 before a final decision is made on the disability  
39 retirement application, the DROP account must not be  
40 distributed until a final decision is made.

41 \* \* \*

42 **33-41. Credited service.**

43 \* \* \*

44 (f) *Use of sick leave for credited service.* An employee must receive credit  
45 toward retirement for any accumulated sick leave, up to a maximum of  
46 4,224 hours. Each 176 hours of accumulated sick leave is equal to 1  
47 month of credited service. Accumulated sick leave totaling less than 11  
48 days must not be credited for retirement purposes. Accumulated sick  
49 leave totaling 11 to 22 days must be credited as 1 month of service for  
50 retirement purposes. A member must have sick leave credited for  
51 vesting purposes under Section 33-45. An employee who transfers to  
52 the Retirement Savings Plan must receive credit toward retirement  
53 under the optional plan or integrated plan under Section 33-37(i) for the  
54 employee's accumulated sick leave.

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(q) For the guaranteed retirement income plan, subsections (a)-(o) do not apply and credited service must be determined only under this subsection.

(1) Credited service includes the total County service the participant rendered under the guaranteed retirement income plan, the retirement savings plan, the optional retirement plan, the integrated plan, and the elected officials' plan. Each participant must receive one year of credited service for each year of County service and one month of credited service for each month of County service [while participating in one of the County's retirement plans.] during which the participant contributed to a County retirement plan. Each year of County service ends on the anniversary of the participant's date of participation.

\* \* \*

**33-42. Amount of pension at normal retirement date or early retirement date.**

\* \* \*

(g) *Maximum annual contribution to elected officials' plan.*

\* \* \*

(2) For purposes of this subsection (g), the annual addition must be comprised of:

- (A) County elected officials' contributions; [and]
- (B) required elected officials' participant contributions; [The lesser of:

- (i) One-half of the total of required and voluntary elected officials' participant contributions allocated

82 to the elected officials' participant's required and  
83 voluntary elected officials' participant  
84 contributions accounts; or

85 (ii) All of the required and voluntary elected officials'  
86 participant contributions allocated to the required  
87 and voluntary elected officials' participant  
88 contributions accounts in excess of six (6) percent  
89 of the elected officials' participant's  
90 compensation.]

91 (C) voluntary elected officials' participant contributions; and  
92 (D) forfeitures used to reduce the County elected officials'  
93 contributions in accordance with Section 33-40(d)(2)(D).

94 \* \* \*

95 [(4) County elected officials' contributions that would be allocated  
96 to county elected officials' contributions accounts of elected  
97 officials' participants but for the limitations of this subsection  
98 (g), must be carried over to subsequent years and allocated in  
99 order of time to the county elected officials' contributions  
100 accounts which would have received such contributions but for  
101 the limitations set forth in this subsection (g). Amounts carried  
102 over must be allocated by the chief administrative officer to a  
103 suspense account that must be invested in a fixed income fund.  
104 Any earnings of the suspense account must be allocated ratably  
105 among the county elected officials' contributions accounts of all  
106 the elected officials' participants except as otherwise provided  
107 in this subsection (g).]

108 [(5)] (4) \* \* \*



135 and (4) or service-connected disability in accordance with  
 136 subsection (f).

137 \* \* \*

138 **33-44. Pension payment options and cost-of-living adjustments.**

139 \* \* \*

140 (q) *Direct rollover distributions.* A member or beneficiary may elect, in any  
 141 manner prescribed by the Chief Administrative Officer at any time, to  
 142 have any portion of eligible rollover distribution [(as defined in the  
 143 Internal Revenue Code)] paid directly to an eligible retirement plan [(as  
 144 defined in the Internal Revenue Code)] specified by the member in a  
 145 direct rollover. [For purposes of this subsection, a direct rollover is a  
 146 payment from the retirement system to the eligible retirement plan  
 147 specified by the member.] A member may not elect a direct rollover if  
 148 the eligible rollover distribution is less than \$200.00. As used in this  
 149 subsection:

150 (1) direct rollover means a payment from the retirement system to  
 151 the eligible retirement plan specified by the member; and

152 (2) eligible retirement plan means:

153 (A) an individual retirement account described in Internal  
 154 Revenue Code Section 408(a);

155 (B) an individual retirement annuity described in Internal  
 156 Revenue Code Section 408(b) (other than an endowment  
 157 contract);

158 (C) a qualified trust;

159 (D) an annuity plan described in Internal Revenue Code  
 160 Section 403(a);

161 (E) an eligible deferred compensation plan described in

162 Internal Revenue Code Section 457(b) which is maintained  
 163 by an eligible employer described in Internal Revenue  
 164 Code Section 457(e)(1)(A); or

165 (F) an annuity contract described in Internal Revenue Code  
 166 Section 403(b).

167 \* \* \*

168 **33-46. Death benefits and designation of beneficiaries.**

169 \* \* \*

170 (h) *Guaranteed retirement income plan.* Subsections (a)-(g) do not apply to  
 171 the guaranteed retirement income plan. If a participant dies before  
 172 receiving the participant's guaranteed retirement income plan account,  
 173 the guaranteed retirement income plan account balance must be  
 174 distributed to the participant's designated beneficiary in a lump sum as  
 175 soon as practicable after the participant's death, but not later than the  
 176 December 31st of the year containing the fifth anniversary of the  
 177 participant's death.

178 (1) A participant may name a primary beneficiary or beneficiaries  
 179 and contingent beneficiary or beneficiaries on a designation of  
 180 beneficiaries form filed with the Office of [human] Human  
 181 Resources, or designee of the Chief Administrative Officer. If a  
 182 participant names 2 or more persons as beneficiaries, the persons  
 183 are considered co-beneficiaries and share the benefit equally  
 184 unless the participant specifies otherwise on the designation of  
 185 beneficiaries form. A participant may change any named  
 186 beneficiary by completing a new designation of beneficiaries  
 187 form. The consent of the beneficiary or beneficiaries is not  
 188 required to name or change a beneficiary. The designation is



189 effective when the participant signs the form even if the  
 190 participant is not living when the Office, or designee of the Chief  
 191 Administrative Officer, receives the request, but without  
 192 prejudice for any payments made before the Office, or designee  
 193 of the Chief Administrative Officer, received the request.

194 \* \* \*

195 **33-115. Participant requirements and participant groups.**

196 (a) *Participant Requirements.*

197 \* \* \*

198 (6) An employee who is not an active member of a County  
 199 retirement plan but is eligible for membership in the integrated  
 200 retirement plan may become a member of the Retirement Savings  
 201 Plan or the guaranteed retirement income plan. The employee  
 202 must remain a member of the Retirement Savings Plan or the  
 203 guaranteed retirement income plan until the employee becomes  
 204 ineligible for membership [in Group I or II].

205 (7) Election to participate in the guaranteed retirement income plan.

206 (A) A full time employee hired or rehired on or after July 1,  
 207 2009 and a part time and temporary employee who  
 208 becomes full time after July 1, 2009 may participate in the  
 209 guaranteed retirement income plan. An eligible employee  
 210 must make a one-time irrevocable election during the first  
 211 150 days of employment. If an eligible employee elects to  
 212 participate, participation must begin on the first pay period  
 213 after an employee has completed 180 days of full time  
 214 employment. A full time employee who does not elect to  
 215 participate in the guaranteed retirement income plan must

216 participate in the retirement savings plan beginning on the  
217 first pay period after the employee has completed 180 days  
218 of full time employment. A participant who changes  
219 employment from the County directly to a participating  
220 agency or from a participating agency directly to the  
221 County must continue to participate in his or her retirement  
222 plan and is not eligible to make an election.

223 (B) A part time [or temporary] employee [hired on or after  
224 October 1, 1994] who is not a participant in the retirement  
225 savings plan may make a one-time irrevocable election to  
226 participate in the guaranteed retirement income plan any  
227 time after the employee has completed 150 days of  
228 employment.

229 (b) *Participants groups and eligibility.*

230 (1) Group I. Except as provided in the last sentence of Section 33-  
231 37(e)(2), any full-time or career part-time employee meeting the  
232 criteria in paragraphs (A) or (B) must participate in the retirement  
233 savings plan if the employee begins, or returns to, County service  
234 on or after October 1, 1994. An employee hired on or after July  
235 1, 2009 must be employed on a full time or part time basis with  
236 the County for 180 days before participating in the retirement  
237 savings plan. An individual who changes employment from the  
238 County government directly to a participating agency or from a  
239 participating agency directly to the County government must  
240 continue to participate in the same retirement plan. Participation  
241 must begin on the first payroll after an employee has completed  
242 180 days of employment if the employee:

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**33-119. Credited service.**

(a) A participant's credited service is the total years and months of County service the participant rendered under the Retirement Savings Plan, the optional retirement plan, the integrated plan, and the guaranteed retirement income plan. A participant must receive credited service for any period when the participant was a part-time employee contributing to an employer-supported savings program provided by a participating agency. An employee hired before July 1, 2009 must receive 1 year of credited service for each year of County service. Each year of County service ends on the anniversary of the date the participant [starting] started working for the County. A participant must also receive one month of credited service for each month during which the participant worked at least one hour for the County. An employee hired on or after July 1, 2009 must receive one year of credited service for each year of participation in a County retirement plan and one month of credited service for each month during which the employee participated in a County retirement plan. A person who transferred to the Retirement Savings Plan under Section 115(a)(3) or (4) must receive credit for County service for creditable State service earned as a State employee of the County Department of Social Services. A person who does not transfer to the Retirement Savings Plan under Section 115(a)(3) or (4) must not receive credit for County service for this State service.

\* \* \*

**33-120. Distribution of Benefit.**

\* \* \*

(c) *Death benefits.*

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\* \* \*

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(3) A participant may name a primary beneficiary or beneficiaries and contingent beneficiary or beneficiaries on a designation of beneficiaries form filed with the Office of Human Resources, or designee of the Chief Administrative Officer. If a participant names 2 or more persons as beneficiaries, the persons are considered co-beneficiaries and share the benefit equally unless the participant specifies otherwise on the designation of beneficiaries form. A participant may change any named beneficiary by completing a new designation of beneficiaries form. The consent of the beneficiary or beneficiaries is not required to name or change a beneficiary. The designation is effective when the participant signs the form even if the participant is not alive when the Office, or designee of the Chief Administrative Officer, receives the request, but without prejudice for any payments made before the Officer, or designee of the Chief Administrative Officer, received the request.

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

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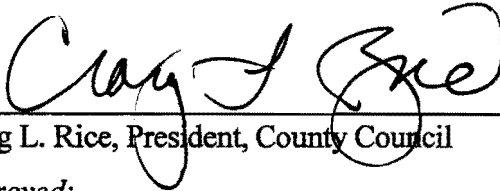
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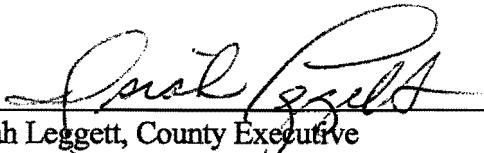
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The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.

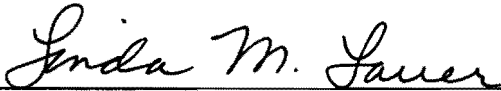
295 *Approved:*

296  6/18/2014  
 Craig L. Rice, President, County Council Date

297 *Approved:*

298  6/25/2014  
 Isiah Leggett, County Executive Date

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

300  7/7/14  
 Linda M. Lauer, Clerk of the Council Date