



# PRINCE GEORGE'S COUNTY GOVERNMENT

## Office of the County Executive

Angela D. Alsobrooks  
County Executive

### EXECUTIVE ORDER

No. 4 - 2020

February 26, 2020

#### PRINCE GEORGE'S COUNTY FIRE SERVICE PENSION PLAN

#### RECITALS

A new collective bargaining agreement has been implemented between the County and the International Association of Fire Fighters, Local No. 1619. This agreement requires changes to the Pension Plan formula to create a Deferred Retirement Option Program ("DROP"). The Plan Administrator for the Fire Service Pension Plan has reviewed the Plan document and the 2018-2020 agreement and has compiled a listing of changes to the Plan document needed to reflect those changes to Pension Plan benefits that are needed to implement DROP. All changes have been reviewed by Plan legal counsel and by the Plan Administrator and staff. This Executive Order amends the Plan to make the required changes, effective January 1, 2019.

#### AMENDMENT

1. The Fifth Paragraph of the "Average Annual Compensation" definition in Plan Section 1 (Definitions) is amended to provide: "For purposes of calculating the pre-retirement death benefit payable to a surviving spouse for a Death in the Line of Duty benefit, Average Annual Compensation shall be calculated by assuming that any posthumously awarded promotion of the Participant (including a Participant who is a DROP member pursuant to Section 4.1C) applies for all years of service used in the calculation, and by assuming that a Participant with fewer than twenty-four months of service has twenty-four months, and that the compensation earned for imputed months of service equals the average of compensation earned during actual months of service." [NEW LANGUAGE IS UNDERLINED]

2. Section 6.3 is amended to add a new paragraph after current text to read as follows: "This benefit is payable also to the surviving spouse of any Participant with 20 or more years of Actual Service whose death is a Death in the Line of Duty. When calculating a benefit for such a Participant's spouse, the total Credited Service of the Participant shall be used rather than 20 years. A spouse receiving a benefit under this Section shall not receive a benefit under Section 6.2." [NEW LANGUAGE IS UNDERLINED]

3. Section 6.3 is amended to add a new paragraph at the end to read as follows: "Effective January 1, 2019, the surviving spouse of a DROP member whose death is a Death in the Line of Duty shall receive a monthly benefit for the spouse's life in an amount equal to the benefit the

spouse would have received if the DROP member retired employment on the day before the DROP member entered into the DROP and elected a reduced benefit for his/her life and a 100% Contingent Annuity benefit with the Participant's surviving spouse named to receive the benefit. The spouse's benefit shall be payable as of the first day of the month following the Employee's death. The payment of this benefit shall not affect distribution of the amounts accrued in the DROP for the DROP member under Section 4.1C(h), which shall occur pursuant to Section 4.1C(i). A spouse receiving a benefit under this Section shall not receive a benefit under Section 6.2." [NEW LANGUAGE IS UNDERLINED]

4. A new Section 4.1C ("DROP Benefit") is added to the Plan after Section 4.1B, and shall read as follows:

#### SECTION 4.1C DROP BENEFIT

(a) DEFINITIONS: In this section the following words have the meanings indicated:

(1) "DROP" means the Deferred Retirement Option Program established under this section for the Plan.

(2) "DROP member" means a Plan Participant who:

(i) is eligible to participate in the DROP as provided in subsection (c) of this section; and

(ii) elects to participate in the DROP as provided in subsection (e) of this section.

(b) There is a DROP for eligible Participants of the Plan effective January 1, 2019.

(c) CONDITIONS

(1) This paragraph applies to an individual who is currently eligible to be an active member of IAFF Local No. 1619 at the time of his/her election to become a DROP member.

(2) A Participant is eligible to participate in the DROP if the Participant:

1. has at least 22 years of Actual Service; and
2. elects to join DROP at the beginning of a month; and

3. is one of no more than four eligible members electing to join at that month, with entry based on seniority if more than four seek entry; and
4. otherwise satisfies all conditions of this Section 4.1C.

(d) An eligible Participant must elect to participate in the DROP by agreeing to a DROP term of 3 years from date of entry into DROP, and by giving advance notice of his intent to join the DROP.

(e)

(1) An eligible member who elects to participate in the DROP shall:

(i) complete and submit a written election form to the Retirement Administrator, on the form that the Administrator provides, stating:

1. the member's intention to participate in the DROP;
2. the date that the member desires to begin to participate in the DROP, as provided in subsection (d) of this section;
3. the date when the member will terminate;
4. any other information required by the Retirement Administrator to implement the DROP; and

(ii) complete and submit a written retirement application form to the Retirement Administrator, on the form that the Plan provides.

(2) An eligible member's election to participate in the DROP is irrevocable, except as specifically provided herein.

(f) A DROP member's participation in the DROP shall commence on the first day of the month selected, provided that there has been acceptance of the DROP member's completed election form, retirement application form, and any other information required by the Plan, and the conditions specified above have been satisfied.

(g) Participation in the DROP ends if the DROP participant:

- (1) separates from employment in accordance with the binding DROP term acceptance submitted with the member's election form;
- (2) dies;
- (3) is terminated from employment by the department at any time before the date specified on the DROP member's election form;
- (4) shortens the time period for participation in the DROP by delivering to the department and the Retirement Administrator written notice of the intent of the DROP member to terminate employment sooner than the date originally specified, provided such earlier

termination shall be on the first day of any month and that at least 60 days advance written notice shall be given of this action; or

(5) accepts a disability retirement benefit as provided in subsection (k) of this section, in which case no advance written notice needs to be given.

(h) (1) As of the effective date of participation in the DROP, the Plan Retirement Administrator shall determine the DROP member's normal monthly retirement benefit under other provisions of this Section 4.1, assuming selection of an ordinary single life annuity form as described in Section 5.1, and shall include at that time any purchased additional Credited Service calculated from unused sick and annual leave as allowed under Section 4.1B.

(2) During the period that a DROP member participates in the DROP, the Board of Trustees shall:

(i) deposit into a bookkeeping account the DROP member's normal monthly retirement benefit as calculated at entry into the DROP for the DROP member's benefit and also deposit employee contributions deemed to be made each month under the "pick up" program described in Section 7.4, and, at the close of the DROP member's participation in DROP, deposit the value of any accumulated unused leave that has not been converted into a monthly benefit as described in Section 4.1B at the date participation in DROP ends;

(ii) adjust the DROP member's normal monthly benefit with any supplemental retirement benefit adjustment as described in Section 4.6, if any, and also with any Health Care supplements, and, if any, lump sum distributions, as they are paid, and

(iii) accrue interest each month on the amounts calculated under items (i) and (ii) of this paragraph for the DROP member into the DROP and representing the DROP account balance at a rate of annual interest equal to that published by the U. S. Federal Reserve for Ten Year US Treasury Notes, said interest compounded monthly, with a upper limitation or "cap" of four and one half percent (4.5%) per annum and with said variable rate adjusted quarterly on the last business day of the quarter to match the published Ten Year U S Treasury Note rate and to be in effect for the subsequent quarter, provided no adjustment shall bring the rate above four and one half percent (4.5%) per annum;

(3) Notwithstanding any other Plan provision to the contrary, a DROP member does not receive Credited Service during the period that the DROP member participates in the DROP.

(4) A DROP member's compensation during the period that the DROP member participates in the DROP may not be used to increase the DROP member's average final compensation.

(5) During the period that a DROP member participates in the DROP, the DROP member shall:

(i) continue to receive compensation, health insurance and other benefit options established under the department's usual policies and any other benefits as an employee of Prince George's County;

(ii) be subject to the personnel law, regulations, and policies applicable to an employee of Prince George's County; and

(iii) receive retirement benefits only to the extent provided in this section.

(6) The Board of Trustees is not required to establish an individual DROP account for each DROP member, but shall make bookkeeping entries only on its accounts.

(7) Each quarter, or such other time period set by the Board, the Board of Trustees shall provide a DROP member with a written accounting of the DROP member's account balance in the DROP.

(i) (1) Subject to paragraphs (2), (3), and (4) of this subsection, on termination of a DROP member's participation in the DROP, the Board of Trustees shall pay to the DROP member or, if the DROP member has terminated due to death, the designated Beneficiary of the DROP member, the amount accrued in the DROP for the DROP member under subsection (h) of this section, reduced by any withholding taxes remitted to the Internal Revenue Service or other taxing authority, in a lump sum, or, alternatively, as an annuitized increase to the monthly retirement benefit previously calculated based on all or part of the lump sum value as the DROP member chooses.

(2) The designated Beneficiary of a DROP member may be a different Beneficiary than that otherwise designated for other Plan purposes, such as Section 6.1. In all events, however, the payment calculation under Section 6.1 shall take into account and shall be reduced by any payment made under this provision to the DROP designated Beneficiary when computing the total amount of benefits under the Plan received prior to death by the Participant or by the Participant and his Contingent Annuitant and all Alternate Payees together. The surviving spouse benefit payable under Section 6.2 shall also take into account any payment made under this provision, so that the Contingent Annuitant benefit payable to any surviving spouse under Section 6.2 shall not include the value of this payment in calculating the annuity payable.

Notwithstanding the preceding, if a Domestic Relations Order accepted by the Plan requires payment of all or any part of a Plan death benefit to an alternate payee, that requirement shall be of first priority.

(3) A DROP member or designated Beneficiary of a DROP member may direct the Board of Trustees to pay all or a portion of the amount accrued for the DROP member's benefit under subsection (h) of this section that is an eligible rollover distribution directly as a lump sum to the custodian of an eligible retirement plan as defined in Section 5.6 (b) and as provided in the Internal Revenue Code.

(j) As of the first day of the month coinciding with termination of a DROP member's participation in the DROP, all benefit accruals of any kind whatsoever shall cease and the Board of Trustees shall commence and continue payment of the monthly retirement benefit directly to the Participant. The Participant may elect to receive payment in an optional form as specified in Section 5.2 in lieu of the form specified in Section 5.1 at any time prior to the date the Board of Trustees commences payment of the monthly retirement benefit directly to the Participant.

(k) A DROP member is eligible to apply for a disability retirement allowance if after the DROP member commences participation in the DROP he becomes disabled as described in Section 4.3 (a). The disability benefit shall be calculated as of the date of entry into DROP. The DROP member receiving a disability benefit shall also receive the accumulated DROP account.

(l) Notwithstanding any provisions to the contrary, and except as specifically provided herein, an employee's participation in the program shall not impact his/her entitlement to benefits payable upon Death in the Line of Duty pursuant to any law, ordinance, regulation, policy, or agreement between Prince George's County, MD and the Union representing him/her

In all other respects, this Plan is ratified and confirmed.

This amendment shall be effective as indicated above.



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Honorable Angela D. Alsobrooks  
County Executive