

Expedited Bill No. 20-15  
 Concerning: Deferred Retirement  
Option Plan – Amendments –  
Retirement Savings Plan – Annuity –  
Guaranteed Retirement Income Plan  
– Election  
 Revised: May 7, 2015 Draft No. 6  
 Introduced: April 21, 2015  
 Enacted: May 21, 2015  
 Executive: June 1, 2015  
 Effective: July 1, 2015  
 Sunset Date: None  
 Ch. 28, Laws of Mont. Co. 2015

**COUNTY COUNCIL  
 FOR MONTGOMERY COUNTY, MARYLAND**

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

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**AN EXPEDITED ACT to:**

- (1) make the guaranteed retirement income plan the default retirement option for certain employees;
- (2) establish a deferred retirement option plan for sworn deputy sheriffs and uniformed correctional officers;
- (3) provide an annuity option for employees who participate in the retirement savings plan; and
- (4) generally amend the County employee retirement laws.

By amending

Montgomery County Code  
 Chapter 33, Personnel and Human Resources  
 Sections 33-37, 33-38A, 33-44, 33-115 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:*

1           **Sec. 1. Sections 33-37, 33-38A, 33-44, 33-115, and 33-120 are amended**  
2 **as follows:**

3 **33-37. Membership requirements and membership groups.**

4           (a) *Full-time employees.*

5           (1) A full-time employee of the County or participating agency must  
6 become a member of a County retirement plan as a condition of  
7 employment, when the employee meets the applicable eligibility  
8 requirements, if the employee waives all rights of membership  
9 under any other retirement system supported in whole or in part  
10 by the State, a political subdivision of the State, or the County.

11           (2) A part-time employee who becomes a full-time employee and is  
12 not an active member of any County retirement plan must  
13 become an active member of:

14           (A) the integrated retirement plan, if the employee is eligible  
15 for membership in the integrated plan;

16           (B) the Retirement Savings Plan, if the employee satisfies the  
17 requirements for membership in Group I or II, even if the  
18 employee did not begin or return to County service on or  
19 after October 1, 1994 and participates as described in  
20 Section 33-115; or

21           (C) the guaranteed retirement income plan if the employee is  
22 eligible for membership and [elects to] participates as  
23 described in subsection (k).

24           (3) A temporary employee who becomes a full-time employee must  
25 become an active member of:

26           (A) the integrated plan, if the employee is eligible for  
27 membership in the integrated plan;

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- (B) the Retirement Savings Plan, if the employee satisfies the requirements for membership in Group I or II, even if the employee did not begin or return to County service on or after October 1, 1994 and participates as described in 33-115; or
- (C) the guaranteed retirement income plan if the employee is eligible for membership and [elects to participate] participates as described in subsection (k).

(b) *Part-time employees.*

- (1) A part-time employee of the County or participating agency may become a member of a County retirement plan if the employee waives all rights of membership under any other retirement system supported in whole or in part by the State, a political subdivision of the State, or the County. Membership is effective on the date the employee's application for membership is approved.
- (2) A part-time employee who is not an active member of a retirement plan may become a member of either:
  - (A) the integrated plan, if the employee is eligible for membership in the integrated plan;
  - (B) the Retirement Savings Plan if the employee satisfies the requirements for membership in Group I or II, even if the employee did not begin or return to County service on or after October 1, 1994 and elects to participate as described in Section 33-115; or

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(C) the guaranteed retirement income plan if the employee is eligible for membership and elects to participate as described in subsection (k).

\* \* \*

(k) *[Election to join] Eligibility for the guaranteed retirement income plan.*

\* \* \*

(3) An eligible full-time employee hired on or after July 1, 2009 and before July 1, 2015, and a part time or temporary employee who becomes full time on or after July 1, 2009 and before July 1, 2015, who does not participate in the retirement savings plan, may elect to participate in the guaranteed retirement income plan. An eligible employee must make an irrevocable election during the first 150 days of full time employment. If an eligible employee elects to participate, participation must begin on the first pay period after an employee has completed 180 days of full time employment. An employee who does not participate in the guaranteed retirement income plan must participate in the retirement savings plan beginning on the first pay period after the employee completes 180 days of full time employment.

\* \* \*

(7) A member of the Office, Professional and Technical (OPT) or the Service, Labor and Trades (SLT) collective bargaining unit of the County government must participate in the guaranteed retirement income plan unless the employee makes a one-time irrevocable election to participate in the retirement savings plan during the first 150 days of full time employment, if the employee:

80 (A) is hired as a full-time employee on or after July 1, 2015;  
81 or

82 (B) is a part time employee who does not participate in the  
83 retirement savings plan and becomes a full-time employee  
84 on or after July 1, 2015.

85 Participation must begin on the first pay period after an employee  
86 has completed 180 days of full time employment.

87 (8) On or after July 1, 2015, an eligible full-time employee or a part-  
88 time or temporary employee who becomes a full-time employee  
89 in a position that is not within a bargaining unit or an eligible  
90 employee of a participating agency must participate in the  
91 retirement savings plan unless the employee makes a one-time  
92 irrevocable election to participate in the guaranteed retirement  
93 income plan during the first 150 days of full time employment.  
94 If the employee elects to participate, participation must begin on  
95 the first pay period after an employee has completed 180 days of  
96 full-time employment. A part-time employee who participates  
97 in either the retirement savings plan or the guaranteed retirement  
98 income plan when the employee becomes a full-time employee  
99 must continue to participate in the same retirement plan.

100 [(7)](9) An individual who changes employment from the County  
101 government to a participating agency or from a participating  
102 agency to the County government must continue to participate in  
103 his or her retirement plan and is not eligible to make an election.

104 **33-38A. Deferred Retirement Option Plans.**

105 \* \* \*

106 (c) DROP Plan for Sworn Deputy Sheriffs and Uniformed Correctional  
107 Officers.

108 (1) Uniformed correctional officer means Correctional Officer I,  
109 Correctional Officer II, Correctional Officer III, Correctional  
110 Dietary Officer I, Correctional Dietary Officer II, Correctional  
111 Supervisor-Sergeant, Correctional Dietary Supervisor,  
112 Correctional Shift Commander-Lieutenant, Correctional Unit  
113 Commander-Captain, Deputy Warden, and Warden. [[and]] The  
114 Director of the Department of Corrections must not begin  
115 participation in the DROP after appointment as Director.

116 (2) Sworn Deputy Sheriff means Deputy Sheriff I, Deputy Sheriff II,  
117 Deputy Sheriff III, Deputy Sheriff Sergeant, Deputy Sheriff  
118 Lieutenant, Deputy Sheriff Captain, Assistant Sheriff, and the  
119 Chief Deputy Sheriff (Colonel).

120 (3) Eligibility. A sworn deputy sheriff or uniformed correctional  
121 officer who is at least age 55 years old and has at least 15 years  
122 of credited service or is at least 46 years old and has at least 25  
123 years of credited service may participate in the DROP. A  
124 uniformed correctional officer or sworn deputy sheriff must  
125 participate in the optional retirement plan or the integrated  
126 retirement plan as a Group E member in order to participate in  
127 the DROP.

128 (4) Application requirements. An eligible employee must apply at  
129 least 60 days before the employee becomes a participant. An  
130 employee may withdraw a pending application within 2 weeks  
131 after submitting the application.

- 132           (5) Employee participation and termination. The employee's  
133 participation in the DROP must begin on the first day of a month  
134 that begins at least 60 days, but not more than 90 days, after the  
135 employee applied and must end 3 years after the employee begins  
136 to participate or at an earlier date chosen by the employee. When  
137 the employee's participation in the DROP ends, the employee  
138 must stop working for the County and receive a pension benefit.
- 139           (6) Employment status. An employee who participates in the DROP  
140 must continue to be a member of the retirement system, earn sick  
141 and annual leave, and remain eligible to participate in health and  
142 life insurance programs.
- 143           (7) Retirement date, retirement contributions, and credited service.  
144 The retirement date of an employee who participates in the  
145 DROP is the date when the employee begins to participate in the  
146 DROP, and the employee must not make retirement  
147 contributions after that date. An employee who wishes to  
148 purchase prior service must do so before the employee's  
149 participation in the DROP begins. Sick leave in excess of 80  
150 hours must be credited towards retirement at the beginning of the  
151 employee's participation.
- 152           (8) Pension benefits.
- 153               (A) Before an employee's participation begins, the employee  
154 must select a:
- 155                   (i) pension payment option under Section 33-44 for the  
156 regular retirement pension payments; and
- 157                   (ii) pension payment distribution option for the  
158 distribution of the employee's DROP account.

- 159 (B) A pension benefit must not be paid to the employee while  
160 the employee participates in the DROP, but must be  
161 deposited in a DROP account established for the  
162 participant by the County. The participant must receive  
163 the account balance and the County must close the account  
164 within 60 days after the employee stops participating in  
165 the DROP. Subject to any requirements of the Internal  
166 Revenue Code and other applicable law, the employee  
167 may roll over the account balance into an eligible  
168 retirement plan.
- 169 (C) An employee must direct the Board of Investment  
170 Trustees to allocate pension benefits contributed to the  
171 employee's DROP account in one or more of the  
172 investment funds selected by the Board. An employee's  
173 direction of investment must remain in effect until the  
174 employee changes the direction. An employee must select  
175 investment options in order to participate in the DROP.
- 176 (D) After the employee's participation in DROP ends, the  
177 employee's pension benefit will be based on:
- 178 (i) the employee's credited service immediately prior  
179 to the beginning of the employee's participation in  
180 the DROP, adjusted to include credit for unused  
181 sick leave under Section 33-41;
- 182 (ii) the employee's average final earnings, excluding  
183 earnings during the period of participation in the  
184 DROP; and



185                   (iii) increases in the consumer price index during the  
186                   period of the employee's participation that would  
187                   have resulted in an increase in the employee's  
188                   pension benefit if the employee had not been  
189                   participating in the DROP.

190           (9) Disability retirement. An employee may apply for disability  
191           retirement prior to the termination of the employee's  
192           participation in the DROP.

193           (A) A DROP participant who is eligible for a service-  
194           connected disability retirement must choose either:

195                   (i) the retirement benefit under the DROP and the  
196                   DROP account balance; or

197                   (ii) the service-connected disability retirement benefit  
198                   that the employee would have received if the  
199                   employee had continued as an active employee and  
200                   had not elected to participate in the DROP, and no  
201                   DROP account balance.

202           (B) A DROP participant who is eligible for a non-service-  
203           connected disability retirement benefit must receive the  
204           non-service-connected disability retirement benefit under  
205           Section 33-43(h), with the benefit calculated as of the  
206           member's DROP [[exit]] entry date, plus the DROP  
207           account balance.

208           (C) If a DROP participant ends participation in the DROP  
209           before a final decision is made on the disability retirement  
210           application, the DROP account must not be distributed  
211           until a final decision is made.

212 (10) Death benefit. If an employee dies during the employee's  
 213 participation in the DROP, the employee's beneficiary will  
 214 receive:

215 (A) the death benefit that the beneficiary would have received  
 216 if the employee had retired on the date on which the  
 217 employee began to participate in the DROP, adjusted  
 218 under subparagraph (7)(D); and

219 (B) the balance of the employee's DROP account.

220 (11) DROP account distribution options. A member may have the  
 221 balance of the DROP account distributed as a lump sum or an  
 222 annuity, or have some or all paid directly to an eligible retirement  
 223 plan as a direct rollover distribution. If the member dies before  
 224 the balance of the DROP account is distributed, the beneficiary  
 225 may receive distribution of the balance under any option  
 226 described in this paragraph as allowed under the Internal  
 227 Revenue Code and applicable regulations.

228 **33-44. Pension payment options and cost-of-living adjustments.**

229 \* \* \*

230 (s) Transfer from Retirement Savings Plan.

231 A participant who transfers his or her retirement savings plan account  
 232 balance under Section 33-120 may elect to receive his or her account  
 233 balance paid as an annuity under subsection (g)(2).

234 **33-115. Participant requirements and participant groups.**

235 (a) Participant Requirements.

236 (1) Full-time employees.

237 (A) Except as provided in paragraphs (3)[,] and (4), [and (7)]  
 238 and the last sentence of Section 33-37(e)(2), a full-time

239 employee eligible for membership in Group I or Group II  
240 must participate in the Retirement Savings Plan or the  
241 Guaranteed Retirement Income Plan when the full-time  
242 employee meets the applicable eligibility requirements or  
243 forfeit employment, unless the Chief Administrative  
244 Officer exempts the employee from participation.

245 (B) A part-time employee who becomes a full-time employee  
246 and is not an active member of any retirement plan for  
247 County employees, must become a member of:

248 (i) the integrated retirement plan, if the employee is  
249 eligible for membership in the integrated plan;

250 (ii) the Retirement Savings Plan, if the employee  
251 qualifies for Group I or II, even if the employee did  
252 not begin or return to County service on or after  
253 October 1, 1994; or

254 (iii) the Guaranteed Retirement Income Plan if the  
255 employee is eligible for membership [and makes an  
256 election].

257 (C) A temporary employee who becomes a full-time employee  
258 must become an active member of:

259 (i) the integrated plan, if the employee is eligible for  
260 membership in the integrated plan;

261 (ii) the Retirement Savings Plan, if the employee  
262 satisfies the requirements for membership in Group  
263 I or II, even if the employee did not begin or return  
264 to County service on or after October 1, 1994; or

265 (iii) the Guaranteed Retirement Income Plan if the  
 266 employee is eligible for membership in the  
 267 Guaranteed Retirement Income Plan [and makes an  
 268 election under subsection (7)].

269 \* \* \*

270 (7) [Election to participate] Participation in the Guaranteed  
 271 Retirement Income Plan.

272 (A) [A full time employee hired or rehired on or after July 1,  
 273 2009 and a part time and temporary employee who  
 274 becomes full time after July 1, 2009 participate in the  
 275 guaranteed retirement income plan. An eligible employee  
 276 must make a one-time irrevocable election during the first  
 277 150 days of employment. If an eligible employee elects to  
 278 participate, participation must begin on the first pay period  
 279 after an employee has completed 180 days of full time  
 280 employment. A full time employee who does not elect to  
 281 participate in the guaranteed retirement income plan must  
 282 participate in the retirement savings plan beginning on the  
 283 first pay period after the employee has completed 180 days  
 284 of full time employment.] A participant who changes  
 285 employment from the County directly to a participating  
 286 agency or from a participating agency directly to the  
 287 County must continue to participate in his or her  
 288 retirement plan and is not eligible to make an election. A  
 289 member of the Office, Professional and Technical (OPT)  
 290 or the Service, Labor and Trades (SLT) collective  
 291 bargaining unit of the County government must participate

292 in the Guaranteed Retirement Income Plan, unless the  
 293 employee makes a one-time irrevocable election to  
 294 participate in the Retirement Savings Plan during the first  
 295 150 days of full time employment, if the employee:

296 (i) is hired as a full-time employee on or after July 1,  
 297 2015; or

298 (ii) is a part time employee who does not participate in  
 299 the Retirement Savings Plan and becomes a full-  
 300 time employee on or after July 1, 2015.

301 Participation must begin on the first pay period after an  
 302 employee has completed 180 days of full time  
 303 employment.

304 (B) Except as provided in subparagraph (A), an eligible  
 305 employee must participate in the Retirement Savings Plan  
 306 unless the employee makes a one-time irrevocable election  
 307 to participate in the Guaranteed Retirement Income Plan  
 308 during the first 150 days of full-time employment.  
 309 Participation must begin on the first pay period after an  
 310 employee has completed 180 days of full- time  
 311 employment. A part-time employee who participates in  
 312 either the Retirement Savings Plan or the Guaranteed  
 313 Retirement Income Plan when the employee becomes a  
 314 full-time employee must continue to participate in the  
 315 same retirement plan.

316 (C) A part time employee who is not a participant in the  
 317 Retirement Savings Plan may make a one-time irrevocable  
 318 election to participate in the Guaranteed Retirement

319 Income Plan any time after the employee has completed  
320 150 days of employment.

321 (b) *Participants groups and eligibility.*

322 (1) *Group I.* Except as provided in the last sentence of Section 33-  
323 37(e)(2), any full-time or career part-time employee meeting the  
324 criteria in paragraphs (A) or (B) must participate in the retirement  
325 savings plan if the employee begins, or returns to, County service  
326 on or after October 1, 1994. An employee hired on or after July  
327 1, 2009 must be employed on a full time or part time basis with  
328 the County for 180 days before participating in the Retirement  
329 Savings Plan. An individual who changes employment from the  
330 County government directly to a participating agency or from a  
331 participating agency directly to the County government must  
332 continue to participate in the same retirement plan. Participation  
333 in the Retirement Savings Plan must begin on the first payroll  
334 after an employee has completed 180 days of employment if the  
335 employee:

336 (A) (i) is not represented by ~~[[an]]~~ a County government  
337 employee organization;

338 (ii) does not occupy a County government bargaining  
339 unit position;

340 (iii) is not a public safety employee; and

341 (iv) does not elect to participate in the Guaranteed  
342 Retirement Income Plan; or

343 (B) (i) is not a public safety employee; and

344 (ii) is subject to the terms of a collective bargaining  
345 agreement between the County and an employee

346 organization which requires the employee to  
347 participate in the [retirement savings] Guaranteed  
348 Retirement Income Plan if the employee does not  
349 elect to participate in the [guaranteed retirement  
350 income] Retirement Savings Plan; and

351 (iii) [does not elect] elects to participate in the  
352 Retirement Savings Plan [guaranteed retirement  
353 income plan].

354 \* \* \*

355 **33-120. Distribution of Benefit.**

356 \* \* \*

357 (f) *Distribution methods.* The Chief Administrative Officer must pay, at  
358 the request of the participant or the designated beneficiary, a  
359 participant's account balances in the retirement savings plan upon  
360 retirement, disability retirement, death, or separation from County  
361 service.

362 \* \* \*

363 (4) Optional method of distribution - Transfer to Employees'  
364 Retirement System, Annuity Option. A participant may elect to  
365 have the participant's entire account balance transferred to the  
366 employees' retirement system and have the account balance paid  
367 in one of the annuity options available under Section 33-44(g)(2).


368 \* \* \*

369 **Sec. 2. Expedited Effective Date.** The Council declares that this legislation  
370 is necessary for the immediate protection of the public interest. This Act takes effect  
371 on July 1, 2015.

372

373 *Approved:*

374

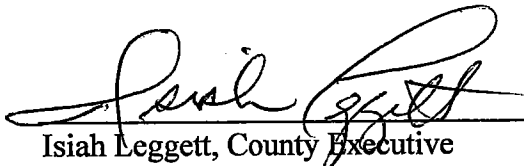
  
George Leventhal, President, County Council

5/21/2015

Date

375 *Approved:*

376

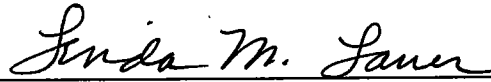
  
Isiah Leggett, County Executive

June 1, 2015

Date

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

378

  
Linda M. Lauer, Clerk of the Council

June 2, 2015

Date