

**SWORN POLICE OFFICERS
SUMMARY OF PLAN PROVISIONS
EMPLOYEES' RETIREMENT SYSTEM OF BALTIMORE COUNTY (ERS)**

INTRODUCTION:

ERS was established January 1, 1945 by County ordinance as a defined benefit plan. Membership in the System is open to employees in both the classified and unclassified service of Baltimore County General Government. It is also open to certain employees of the Baltimore County Revenue Authority, the Baltimore County Board of Education, the Baltimore County Board of Library Trustees, and the Baltimore County Community College who are not eligible to participate in the Maryland State Retirement and Pension Systems. These employees are included in the status of "exempt" employees. Direct appointees of the Governor of Maryland, temporary employees and employees for whom State pension provisions exist are excluded. Sworn Police Officers shall become a member of the Retirement System as a condition of employment.

BENEFITS PROVIDED

- Normal and discontinued service retirement upon meeting age and service requirements
- Occupational disability benefits upon entry into the System
- Disability benefits for non-occupational related injury or illness upon attaining 5 years of creditable service if hired prior to 7/1/07 or 10 years of creditable service if hired on or after 7/1/07
- Occupational death benefits resulting from an injury in actual performance of the job
- Non-occupational death benefit coverage after one year of creditable service
- Credit for unused sick leave and military service
- Service credit for transfer time from a Maryland state or local municipal retirement system
- DROP eligibility if hired prior to 7/1/07
- Retiree cost-of-living adjustments (COLAs) are granted to qualifying retirees only if sufficient excess earnings exist in the Fund

NORMAL SERVICE RETIREMENT BENEFITS

Members hired prior to 7/1/07 are eligible for normal service retirement with 20 years of creditable service or age 55. Members hired on or after 7/1/07 are eligible for normal service retirement at age 60 with 10 years of creditable service or after 25 years of creditable service. Members with 20 or more years of creditable service will earn 2.5% of Average Final Compensation (AFC) times the number of years of creditable service up to 20 years plus 2% of AFC times the number of years of creditable service in excess of 20 years. Beginning 7/1/07, police officers will earn 3% of AFC times the number of years of creditable service in excess of 25 years. The 3% rate does not apply to service earned prior to 7/1/07. Members with less than 20 years of creditable service will earn 2% of AFC times the number of years of creditable service. AFC is the rate of annual earnable compensation during the highest 12 consecutive months of service. Benefit is capped at 100% of AFC.

DEFERRED RETIREMENT OPTION PROGRAM (DROP) – FOR MEMBERS HIRED PRIOR TO JULY 1, 2007

A Back DROP is available to Sworn Police Officers under which eligible active members may elect to receive a lump sum payment at retirement in exchange for a reduced monthly benefit for life. In order to be eligible for the DROP, members must be hired prior to 7/1/07, have at least 27 years of qualifying service, including credit for unused sick leave, military service, and other jurisdictional service outside Baltimore County or transfer service within Baltimore County for members who were in active service on or before 12/31/03. For members who were not in active service on 12/31/03, there is no credit for other jurisdiction service or service as a general employee. The DROP monthly pension benefit will be determined as of a date that is a specified number of years in the past (the “look-back” date) based on the plan provisions and the member’s salary and service at that earlier date, and the lump sum payment will be based on an assumed accumulation of member contributions and monthly payments during the period from the “look-back” date to the actual retirement date. The length of the DROP may be 3 years for 27 years of qualifying service, 3, 3½ or 4 years for 28 years of qualifying service and 3, 3½, 4, 4½ or 5 years for 29 years of qualifying service. The DROP election is made retroactively when the member is ready to retire. AFC is determined as if the member had retired at the beginning of the DROP. The DROP Allowance equals 64% of AFC plus the additional accruals listed above for full and fractional years of DROP Service over 24 years.

The Retirement Allowance paid after the retirement date will equal the DROP Allowance less any reduction for a survivorship option other than Option 7. The reduction will be based on the member’s and beneficiary’s ages at the actual retirement date, not their ages at the DROP “look-back” date. Pension payments credited to the DROP account will be increased for COLAs each July beginning not less than 12 months from the beginning of the DROP period, provided sufficient excess earnings exist in the Post-Retirement Increase Fund. Member contributions made during the DROP period will be credited to the DROP account. The DROP will be credited with the greater of i) the rate of return on the actuarial value of assets for the ERS for the preceding calendar year minus 50 basis points; or ii) 5% interest, each June 30, based on the administrative procedures currently used to determine the member’s accumulated contributions. The DROP accumulation may be paid to the member in a single lump sum or rolled over into an eligible plan such as an IRA. The distribution must be taken at the actual retirement date. DROP elections may only be made by the member at the date of service retirement. If the member dies in active service, the surviving beneficiary will not be allowed to make a DROP election.

DEFERRED RETIREMENT OPTION PROGRAM (DROP) – FOR MEMBERS HIRED ON OR AFTER JULY 1, 2007

A Back DROP is available to Sworn Police Officers under which eligible active members may elect to receive a lump sum payment at retirement in exchange for a reduced monthly benefit for life. In order to be eligible for the DROP, members must be hired on or after July 1, 2007, have at least 28 years of qualifying service, including credit for unused sick leave and military service. Qualifying service does not include other jurisdictional service outside Baltimore County or transfer service with Baltimore County. The DROP monthly pension benefit will be determined as of a date that is a specified number of years in the past (the “look-back” date) based on the plan provisions and the member’s salary and service at that earlier date, and the lump sum payment will be based on an assumed accumulation of member contributions and monthly payments during the period from the “look-back” date to the actual retirement date. The length of the DROP is 3 years for 28 years of qualifying service. The DROP election is made retroactively when the member is ready to retire. AFC is determined as if the member had retired at the beginning of the DROP. The DROP Allowance equals 60% of AFC plus the additional accruals listed above for full and fractional years of DROP Service over 25 years. Retirement under the DROP may begin on or after July 1, 2035 for the 3 year DROP period.

The Retirement Allowance paid after the retirement date will equal the DROP Allowance less any reduction for a survivorship option other than Option 7. The reduction will be based on the member’s and beneficiary’s ages at the actual retirement date, not their ages at the DROP “look-back” date. Pension payments credited to the DROP account will be increased for COLAs each July beginning not less than 12 months from the beginning of the DROP period, provided sufficient excess earnings exist in the Post-Retirement Increase Fund. Member contributions made during the DROP period will be credited to the DROP account. The DROP will be credited with 5% interest, each June 30, based on the administrative procedures currently used to determine the member’s accumulated contributions. The DROP accumulation may be paid to the member in a single lump sum or rolled over into an eligible plan such as an IRA. The distribution must be taken at the actual retirement date. DROP

elections may only be made by the member at the date of service retirement. If the member dies in active service, the surviving beneficiary will not be allowed to make a DROP election.

TRANSFER OF SERVICE CREDIT

If a new member was employed by the State of Maryland or any other jurisdiction within Maryland immediately prior to employment with Baltimore County, they may be eligible for transfer of prior retirement system service credit. In accordance with State law, new employees have only one year from the date of membership with ERS to claim prior service credit and provide accumulated contributions to ERS. To qualify for transfer service credit, there must be no break in employment greater than 90 days and no employment elsewhere within the break. It is the employee's responsibility to initiate this transfer process with this one-year limitation period. No exceptions are allowed.

MILITARY SERVICE CREDIT

Upon vesting, a member may be eligible to receive retirement credit for up to four years of prior active duty military service, on a year-for-year basis. Application for military credit can be made up until the time of retirement. To apply, a member must bring their DD214 to the Retirement Office and complete an Application for Military Credit. Active duty service credit will be verified and added to the member's account.

CREDIT FOR UNUSED SICK LEAVE

When a member's final retirement benefit is calculated, a member receives service credit for unused sick leave. One month of service credit shall be granted for every 22 days of unused sick leave. A remainder of 11 days or more will be rounded up to the next full month. Effective January 1, 2015 Swom Police Officers on pay schedule VII shall be granted one month of service credit for every 16 days of unused sick leave. A remainder of 8 days or more will be rounded up to the next full month. Unused sick leave shall not be used to determine membership service required for the following: death benefit; ordinary disability; or vesting.

VESTED SERVICE

Any current member hired prior to 7/1/2007 who has completed five (5) or more years of membership service or any current member hired on or after 7/1/2007 who has completed ten (10) or more years of membership service at the time service is terminated may elect to receive, in lieu of the return of the member's accumulated contributions, a deferred retirement allowance to commence at the age of fifty-five (55) if hired prior to July 1, 2007 and at the age of sixty (60) if hired after July 1, 2007.

RETIREMENT OPTIONS

ERS provides a retiring member with a choice of taking the maximum allowance or an optional survivorship option. An optional allowance may provide a lump sum payment or a continued monthly allowance for the beneficiary. The selection of any option actuarially reduces the maximum allowance based on the option and the ages of the retired member and the beneficiary as of the date of retirement.

Maximum Allowance - Unreduced retirement allowance with no provisions for continued payments after the retired member's death. All benefits cease at the time of the retired member's death.

Option 1 - Reduced benefit. If the retired member dies before receiving in annuity payments the total contributions plus interest accumulated in his or her account at the time of retirement, any remaining balance will be paid in a one-time, lump-sum payment to the designated beneficiary or beneficiaries. All monthly benefits cease at the time of the retired member's death. Under this option, the retiree may change the beneficiary even after receiving the first monthly payment and can also designate multiple beneficiaries.

Option 2 - Reduced benefit. Upon the death of the retired member, 100% of the retired member's monthly allowance shall be continued throughout the life of and paid to the designated beneficiary. No changes may be made to the designated beneficiary after payment of the member's first retirement allowance. If the beneficiary predeceases the retired member, no benefits will be payable after the retired member's death.

Option 3 - Reduced benefit. Upon the death of the retired member, 50% of the retired member's monthly allowance shall be continued throughout the life of and paid to the designated beneficiary. No changes may be

made to the designated beneficiary after payment of the member's first retirement allowance. If the beneficiary predeceases the retired member, no benefits will be payable after the retired member's death.

Option 4 - Reduced benefit. Allows any portion of the retired member's allowance, the amount to be determined by the retired member, to continue throughout the life of and paid to the designated beneficiary. No changes may be made to the designated beneficiary after payment of the member's first retirement allowance. If the beneficiary predeceases the retired member, no benefits will be payable after the retired member's death.

Option 5 - Reduced benefit. Allows 100% of the retired member's allowance to be paid to the beneficiary after the retired member's death. If the retired member becomes divorced from the beneficiary or if the beneficiary dies before the retired member, upon notification to the Board of Trustees, the retired member's allowance will be increased to the Maximum Allowance described above. If after such death or divorce the retired member wishes to select a new beneficiary and retirement option, the retired member may elect one of Options 2, 3, 4, 5, or 6. The benefit will be recomputed based on the ages of the retired member and the beneficiary at the time of re-designation.

Option 6 - Reduced benefit. Allows 50% of the retired member's allowance to be paid to the beneficiary after the retired member's death. If the retired member becomes divorced from the beneficiary or if the beneficiary dies before the retired member, upon notification to the Board of Trustees, the retired member's allowance will be increased to the maximum described above. If after such death or divorce the retired member wishes to select a new beneficiary and retirement option, the retired member may elect one of Options 2, 3, 4, 5, or 6. The benefit will be recomputed based on the ages of the retired member and the beneficiary at the time of re-designation.

Option 7 - A sworn Police Officer on Pay Schedule IV or VII who has completed at least 25 years of creditable service may retire with the option of having 50% of the retired member's retirement allowance continued throughout the life of and paid to the original beneficiary upon the retired member's death. This option shall be provided at no cost to the employee.

RETIREE COST OF LIVING ADJUSTMENTS (COLAs)

COLAs are neither discretionary nor guaranteed. In accordance with Section 5-1-235 of the County Code, the System provides COLAs to eligible retirees only if sufficient excess investment income exists in the Post Retirement Increase Fund. Members hired prior to 7/01/2007 must have at least 20 years of creditable service to be eligible for a COLA. Members hired on or after 7/01/2007 must have at least 25 years of creditable service to be eligible for a COLA. Members are eligible for COLAs, if granted, after a period of at least 60 months for a non-DROP retirement or 48 months for a DROP retirement, since there is already a minimum 12-month delay applied in the DROP. COLAs range up to 3% and are based on the change in the Consumer Price Index (CPI-U) for the 12 months ending in December. COLAs are effective in July and are granted independently of employee COLAs.

<p>If you were divorced during your membership in the Retirement System, a copy of your Marital Separation Agreement, Divorce, and Domestic Relations Order (QDRO) if applicable, must be submitted <u>on or before</u> scheduling your signing date.</p>

FILING FOR RETIREMENT:

Retirement application mailings are scheduled twice a month in lieu of in-person signings. To request your estimate and retirement application forms, please call 410-887-8246, no more than 2 months prior to your retirement date. Detailed instructions will be provided for each form. You may elect to receive the forms by email

or US mail. A copy of your birth certificate will be required to be returned with your application. If you elect a survivor benefit you will need to return a copy of your spouse's birth certificate and a copy of your marriage certificate.

- The Insurance Office will contact you directly about your insurance coverage.
- Board of Trustees must approve your application.
- The Retirement Office will confirm your final monthly benefit and option by letter.
- Benefit payments are dated and payable on the last banking day of the month.
- Direct deposit is mandatory. Stubs will be available to review online in the Retirement Portal.

**EMPLOYEES' RETIREMENT SYSTEM OF BALTIMORE COUNTY (ERS)
BALTIMORE COUNTY COURTHOUSE
400 WASHINGTON AVENUE, ROOM 169
TOWSON, MD 21204
PHONE: 410-887-8246
FAX: 410-887-5788**

**Email: ers@baltimorecountymd.gov
Hours: Monday – Friday 8:00am – 4:30 pm**

The information provided is for informational purposes only and is subject to revision due to errors, omissions or future changes in the rules and laws governing the Baltimore County Employees' Retirement System.

PO_7/22