

CITY OF ANNAPOLIS POLICE AND FIRE RETIREMENT PLAN  
2018 AMENDMENT AND RESTATEMENT

SUMMARY OF KEY SUBSTANTIVE CHANGES

**SECTION**

**SUMMARY**

Preface

Incorporates previous changes (2015 and 2017)

**Article 1 Definitions**

1.2 Actuarial Equivalent

Actuarial assumptions confirmed with plan actuary.

1.13 HR Manager

Conform to current appointment process.

1.15 Old Plan

Conform to eligibility for Old Plan.

1.19 Normal Retirement Date

Changed to 20 years to conform with collective bargaining agreements.

1.26 Retirement Plan Commission

Changed through Collective Bargaining.

Now 9 members:

City Manager

Director of Finance

Council Chair of Finance Committee or member of the Committee

Human Resources Manager

Fire Chief

Police Chief

Representative chosen by fire bargaining unit)

Representative (chosen by police bargaining unit)

Financial institution or pension adviser member

*This is the body charged with managing the plan and its members are plan fiduciaries. See Article 8 below.*

1.28 Surviving Spouse

Inserted to conform to practice

1.29 Terminated Vested Participant

Inserted to specify the class of members who terminate employment after at least 10 years of vested service but less than full retirement service (20 years) and who are under 55 years old- these participants receive a reduced benefit only when they are 55 years or older.

1.31 Active Service- Purchased Service

Changed per collective bargaining as follows:

- Can purchase up to 3 years of service with State of Maryland or other Maryland political subdivision; prior City sworn police or fire service, or police communications operator
- Must pay the full actuarial cost calculated at retirement date or date of termination of employment

1.32 Years of Vesting Service

Years of employment as an actual employee with employee defined as a member of the plan in the sworn police or fire service (must make employee required contributions)

## **Article 2 Eligibility for Participation**

2.4 Highly Compensated Employees

Purchase Active Service at full actuarial cost calculated at Retirement or termination of employment.

## **Article 3 Retirement Benefits**

3.1 (b) Maximum Benefit

For retirement commencing after 7-1-2018, 75% at 30 years of Service – changed through collective bargaining

3.5 (c) Forms of Benefits

Relocates language pertaining to Surviving Spouse to definitions article for ease of reference. Retained limitation of payment to surviving spouse until death or remarriage.

3.7(a) Service Related Disability

Clarifying language to affirm that participants with Service Related Disability can elect Joint and Survivor Benefit

3.7 (b) Determination of Disability

NEW- changed exclusion of qualification for disability benefit from ability to perform regular occupation AND another position in the City for which participant is qualified to ONLY regular occupation.

## **Article 6 Contributions**

6.1 City Contribution

NEW- changed through collective bargaining from set percentage to amount recommended by plan actuary unless City Manager (along with approval by majority of council) determines otherwise.

6.3 Mandatory Employee Contributions

Language added to comply with IRS regulations

## **Article 8 Administration**

8.1 Administration

Relocated non-discrimination language to more appropriate place

8.1(a- c) Retirement Plan Commission

Authorities-

- Invest and reinvest plan assets
- Employ agents to invest
- Report on financial performance of the plan to the City Council Annually

- Director of Finance carries out decision of commission regarding investments
- Hear appeals from decisions by Human Resources Manager
- Public safety disability retirement board retains power to determine appeals from denied claims for disability retirement benefits

8.1 (d) Human Resources Manager

Authorities-

- Administrate and manage the Plan
- Designate others to carry out some or all of her/his fiduciary duty
- Provide reports to the Retirement Plan Commission as they shall request

8.2 Specific Powers and Responsibilities of Human Resources Manager under the Plan

Responsibilities

- Enroll all participants
- Determine benefits
- Provide information to participants
- Resolve in the first instance- subject to review by Commission- all disputes under the plan
- Construe the plan
- Seek legal counsel
- Establish rules and regulations

8.3 Fiduciary obligations of the Retirement Plan Commission and Human Resources Manager under the Plan

Act in best interest of the Plan-providing benefits and defraying expenses

Act in a manner that a prudent person in a similar situation would act- fiduciary standard of conduct

Prohibit self-dealing – adopting language of ERISA

8.5 Appeals Procedure

For denials of normal benefits and all plan interpretation other than denied claims for disability retirement benefit:

- First level – Human Resources Manager
- Second level – Retirement Plan Commission
- Third level by anyone aggrieved including the City- Circuit Court for Anne Arundel County with appeal rights under the Maryland Rules of Civil Procedure

For denials of claims for disability retirement benefits

- First Level Human Resources Manager
- Second Level- Public Safety Disability Retirement Board
- Third level by anyone aggrieved including the City- Circuit Court for Anne Arundel County with appeal rights under the Maryland Rules of Civil Procedure

## 8.9 Liability and Indemnification

Conformed to Changes in Retirement Commission and HR Manager fiduciary duties

-City must indemnify and hold harmless the Members of the Retirement Plan Commission and the Human Resources Manager for all acts and failures to act as fiduciary or in exercising powers EXCEPT those acts which are grossly negligent or self-dealing acts in violation of ERISA.

### **Appendix B –Administrative Procedures for Purchase of Service**

Eliminate time periods to initiate purchase- in light of the change of requirement in the plan to purchase at retirement or termination of employment at full actuarial cost.

**Appendix C DROP**

Revised to reflect changes through collective bargaining:

- 4 year drop beginning July 1, 2018
- Retain requirement for cost neutrality
- Lower interest rate percentage credit to (3.25%)
- Require contributions each year regardless of service. (4% of pay)