



## **Anne Arundel County Detention Officers' and Deputy Sheriffs' Retirement Plan**

Actuarial Valuation as of January 1, 2022 to  
Determine the County's Contribution for the Fiscal  
Year Ending June 30, 2023

# **Bolton**

*Submitted by:*

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Employee Benefits, Actuarial & Investment Consulting

May 3, 2022

Anne Budowski  
Personnel Director  
Anne Arundel County Government  
2660 Riva Road  
Annapolis, MD 21401

*Re: Anne Arundel County Detention Officers' and Deputy Sheriffs' Retirement Plan Valuation*

Dear Anne:

The following sets forth the actuarial valuation of the Anne Arundel County Detention Officers' and Deputy Sheriffs' Retirement Plan as of January 1, 2022. The actuarial valuation was performed at the request of Anne Arundel County (the County). Section I of the report provides a summary, Section II sets forth our Actuarial Certification, and Section III contains the development of the County's contribution for the 2023 fiscal year. Section IV provides discussion of risk metrics in accordance with ASOP 51, while Sections V through VIII contain a summary of the census and asset data, a ten-year projection of benefit payments, plan provisions, assumptions and actuarial methods. The appendices of the report provide information on plan funding as well as a glossary of many of the terms used in this report and a summary of major legislative changes.

We are available to answer any questions on the material in this report or to provide explanations or further details as appropriate.

Respectfully submitted,

A handwritten signature in black ink that reads "Ann M. Sturner".

Ann M Sturner, FSA, EA, FCA, MAAA  
Senior Consulting Actuary

A handwritten signature in black ink that reads "Jordan McClane".

Jordan McClane, FSA, EA, FCA, MAAA  
Consulting Actuary

## Section I. Executive Summary

### Background

Bolton has prepared the following report that sets forth the actuarial valuation of the Anne Arundel County Detention Officers' and Deputy Sheriffs' Retirement Plan as of January 1, 2022. This report provides the funded status of the plan as of January 1, 2022 as well as the Actuarially Determined Contribution (ADC) for the plan for the fiscal year ending June 30, 2023 (FY2023). Accounting results under Government Accounting Standards Board Statements 67 and 68 are provided in a separate report.

### Actuarially Determined Contributions (ADC)

	FY2021	FY2022	FY2023
ADC	\$8,544,949	\$10,007,531	\$10,238,907
Percent of Total Payroll	34.9%	40.5%	41.5%

The above amounts assume the County contribution will be made monthly throughout the fiscal year. Details of the determination of the County's contribution for FY2023 are shown in Section III of this report.

### Key Demographic Elements

Funding Measures	1/1/2021	1/1/2022	Percent Change
Participants			
Active (Excluding DROP)	338	316	(6.5%)
Active DROP	34	43	26.5%
Retirees and Beneficiaries	306	330	7.8%
Inactive with Deferred Benefits	<u>6</u>	<u>4</u>	(33.3%)
Total	684	693	1.3%

### Funding Measures

Funding Measures	1/1/2021	1/1/2022	Percent Change
1. Actuarial Accrued Liability	226,683,044	237,590,893	4.8%
2. Actuarial Value of Assets	\$ 166,339,896	\$ 180,363,012	8.4%
3. Plan Funded Ratio (2. / 1.)	73.4%	75.9%	
4. Market Value of Assets	\$ 167,430,551	\$ 189,567,987	13.2%
5. Funded Ratio based on Market Value of Assets (4. / 1.)	73.9%	79.8%	

## Changes in Contribution Rate

The following table shows the sources of changes in the County's contribution rate.

Description	Contribution Rate
January 1, 2021 Valuation	40.5%
Investment Performance	(0.9%)
Pay Increases	0.4%
New Entrants/Change in Normal Cost	1.0%
COLA	(0.1%)
Change in Expenses	0.0%
Discount Rate Changes	0.0%
Other Assumption/Method Changes	0.0%
Demographics and Other Changes	0.6%
January 1, 2022 Valuation	41.5%

## Experience Analysis

The following factors affected the County's contribution as a percentage of payroll:

- **Plan assets and investment performance** – the net return for the year ended December 31, 2021 after investment expenses was 13.5% on a market value basis and 8.7% on an actuarial value basis. Investment returns during CY2021 were about \$10.9 million higher than assumed. A portion of this gain is reflected in the actuarial value of assets (AVA) in this valuation, and the remaining portions will be reflected in future valuations. The AVA and the return on the AVA also reflect the continued recognition of net investment gains from prior valuations. As of January 1, 2022, there is a total of \$9.2 million in net deferred investment gains that will be reflected in future valuations.
- **Cost of Living Adjustment** - Retiree COLAs (generally 2.6% for pre-2/1/1997 accruals and 1.6% for post-1/31/1997 accruals) effective July 1, 2021 were lower than the assumed annual increases (3.0% for pre-2/1/1997 accruals and 1.8% post-1/31/1997 accruals).
- **Payroll changes** - Pay for returning employees, excluding members in DROP, increased approximately 6.3% over the prior year; a larger increase than the 4.7% increase that was expected. Total participant payroll, including payroll for members in DROP, decreased by 0.1% over the prior year resulting in a lower total payroll than anticipated by the 3.0% per year payroll growth assumption.

## Risk Measures

The primary risk that a plan sponsor incurs from a defined benefit plan is the risk of substantial increases in annual contributions. Many variables can influence future results and the sensitivity of the ADC will vary from plan to plan. As part of the annual valuation, we monitor commonly used measures of the relative riskiness of a pension plan, relative to the plan sponsor and the employee group covered by the plan. A brief review of the risk metrics and a discussion of key risks are shown in Section IV. For 2022, the plan has a moderate dependency ratio (inactive liabilities vs. total liabilities) of 54% and the magnitude of both assets and liabilities are high relative to payroll (multiples of 7.7 and 9.6, respectively). Additional detailed or focused assessment of risks is outside the scope of the actuarial valuation but can be conducted as a separate assignment.

## Changes in Methods, Assumptions, and Plan Provisions

There were no changes in methods, assumptions or plan provisions.

## Sources of Information

The January 1, 2022 participant data and market value of assets were provided by or at the direction of Anne Arundel County. While we have reviewed this data for consistency and completeness, we have not audited this data.

## Impact of COVID-19

Because the net impacts of COVID-19 on mortality, salary increases, and changes in turnover and retirement behavior are difficult to estimate at this time, we have not made any adjustments to the assumptions for the potential impact of the COVID-19 pandemic.

## Section II. Actuarial Certification

This actuarial valuation sets forth our calculation of an estimate of the liabilities of the Anne Arundel County Detention Officers' and Deputy Sheriffs' Retirement Plan (the Plan), together with a comparison of these liabilities with the value of the plan assets, as submitted by Anne Arundel County Government (the County). This liability calculation and comparison with assets are applicable for the valuation date only. The future is uncertain, and the plan may become better funded or more poorly funded in the future. This valuation does not provide any guarantee that the plan will be able to provide the promised benefits in the future.

This report was prepared for the internal use of the County and its auditors in connection with our actuarial valuations of the pension plan. The purpose of this report is to provide the recommended employer contribution for the 2023 fiscal year. It is neither intended nor necessarily suitable for other purposes. Bolton is not responsible for the consequences of any other use or the reliance upon this report by any other party.

This report is based on plan provisions, census data, and asset data submitted by the County. We have relied on this information for purposes of preparing this report. We have not audited the census or asset data provided, however based on our review the data appears to be reasonable and consistent with previously provided information. Unless otherwise noted in our report, we believe the information provided is sufficiently complete and reliable for purposes of the results presented in this report. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information. The County is solely responsible for the validity and completeness of this information.

The County is responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in this report. The County is solely responsible for communicating to Bolton any changes required thereto.

The County is solely responsible for selecting the plan's investment policies, asset allocations and individual investments. Bolton's actuaries have not provided any investment advice to the County.

This is a deterministic valuation in that it is based on a single set of assumptions. This set of assumptions is one possible basis for our calculations. We may consider that some factors are not material to the valuation of the plan and may not provide a specific assumption for those factors. We may have used other assumptions in the past. We will likely consider changes in assumptions at a future date.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward-looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future.

The County could reasonably ask how the valuation would change if we used a different assumption set or if plan experience exhibited variations from our assumptions. This report does not contain such an analysis. That type of analysis would be a separate assignment.

In addition, decisions regarding benefit improvements, benefit changes, the trust's investment policy, and similar issues should not be based on this valuation. These issues are complex and other factors should be considered when making such decisions. Other factors might include the anticipated vitality of the local economy and future growth expectations, as well as other economic and financial factors.

The cost of this plan is determined by the benefits promised by the plan, the plan's participant population, the investment experience of the plan and many other factors. An actuarial valuation is a budgeting tool for the County. It does not affect the cost of the plan. Different funding methods provide for different timing of contributions to the plan. As the experience of the plan evolves, it is normal for the level of contributions to the plan to change. If a contribution is not made for a particular year, either by deliberate choice or because of an error in a calculation, that contribution can be made in later years. We are not responsible for the consequences of any decision by the County to make contributions at a future time rather than an earlier time. The County is responsible for funding the cost of the plan.

The report is conditioned on the assumption of an ongoing plan and is not meant to present the actuarial position of the plan in the case of plan termination. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status), and changes in plan provisions or applicable law.

The valuation was completed using both proprietary and third-party models (including software and tools). We have tested these models to ensure they are used for their intended purposes, within their known limitations, and without any known material inconsistencies unless otherwise stated.

The calculations in this report have been computed in accordance with our understanding of generally accepted actuarial principles and practices and fairly reflect the actuarial position of the plan. The various actuarial assumptions and methods which have been used are, in our opinion, appropriate for the purposes of this report.

We make every effort to ensure that our calculations are accurately performed. We reserve the right to correct any potential errors by amending the results of this report or by including the corrections in a future valuation report.

The County should notify Bolton promptly after receipt of this report if the County disagrees with anything contained in the report or is aware of any information that would affect the results of the report that has not been communicated to Bolton or incorporated herein. The report will be deemed final and acceptable to the County unless the County promptly provides such notice to Bolton.





The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services, which could create a conflict of interest that would impair the objectivity of our work.

We are available to answer any questions on the material in this report to provide explanations or further details as appropriate.

**BOLTON**

Ann M Sturner, FSA, EA, FCA, MAAA  
Senior Consulting Actuary

Jordan McClane, FSA, EA, FCA, MAAA  
Consulting Actuary

## Section III. Determination of Contributions

### Derivation of Liabilities

Below is a summary of the actuarial accrued liability of the future benefits expected to be paid from the plan.

Unfunded Liability	1/1/2021	1/1/2022
1. Participants		
a. Active (excluding DROP)	338	316
b. Active DROP	34	43
c. Retirees and Beneficiaries	306	330
d. Inactive with Deferred Benefits	6	4
e. Total	684	693
2. Active Payroll	\$ 24,702,134	\$ 24,679,159
3. Actuarial Accrued Liability		
a. Active Participants	\$ 110,429,708	\$ 110,349,168
b. Retirees and Beneficiaries	114,797,147	126,498,959
c. Inactive with Deferred Benefits	1,456,189	742,766
d. Total	\$ 226,683,044	\$ 237,590,893
4. Actuarial Asset Value	\$ 166,339,896	\$ 180,363,012
5. Unfunded Actuarial Liability (3.d.- 4.)	\$ 60,343,148	\$ 57,227,881
6. Funded Ratio (4. ÷ 3.d.)	73.4%	75.9%

### Projection of Unfunded Liability

The projection of the unfunded actuarial liability from January 1, 2022 to July 1, 2022, the beginning of the fiscal year, is shown below.

1. Unfunded Liability as of January 1, 2022	\$ 57,227,881
2. Expected County Contributions 1/1/2022 – 6/30/2022	\$ 5,003,766
3. Expected Employee Contributions 1/1/2022 – 6/30/2022	\$ 689,254
4. Expected Expenses 1/1/2022 – 6/30/2022	\$ 64,000
5. Total Normal Cost 1/1/2022 – 6/30/2022	\$ 3,215,978
6. Interest at 7.00%	\$ 1,983,732
7. Projected Unfunded Liability as of July 1, 2022 (1. – 2. – 3. + 4. + 5. + 6.)	\$ 56,798,571

## Development of County Contributions

The breakdown of the Actuarially Determined Contribution into normal cost, amortization payment, and expected administrative expenses is illustrated below.

Actuarially Determined Contribution		FY2023
1. County Normal Cost as of July 1	\$	5,128,690
2. Amortization Amount as of July 1	\$	4,639,729
3. Expected Expenses as of July 1	\$	129,906
4. County's Contribution (1. + 2. + 3.)	\$	9,898,325
5. County's Contribution Adjusted for Timing of Payment (4. x 1.07 ^ 0.5)	\$	10,238,907
6. County's Contribution as a Percentage of Participant Payroll		41.5%



## Schedule of Amortization Bases

Below is a schedule of the amortization bases as of July 1, 2022.

Description	Date Established	Remaining Years	Amount to be Amortized	Payment / (Credit)
Unfunded Accrued Liability	1/1/2003	11	\$ 7,893,042	\$ 861,861
Actuarial (Gain)/Loss	1/1/2004	12	\$ (1,203,613)	\$ (122,620)
Actuarial (Gain)/Loss	1/1/2005	13	\$ 793,209	\$ 75,914
Actuarial (Gain)/Loss	1/1/2006	14	\$ 1,837,339	\$ 166,151
Plan & Assumption Change	1/1/2006	14	\$ 771,639	\$ 69,780
Actuarial (Gain)/Loss	1/1/2007	15	\$ (1,222,798)	\$ (105,008)
Actuarial (Gain)/Loss	1/1/2008	16	\$ 3,429,573	\$ 280,894
Assumption Change	1/1/2008	16	\$ 1,467,577	\$ 120,199
Actuarial (Gain)/Loss	1/1/2009	17	\$ 7,855,653	\$ 615,981
Actuarial (Gain)/Loss	1/1/2010	18	\$ 4,868,923	\$ 366,737
Actuarial (Gain)/Loss	1/1/2011	19	\$ (377,479)	\$ (27,393)
Asset Method Change	1/1/2011	19	\$ 5,454,626	\$ 395,836
Actuarial (Gain)/Loss	1/1/2012	20	\$ 3,646,990	\$ 255,662
Plan & Assumption Change	1/1/2013	21	\$ 1,348,157	\$ 91,515
Actuarial (Gain)/Loss	1/1/2013	21	\$ 3,995,874	\$ 271,245
Assumption Change	1/1/2014	12	\$ 2,671,988	\$ 272,213
Actuarial (Gain)/Loss	1/1/2014	12	\$ (2,643,735)	\$ (269,335)
Actuarial (Gain)/Loss	1/1/2015	13	\$ 1,095,048	\$ 104,801
Plan Change	1/1/2016	1	\$ 49,423	\$ 49,423
Actuarial (Gain)/Loss	1/1/2016	14	\$ 735,054	\$ 66,471
Actuarial (Gain)/Loss	1/1/2017	15	\$ (15,598)	\$ (1,339)
Actuarial (Gain)/Loss	1/1/2018	16	\$ 2,429,361	\$ 198,973
Actuarial (Gain)/Loss	1/1/2019	17	\$ 4,551,112	\$ 356,864
Assumption Change	1/1/2019	17	\$ (596,283)	\$ (46,756)
Method change	7/1/2019	17	\$ (30,840)	\$ (2,418)
Actuarial (Gain)/Loss	7/1/2020	18	\$ 2,356,931	\$ 177,529
Actuarial (Gain)/Loss	7/1/2021	19	\$ (2,725,584)	\$ (197,792)
Assumption Change	7/1/2021	19	\$ 11,383,127	\$ 826,060
Actuarial (Gain)/Loss	7/1/2022	20	\$ <u>(3,020,145)</u>	\$ <u>(211,719)</u>
<b>Totals</b>			<b>\$ 56,798,571</b>	<b>\$ 4,639,729</b>

Bases are amortized as an equal percent of payroll each year with total payroll expected to increase 3.0% annually. The July 1, 2022 amortization payment of \$4,639,729 is sufficient to cover the interest on the plan's unfunded liability.

Bases established prior to July 1, 2019 were reported as of the date of the valuation, resulting in a difference between the date established and the remaining years. This difference does not have a material effect on the funding of the plan.

## Section IV. Risk Discussion

### Risk Measures

Pension plans are complicated financial instruments designed to provide income security for plan participants as they move through their working lives and into retirement. As such, they can be subject to many different forces that can put the plan in better or worse positions over time. The primary risk that a plan sponsor incurs from a defined benefit plan is the risk of substantial increases in annual contributions.

The “maturity” level of a plan can indicate the likely sensitivity the plan will have to different events whether positive or negative. Variations in the investment returns are a common source of these types of events or shocks. Other sources might be experience that differs from that assumed, assumption changes or plan changes.

Actuarial Standard of Practice No. 51 *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions* requires actuaries to provide information so that users of the report can better understand the potential for future results to vary from the results presented in this report and identify risks on the plan’s future financial condition. This standard does not require the assessment to be based on numerical calculations. In some cases, a more in-depth review of plan risk is warranted.

Examples of risk common to most public plans include the following (generally listed from greatest to least risk):

- **Investment risk:** The potential that investment returns will be different than expected. The Trustees are well aware of this risk. This valuation reflects the smoothing of asset returns, which reduces the risk of wide year-by-year contribution changes due to investment return fluctuations but does not ultimately reduce the risk inherent in a defined benefit plan.
- **Contribution risk:** Most commonly this is associated with the potential that actual future contributions are not made in accordance with the plan’s actuarially-based funding policy. When this occurs, it can create negative long-term problems.
- **Longevity and other demographic risks:** The potential that mortality or other demographic experience will be different than expected.
- **Asset/liability mismatch risk:** The potential that changes in asset values are not matched by changes in the value of liabilities.
- **Cash flow risks:** The potential that contributions coming into the plan will not cover benefit payments. While common in well-funded plans, this still requires the use of interest, dividends or principal to cover benefit payments. When assets need to be sold (or more cash held) it can be an issue. Poorly funded plans with DROP lump sum payments can magnify the issue.

One item left off this list is “interest rate risk” (i.e., the potential that interest rates will be different than expected). This risk is common in corporate ERISA plans where funding is based on bond rates. Interest rates on bonds are still an important consideration when setting an expected return assumption and can change over time.

There are several plan maturity measures that can be significant to understanding the risks associated with the plan. The following table shows four commonly used measures of the relative riskiness of a pension plan, relative to the plan sponsor and the employee group covered by the plan and how they have changed over time.

Risk Measure	1/1/2019	1/1/2020	1/1/2021	1/1/2022	Conservative Measures
Inactive Liability as a Percent of Total Liability	52%	51%	51%	54%	<50%
Assets to Payroll	6.3	6.3	6.8	7.7	<5
Liabilities to Payroll	9.1	8.4	9.2	9.6	<5
Benefit Payments to Contributions	0.9	1.0	0.9	1.0	<3

The Assets to Payroll ratio, also called the Asset Volatility Ratio (AVR) is equal to the market value of assets (MVA) divided by payroll. A higher AVR implies that the plan is exposed to greater contribution volatility. The current AVR of 7.7 indicates that a:

- 1% asset gain/loss can be related to about 7.7% of the annual payroll.
- The County's contribution changes by about 0.5% of payroll for each 1.0% gain or loss on the market assets (the plan currently amortizes asset gains/losses over a period of 20 years).

The Liabilities to Payroll ratio also call the Liability Volatility Ratio (LVR) is equal to the Actuarial Accrued Liability (AAL) divided by payroll. A higher LVR implies that the plan is exposed to greater contribution volatility due to changes in liability measurements. The current LVR of 9.6 indicates that a:

- 1% liability gain/loss can be related to about 9.6% of the annual payroll.
- The County's contribution changes by about 0.7% of payroll for each 1.0% gain or loss on the AAL (the plan currently amortizes liability gains/losses over a period of 20 years).

As the plan approaches a 100% funded level, the AVR will converge to the LVR.

The use of payroll in these risk measures is an easily available substitute for the employer's revenue and often reflects the employer's ability to afford the plan. Each of these measures are a measure of plan maturity. The common evolution of a pension plan is to become more mature over time. Mature plans present more risk to plan sponsors because changes to the liability or assets will result in large changes in the unfunded liability as compared to the overall size of the employer as measured by payroll. As a result, the change in the metrics over time can be as important as the nominal size of the metric itself.

## Additional Review

In some instances, more detailed quantitative assessment of risks is warranted either by the above maturity metrics, part of a periodic self-assessment of risks, or due to changes in investment allocations and capital market assumptions. The following are examples of tests that could be performed:

- **Scenario Test**—A process for assessing the impact of one possible event, or several simultaneously or sequentially occurring possible events, on a plan's financial condition. A scenario test could show, for example, the effect of a layoff or reduction in workforce, or early retirement program.
- **Sensitivity Test**—A process for assessing the impact of a change in an actuarial assumption on an actuarial measurement. A sensitivity analysis could demonstrate, for example, the impact of a decrease in the valuation discount rate or a change in future life expectancies.
- **Stochastic Modeling**—A process for generating numerous potential outcomes by allowing for random variations in one or more inputs over time for the purpose of assessing the distribution of those outcomes. This type of analysis could show, for example, a range of potential future contribution levels and the likelihood of contributions increasing to a certain level.
- **Stress Test**—A process for assessing the impact of adverse changes in one or relatively few factors affecting a plan's financial condition. A stress test could show, for example, the impact of a single year or period of several years with significant investment losses.



## Section V. Assets

### Reconciliation of Assets

Below is a reconciliation of assets (unaudited) from January 1, 2020 through December 31, 2021.

		CY2020		CY2021
1. Beginning of Year Assets	\$	154,320,167	\$	166,553,258
2. Receipts				
a. Employer Contributions	\$	8,101,785	\$	9,154,358
b. Employee Contributions		1,478,451		1,419,715
c. Investment Income & Dividends		2,581,875		3,417,650
d. Realized and Unrealized Gain/(Loss)		9,117,814		17,898,495
e. Stock Loan Income		8,421		13,766
f. Other		753,513		1,964,195
g. Total Receipts	\$	22,041,860	\$	33,868,179
3. Deductions				
a. Benefit Payments	\$	8,863,045	\$	11,097,546
b. Administrative Expenses		123,305		133,032
c. Investment Expenses		822,418		696,479
d. Total Disbursements	\$	9,808,768	\$	11,927,057
4. Net Increase (2.g. – 3.d.)	\$	12,233,092	\$	21,941,122
5. Preliminary Ending Value (1. + 4.)	\$	166,553,259	\$	188,494,380
6. Contribution Receivable	\$	877,293	\$	1,073,607
7. End of Year Assets	\$	167,430,551	\$	189,567,987
8. Rate of Return Net of Investment Fees (2I / [A + B – I] Method)		7.5%		13.5%





## Determination of Investment Gain/(Loss) for Assets

Market Value of Assets			
As of January 1, 2021			\$ 167,430,551

  

Item (1)	Amount (2)	Weight for Timing (3)	Weighted Amount (2) x (3)
Contributions	\$ 10,770,387	50%	\$ 5,385,194
Benefits Paid	(11,097,546)	50%	(5,548,773)
Expenses	(133,032)	50%	(66,516)
Total			(230,095)
Market Value plus Total Weighted Amount			167,200,456
Assumed Rate of Return for the Year			7.00%
Expected Return			\$ 11,704,032

  

Actual Return	
1. Market Value as of January 1, 2021	\$ 167,430,551
2. Contributions	10,770,387
3. Benefits and Administrative Expenses Paid	(11,230,578)
4. Market Value as of January 1, 2022	189,567,987
5. Actual Return [(4) - (1) - (2) - (3)]	\$ 22,597,627
6. Calculation Base (1) + 50% x [(2) + (3)]	167,200,456
7. Market Value Return as a Percentage [(6) / (7)]	13.5%

  

Investment Gain/(Loss)	
Actual Return minus Expected Return	\$ 10,893,595



## Development of Actuarial Value of Assets

The actuarial asset value as of January 1, 2022 is determined by spreading the asset gain or loss for each year over a five-year period. The asset gain or loss is the amount by which the actual asset return differs from the expected asset return.

Market Value of Assets		
As of January 1, 2022	\$	189,567,987

Plan Year End (1)	Investment Gain/(Loss) (2)	Percent Recognized (3)	Percent Deferred (4)	Deferred Gain/(Loss) (2) x (4)
12/31/2021	\$ 10,893,595	20%	80%	\$ 8,714,876
12/31/2020	59,143	40%	60%	35,486
12/31/2019	9,857,384	60%	40%	3,942,954
12/31/2018	(17,441,703)	80%	20%	(3,488,341)
Total Deferred				\$ 9,204,975

Preliminary Actuarial Value of Assets		
As of January 1, 2022		
(Market Value of Assets less total Deferred Gain/(Loss))	\$	180,363,012

Final Actuarial Value of Assets		
Minimum actuarial value of assets (50% of MVA)		94,783,994
Maximum actuarial value of assets (150% of MVA)		284,351,981
As a Percentage of Market Value		95.1%
Actuarial Value of Assets as of January 1, 2022	\$	180,363,012

Return on Actuarial Value of Assets		
1. Actuarial Value as of January 1, 2021	\$	166,339,896
2. Contributions		10,770,387
3. Benefits and Administrative Expenses Paid		(11,230,578)
4. Actuarial Value as of January 1, 2022		180,363,012
5. Actuarial Return [(4) - (1) - (2) - (3)]		14,483,307
6. Calculation Base (1) + 50% x [(2) + (3)]		166,109,801
7. Actuarial Return as a Percentage [(5) / (6)]		8.7%



## Benefit Payment Projection

The following table shows the estimated benefit payments from January 1, 2022 through December 31, 2031 based on existing members of the plan.

Calendar Year	Benefits
2022	\$15,352,000
2023	14,901,000
2024	17,636,000
2025	20,232,000
2026	17,577,000
2027	17,833,000
2028	18,971,000
2029	19,190,000
2030	19,775,000
2031	20,327,000



## Section VI. Participant Information

### Participant Summary

The following table summarizes the counts, ages and benefit information for plan participants used in this valuation.

	1/1/2021	1/1/2022
1. Actives, including DROP members		
a. Number	372	359
b. Average Age	44.5	44.3
c. Average Service	11.9	11.9
d. Average Salary	\$ 66,381	\$ 68,744
2. Service Retirements and Beneficiaries		
a. Number	306	330
b. Average Age	64.2	64.5
c. Total Annual Benefits	\$ 8,840,214	\$ 9,805,946
3. Vested Terminations		
a. Number	6	4
b. Average Age	48.5	48.1
c. Total Annual Benefits	\$ 103,011	\$ 54,102



## Active Age/Service Distribution Including Compensation

Shown below is the distribution of active participants, excluding those currently enrolled in DROP, based on age and service. The compensation shown is the average rate of pay as of January 1, 2022.

Age	Years of Service as of 01/01/2022										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	
Under 25	0	11	0	0	0	0	0	0	0	0	11
	0	49,690	0	0	0	0	0	0	0	0	49,690
25 - 29	10	14	7	0	0	0	0	0	0	0	31
	48,016	50,886	55,102	0	0	0	0	0	0	0	50,912
30 - 34	5	17	20	4	1	0	0	0	0	0	47
	47,567	51,908	57,529	65,066	71,527	0	0	0	0	0	55,375
35 - 39	3	10	17	8	8	0	0	0	0	0	46
	49,604	51,307	59,425	64,114	73,240	0	0	0	0	0	60,238
40 - 44	0	9	7	9	8	2	0	0	0	0	35
	0	50,199	60,535	68,371	78,276	71,412	0	0	0	0	64,569
45 - 49	1	12	7	6	12	16	1	0	0	0	55
	45,910	56,526	59,448	68,663	81,090	94,009	71,527	0	0	0	74,565
50 - 54	5	14	4	5	8	11	7	0	0	0	54
	52,539	53,043	59,862	72,968	78,258	91,093	93,382	0	0	0	72,062
55 - 59	1	5	5	6	6	3	2	0	0	0	28
	54,196	50,212	62,667	72,408	78,302	92,141	103,456	0	0	0	71,650
60 - 64	0	2	2	0	2	1	1	0	1	0	9
	0	53,832	58,977	0	76,987	87,065	96,250	0	102,477	0	73,932
65 - 69	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
70 & Up	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Totals	25	94	69	38	45	33	11	0	1	0	316
	49,184	51,978	58,799	68,415	77,924	91,287	93,488	0	102,477	0	64,628

  

Averages	
Age	42.7
Service	9.9



## Participant Reconciliation

Shown below is the reconciliation of participants between the prior and current valuation date.

	Active Participants	DROP	Inactive Participants With Deferred Benefits	Receiving Benefits	Total
Participants in Last Valuation	338	34	6	306	684
Retired	(17)	(7)	(1)	25	0
Disabled	(1)	0	0	1	0
Vested Termination	0	0	0	0	0
Nonvested Termination/ Lump Sum Paid	(17)	0	0	0	(17)
Deceased/Payment Expired	(1)	0	(1)	(8)	(10)
Beneficiary	0	0	0	5	5
New QDRO	0	0	0	1	1
Transfer In From:					
Fire Plan	0	0	0	0	0
Police Plan	0	0	0	0	0
Employee Plan	3	0	0	0	3
Transfer Out To:					
Fire Plan	0	0	0	0	0
Police Plan	0	0	0	0	0
Employee Plan	0	0	0	0	0
Rehired	0	0	0	0	0
New Participants	27	0	0	0	27
Entered DROP	(16)	16	0	0	0
Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Participants in This Valuation	316	43	4	330	693

## Section VII. Summary of Plan Provisions

### Plan Year

January 1 – December 31.

### Normal Retirement Age

Category I Participants: 20 years of service, or age 50 with 5 years.

Category II Participants: Age 50 with 10 years of service, or age 50 with 5 years of service for members hired before July 1, 2015.

### Normal Form of Benefit

Monthly life annuity with payments guaranteed for 5 years.

### Post Retirement Cost of Living Increases

#### Simple for Benefits Accrued as of 1/31/1997

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Prior year benefit plus base benefit multiplied by increase in current CPI from CPI for prior year, or
- Benefit increased by 4% of original benefit.

#### Compound for Benefits Accrued after 1/31/1997

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Prior year benefit multiplied by 60% of the increase in the current March CPI from March CPI for prior year, or
- Benefit increased by 2.5%.

### Employee Contributions

6.75% of compensation for all plan members. Contributions are not required after 30 years of service.

### Compensation

Regular annual rate of pay, exclusive of extra compensation of any kind such as overtime pay, bonuses, and commissions.

### Final Earnings

The average of the highest 3 years of annual basic pay.

### Benefit Formula

2 ½% of final earnings for each year of service up to 20 years plus 2% of final earnings for each year of service after 20 years (maximum 70% plus 2% times unused disability credit and pre-employment military service credit).

### Early Retirement

Reduced benefits are available the first of any month coincident with or next following the completion of 20 years of continuous service.

## Termination Prior to Retirement

### Vesting Date

**Category I hired before August 9, 2004:** 5 years of service

**Category I hired on or after August 9, 2004:** 20 years of service

**Category II hired before July 1, 2015:** 5 years of service

**Category II hired on or after July 1, 2015:** 10 years of service

### Termination prior to Vesting Date

Return of employee contributions with 4.25% interest.

### Termination on or after Vesting Date

At the discretion of the employee, either a return of contributions with interest or the accrued normal retirement benefit taking into account final earnings and service at date of termination, payable at normal retirement date.

## DROP

Allows accumulation of pension after 20 years of County service. DROP period must be between three and six years (with years beyond the third requiring approval). Interest shall be credited to the DROP account on a monthly basis at an interest rate of 0.34745%, which provides an effective annual interest rate of 4.25%.

## Disability Benefit

Must be totally and permanently disabled (except as the result of activities specified in the County code) regardless of length of service.

### Line of Duty Disability

The greater of the accrued benefit or 66 2/3% of final earnings, payable immediately, unreduced.

### Non-Line of Duty Disability

The greater of the accrued benefit or 20% of final earnings, payable immediately, unreduced.

## Pre-Retirement Spouse's Benefit

### Line of Duty Death Benefit

Greater of accrued benefit or 66 2/3% of final earnings.

### Non-Line of Duty Death Benefit

If participant is vested, surviving spouse's choice of an annuity equal to the participant's accrued benefit, or a lump sum equal to return of employee contributions with 4.25% interest plus 50% of annual pay. If participant is not vested, return of employee contributions with 4.25% interest, and a lump sum equal to 50% of annual pay.

## Other Pre-Retirement Death Benefits

Return of employee contributions with 4.25% interest, and a lump sum equal to 50% of annual pay.

## Changes Since Prior Valuation

None.



## Section VIII. Actuarial Methods and Assumptions

### Funding Method

Projected Unit Credit Actuarial Cost Method. The contribution equals the sum of the normal cost and the amount necessary to amortize the unfunded actuarial liabilities according to the amortization policy.

### Amortization Policy

The unfunded actuarial accrued liability (UAAL) is amortized as a level percentage of payroll as follows:

- Gains and losses over 20 years
- Assumption changes over 20 years
- Post-2018 plan improvements over the average expected future working period
- Early retirement incentives over 5 years or less
- Surplus, when reached, over 30 years (open)

Different amortization periods were utilized prior to 1/1/2014.

Amortization payments increase 3.0% per year.

### Asset Method

Asset smoothing method which spreads the investment gains or losses in excess of the assumed return over a five-year period. The Actuarial Value of Assets can be no less than 50% of market value of assets and no more than 150% of market value of assets.

### Discount Rate and Investment Rate of Return

7.00% compounded annually, net of investment expenses. This assumption is based on the plan's investment policy and the long-term expectation of each investment class, based upon the recommendations of the plan's investment advisor.

### Inflation

3.0%, compounded annually.

### Post-retirement COLA Increases

Benefits accrued before Bill 88-96 are assumed to increase by 3.0% of the original benefit each year from retirement.

Benefits accrued after Bill 88-96 are assumed to increase by 1.8% of the current benefit each year from retirement.

## Salary Increases

The following graded schedule is used:

Attained Age	Rate
20	6.00%
25	6.00%
30	5.50%
35	5.25%
40	4.75%
45	4.25%
50	4.25%

## Mortality

### Healthy

RP-2014 Blue Collar Mortality Table for males and females with the 2006 base rates projected generationally from 2006 using scale MP-2018. Projections from 2006 to the valuation date represent current mortality and projections beyond the valuation date represent future mortality improvement.

### Disabled

RP-2014 Blue Collar Mortality Table for males and females set forward five years with the 2006 base rates then projected generationally from 2006 using scale MP-2018. Projections from 2006 to the valuation date represent current mortality and projections beyond the valuation date represent future mortality improvement.

100% of pre-retirement deaths are assumed to be non-duty related.

## Retirement

### Category I Active Members Not Participating in DROP on the Valuation Date

Retirement (reflecting DROP exit) rates are as follows:

Age Group	Years of Service				
	<20	20	21-29	30-32	33+
<50	N/A	25%	15%	50%	100%
50	10%	40%	20%	50%	100%
51 - 54	7%	40%	20%	50%	100%
55 - 59	10%	40%	20%	50%	100%
60 - 61	100%	40%	20%	50%	100%
62	100%	100%	100%	100%	100%

**Category II Active Members Not Participating in DROP on the Valuation Date**  
Retirement (reflecting DROP exit) rates are as follows:

Age Group	Years of Service											
	< 20	20	21	22	23	24	25	26	27	28	29	30+
<50	N/A	5%	2%	2%	2%	2%	2%	2%	2%	2%	2%	100%
50	10%	18%	18%	18%	18%	18%	18%	18%	18%	12%	6%	100%
55	10%	6%	5.7%	3.7%	1.7%	3%	10%	10%	10%	10%	10%	100%
60	7%	8.4%	8%	5.1%	2.4%	3.3%	14%	14%	14%	14%	14%	100%
65	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**Members Participating in DROP on the Valuation Date**

Members are assumed to exit DROP upon the later of (1) four years from their DROP entry date and (2) the valuation date.

**DROP Election Rate**

90% of eligible participants are assumed to elect to enter DROP.

**Disability**

Sample rates are:

Age	Rate
30	0.147%
35	0.217%
40	0.448%
45	0.750%
50	1.103%
55	0.000%

75% of disablements are assumed to be duty-related.

**Termination of Employment**

**Less Than 10 Years of Service**

Sample rates are:

Age	Male	Female
20	14.24%	21.56%
25	10.33%	16.17%
30	7.83%	12.94%
35	5.69%	9.71%
40	3.92%	7.12%
45	2.14%	4.53%
50	0.00%	0.00%

## 10 or More Years of Service

Sample rates are:

Age	Male	Female
20	6.50%	13.13%
25	4.72%	9.84%
30	3.58%	7.88%
35	2.60%	5.91%
40	1.79%	4.33%
45	0.98%	2.76%
50	0.00%	0.00%

### Marriage

It is assumed that 80% of employees are married. Husbands are assumed to be 4 years older than wives.

### Disability Leave

Service credit for benefit formula purposes is increased by 1.75% to account for disability leave which is converted to service credit at retirement.

### Military Service

Active liabilities (which depend on credited service) are loaded by 3.25% to account for future crediting of military service.

In addition, it is assumed that participants with 30 or more years of service will have credit for one year of combined disability leave and military service.

### Transferred Service

Transferred service is included in the calculation of a participant's benefit starting at the time the service is originally transferred to the County.

### Administrative Expenses

A load for estimated administrative expenses is included in the Actuarially Determined Contribution. The load is equal to the average of actual expenses for the two years preceding the valuation date, rounded to the nearest thousand.

### Other Methods and Assumptions

It is assumed that vested terminations prior to age 40 will choose to take a lump sum while those 40 and older will choose a deferred benefit.

### Rationale for Assumptions

The following assumptions are deemed to have a significant effect on the calculations and were selected by the County based on the most recent Experience Study dated December 18, 2018.

- Inflation
- Pay increases
- Payroll growth
- Mortality
- Retirement
- Disability
- Termination of employment
- Marriage

The discount rate/investment rate of return is reviewed at least once annually following the same procedures as outlined in the Experience Study.

Anything not specifically noted is deemed to be not significant.

The various actuarial assumptions and methods which have been used are, in our opinion, appropriate for the purposes of this report.

### Changes Since Prior Valuation

None.

## Appendix 1

### Summary of Funding Progress

Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1) / (2)	(4) Unfunded Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
1/1/2012	\$90,334,022	\$125,987,284	71.7%	\$35,653,262	\$18,760,664	190.0%
1/1/2013	\$92,617,788	\$133,678,085	69.3%	\$41,060,297	\$17,896,574	229.4%
1/1/2014	\$102,136,092	\$143,696,346	71.1%	\$41,560,254	\$18,132,868	229.2%
1/1/2015	\$112,017,103	\$154,984,268	72.3%	\$42,967,165	\$19,775,644	217.3%
1/1/2016	\$119,275,911	\$163,414,894	73.0%	\$44,138,983	\$19,974,632	221.0%
1/1/2017	\$127,553,081	\$171,692,508	74.3%	\$44,139,427	\$21,000,562	210.2%
1/1/2018	\$137,791,834	\$184,359,986	74.7%	\$46,568,152	\$21,268,895	218.9%
1/1/2019	\$144,689,347	\$195,096,332	74.2%	\$50,406,985	\$21,444,603	235.1%
1/1/2020	\$153,490,883	\$205,826,027	74.6%	\$52,335,144	\$24,504,133	213.6%
1/1/2021	\$166,339,896	\$226,683,044	73.4%	\$60,343,148	\$24,702,134	244.3%
1/1/2022	\$180,363,012	\$237,590,893	75.9%	\$57,227,881	\$24,679,159	231.9%

Analysis of the dollar amounts of net assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of Anne Arundel County's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

## Appendix 2 – Glossary

### Actuarial Accrued Liability (AAL)

The difference between the Present Value of Future Benefits and the Present Value of Future Normal Costs or the portion of the present value of future benefits allocated to service before the valuation date in accordance with the actuarial cost method. Represents the present value of benefits expected to be paid from the plan in the future allocated to service prior to the date of the measurement.

### Actuarial Assumptions

Estimates of future plan experience such as investment return, expected lifetimes and the likelihood of receiving a pension from the pension plan. Demographic, or “people” assumptions include rates of mortality, retirement and separation. Economic, or “money” assumptions, include expected investment return, inflation and salary increases.

### Actuarial Cost Method

A procedure for allocating the Present Value of Future Benefits into the Present Value of Future Normal Costs and the Actuarial Accrued Liability. Also known as the “funding method”.

### Actuarial Value of Assets (AVA)

The value of the assets as of a given date, used by the actuary for valuation purposes. The AVA may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially determined contribution (ADC).

### Actuarially Determined Contribution (ADC)

The employer’s periodic determined contribution to a pension plan, calculated in accordance with the assumptions and methods used by the plan actuary.

### Amortization Method

A procedure for payment of the Unfunded Actuarial Accrued Liability (UAAL) by means of periodic contributions of interest and principal. The components of the amortization payment for the UAAL includes the amortization period length, amortization payment increase (level dollar or level percentage of pay), and amortization type (closed or open).

### Experience Gain/Loss

A measure of the difference between actuarial experience and experience anticipated by a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

### Funded Ratio

The actuarial value of assets expressed as a percentage of the plan’s actuarial accrued liability.

### Market Value of Assets (MVA)

The value of the assets as of a given date held in the trust available to pay for benefits of the pension plan.

### Normal Cost

That portion of the Present Value of Future Benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

### Present Value of Future Benefits (PVFB)

The present value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.

### Present Value of Future Normal Cost (PVFNC)

The portion of the Present Value of Future Benefits (PVFB) allocated to future service.

### Unfunded Actuarial Accrued Liabilities (UAAL)

The difference between the Actuarial Accrued Liability (AAL) and the Actuarial Value of Assets (AVA).



## Appendix 3 – Summary of Major Legislative Changes

### County Council Bill No. 34-92

Effective 6/1/1992 through 8/31/1992.

Participants over age 50 or with at least 20 years of service could elect to retire with an additional pension equal to 1/12 of 2.5% of final earnings for the first 20 years of service, plus 1/12 of 2% of final earnings for each additional year of service. The additional amount could be taken as a pension increase, a lump sum, or as a temporary supplement to age 62. Appropriate actuarial adjustments apply.

### State House Bill No. 687

Effective 7/1/1990.

County employees were given the opportunity to apply for credit under the County's plan for previous service with the State of Maryland (or a political subdivision of the State).

### County Council Bill 90-93

Effective 12/22/1993.

Plan participants are required to pay the full actuarial value for service purchases. Purchases can only be made at retirement. To be eligible, an employee must have 60 months of County service. Existing plan participants must be notified of their right to purchase service under existing law.

### County Council Bill No. 94-93

Effective 11/19/1993.

All current and future employees shall be 100% vested after 5 years of Credited Service.

### County Council Bill 88-96

Effective 12/4/1996.

The previous method of calculating cost of living increases will only apply to benefits accrued as of 1/31/1997. The cost of living increase for future benefits is a compound increase equal to 60% of the annual change in the CPI, not to exceed 2.5%. Employees hired, or rehired, on or after 12/4/1996 will be Tier Two employees and will have different benefits than current employees.

### County Council Bill No. 41-99

Effective 6/15/1999.

Employees paid under the deputy sheriff employees pay schedule become Tier Two members of the Detention Center Plan effective as of January 1, 1999. Service credited under the Employees' Plan will count as credited service in the Detention Center Plan and no future benefit will be paid from the Employees' Plan. Assets are transferred from the Employees' Plan to the Detention Center Plan in an amount equal to the projected unit credit accrued liability in the Employees' Plan.

### Recodification

Effective 2/25/2002.

Allows a benefit based on disability leave service and pre-plan military service to be paid over the 70% cap. Elimination of Tier 2 benefits. Changed early retirement factors. Added a death benefit.

### County Council Bill No. 32-04

Effective 7/1/2004.

Allows retirement after 20 years of service for "Category I" participants. Changes vesting for new hires from 5 years to 20 years. Provides for employee contributions to be made on a pre-tax ("pick up") basis.

### County Council Bill 74-09

Effective 12/11/2009.

For non-represented members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 3% for determining the final average basic pay. For D3 and S2 members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 4% for determining the final average basic pay.

### County Council Bill No. 78-09

Effective 11/16/2009.

For D1 and D2 members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 4% for determining the final average basic pay.

### County Council Bill 6-10

Effective 4/18/2010.

Provides for a disability benefit for those participants who are totally and permanently disabled as a result of qualified military service.

### County Council Bill 41-10

Effective 7/1/2010.

Increased the contribution rate for Detention Officers, Detention Corporals and Detention Sergeants to 6.75%. Added a "pop-up" option.

### County Council Bill No. 98-12

Effective 5/13/2013.

Changed the definition of "final average basic pay" from highest 3 out of the last 5 years basic pays to highest 3 of all basic pays.



### County Council Bill No. 30-12

Effective 2/1/2013.

A participant in the classification of Detention Officer, Detention Corporal, or Detention Sergeant shall contribute 6.75% of his or her annual basic pay in each calendar year or portion of a calendar year while an active participant in the plan.

### County Council Bill No. 97-13

Effective 4/14/2014.

Category II members of the Detention and Deputy Sheriffs' Plan hired on or after July 1, 2015 will be subject to 10 year vesting and 10 year normal retirement provisions. The 10 year requirement also affects the ability to purchase service or get credit for pre-plan military service.

### County Council Bill No. 50-15

Effective 7/1/2015.

Category I members of the Detention and Deputy Sheriffs' Plan, as well as correctional facility administrators, assistant correctional facility administrators, and superintendents of detention facilities are eligible to participate in DROP upon completion of 20 years of actual plan service.

### County Council Bill No. 56-16

Effective 7/1/2016.

Allows for interest to be credited to a DROP member's account in the sixth year of DROP participation.

### County Council Bill No. 78-17

Effective 7/1/2017.

Eliminates the reduction in benefit for DROP retirees if they are reemployed in any capacity that meets the exceptions set forth in 5-1-203(c)(1). Also adds an exception under 5-1-203(c) for any retirees (including DROP participants) who are reemployed into a grant funded contractual position under 802(a)(17) of the Charter.

### County Council Bill No. 54-20

Effective 10/29/2020.

Permits that employees in the classifications of Correctional Program Specialist and Criminal Justice Program Specialist as of the effective date of the legislation participate in the DROP program. All new employees hired as CPS or CJPS will be enrolled in the Employees' Retirement Plan.



## County Council Bill No. 70-20

Effective 11/22/2020.

Each of the pension plans provide pension benefits for an employee who is or becomes totally and permanently disabled and meets certain criteria. To be eligible for a disability pension, the plan requires that the disability prevent the participant from performing the duties of the participant's regular duties. The purpose of the bill is to eliminate the participant's ability to perform any other assignment within their Department as a disqualifying factor for a service connected disability.