



## **Anne Arundel County Employees' 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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# Table of Contents

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	Page
Transmittal Letter .....	3
Section I     Executive Summary .....	4
Section II    Actuarial Certification.....	7
Section III   Determination of Contributions.....	10
Derivation of Liabilities .....	10
Projection of Unfunded Liability .....	10
Development of County Contributions .....	11
Schedule of Amortization Bases .....	12
Section IV    Risk Discussion .....	13
Risk Measures.....	13
Additional Review.....	15
Section V     Assets .....	16
Reconciliation of Assets .....	16
Determination of Investment Gain/(Loss) for Assets .....	17
Development of Actuarial Value of Assets .....	18
Benefit Payment Projection.....	19
Section VI    Participant Information.....	20
Participant Summary .....	20
Active Age/Service Distribution Including Compensation .....	21
Participant Reconciliation .....	22
Section VII   Summary of Plan Provisions.....	23
Section VIII   Actuarial Methods and Assumptions.....	27
Appendices .....	31
Summary of Funding Progress .....	31
Glossary.....	32
Summary of Major Legislative Changes .....	34



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 Employees' Retirement Plan Valuation*

Dear Anne:

The following sets forth the actuarial valuation of the Anne Arundel County Employees' 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 Employees' 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
Library ADC			\$635,958*
All except Library ADC			\$37,957,978*
Total ADC	\$33,819,533	\$38,536,810	\$38,593,936
Percent of Total Payroll	24.4%	27.5%	27.1%

\*The allocation of the ADC for Library and Non-Library was first provided for FY2023

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	2,158	2,137	(1.0%)
Retirees and Beneficiaries	2,096	2,150	2.6%
Inactive with Deferred Benefits	295	304	3.1%
Total	4,549	4,591	0.9%

### Funding Measures

Funding Measures	1/1/2021	1/1/2022	Percent Change
1. Actuarial Accrued Liability	1,028,227,361	1,057,491,073	2.8%
2. Actuarial Value of Assets	\$ 715,818,072	\$ 757,974,584	5.9%
3. Plan Funded Ratio (2. / 1.)	69.6%	71.7%	
4. Market Value of Assets	\$ 718,989,813	\$ 796,314,052	10.8%
5. Funded Ratio based on Market Value of Assets (4. / 1.)	69.9%	75.3%	

## 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	27.5%
Investment Performance	(0.7%)
Pay Increases	(0.1%)
New Entrants/Change in Normal Cost	0.1%
COLA	(0.1%)
Change in Expenses	0.0%
Discount Rate Change	0.0%
Other Assumption/Method Changes	0.0%
Demographics and Other Changes	0.4%
January 1, 2022 Valuation	27.1%

## 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 13.7% on a market value basis and 8.7% on an actuarial value basis. Investment returns during CY2021 were about \$47.2 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 \$38.3 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 increased on a liability-weighted basis by approximately 3.8% over the prior year; a smaller increase than the 3.9% liability-weighted increase that was expected. Total participant payroll increased by 1.6% 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 high dependency ratio of 68% and the magnitude of both assets and liabilities are moderate relative to payroll (multiples of 5.6 and 7.4, 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 Employees' 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	2,158	2,137
b. Disabled	96	100
c. Retirees	1,825	1,872
d. Beneficiaries	175	178
e. Terminated Vested	295	304
f. Total	4,549	4,591
2. Active Payroll	\$ 139,975,356	\$ 142,221,699
3. Actuarial Accrued Liability		
a. Active Participants	\$ 337,062,306	\$ 334,251,893
b. Retirees and Beneficiaries	666,948,246	696,573,317
c. Terminated Vested Participants	24,216,809	26,665,863
d. Total	\$ 1,028,227,361	\$ 1,057,491,073
4. Actuarial Asset Value	\$ 715,818,072	\$ 757,974,584
5. Unfunded Actuarial Liability (3.d. - 4.)	\$ 312,409,289	\$ 299,516,489
6. Funded Ratio (4. ÷ 3.d.)	69.6%	71.7%

### 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	\$ 299,516,489
2. Expected County Contributions 1/1/2022 – 6/30/2022	\$ 19,268,405
3. Expected Employee Contributions 1/1/2022 – 6/30/2022	\$ 2,588,049
4. Expected Expenses 1/1/2022 – 6/30/2022	\$ 274,000
5. Total Normal Cost 1/1/2022 – 6/30/2022	\$ 9,581,711
6. Interest at 7.00%	\$ 10,267,299
7. Projected Unfunded Liability as of July 1, 2022 (1. – 2. – 3. + 4. + 5. + 6.)	\$ 297,783,045

## 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	\$	14,195,583
2. Amortization Amount as of July 1	\$	22,558,424
3. Expected Expenses as of July 1	\$	556,159
4. County's Contribution (1. + 2. + 3.)	\$	37,310,166
5. County's Contribution Adjusted for Timing of Payment (4. x 1.07 ^ 0.5)	\$	38,593,936
6. County's Contribution as a Percentage of Participant Payroll		27.1%

Allocation of Actuarially Determined Contribution to Library		FY2023
1. County's Contribution	\$	38,593,936
2. County's Contribution as a Percentage of Participant Payroll		27.1%
3. Library Participant Payroll	\$	2,346,709
4. County's Contribution Allocated to Library (2. x 3.)	\$	635,958
5. County's Contribution Net of Allocation to Library (1. – 4.)	\$	37,957,978



## 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	1/1/2004	12	\$	(212,883)	\$ (21,688)
Actuarial (Gain)/Loss	1/1/2005	13	\$	10,044,645	\$ 961,317
Actuarial (Gain)/Loss	1/1/2006	14	\$	7,420,685	\$ 671,056
Actuarial (Gain)/Loss	1/1/2007	15	\$	8,453,449	\$ 725,940
Assumption Change	1/1/2008	16	\$	14,277,361	\$ 1,169,364
Actuarial (Gain)/Loss	1/1/2008	16	\$	(5,947,767)	\$ (487,142)
Actuarial (Gain)/Loss	1/1/2009	17	\$	49,173,230	\$ 3,855,792
Actuarial (Gain)/Loss	1/1/2010	18	\$	(2,086,725)	\$ (157,176)
Asset Method Change	1/1/2011	19	\$	30,867,440	\$ 2,240,014
Actuarial (Gain)/Loss	1/1/2011	19	\$	(4,310,326)	\$ (312,795)
Actuarial (Gain)/Loss	1/1/2012	20	\$	33,314,129	\$ 2,335,395
Assumption Change	1/1/2013	21	\$	13,045,467	\$ 885,542
Actuarial (Gain)/Loss	1/1/2013	21	\$	36,080,695	\$ 2,449,202
Assumption Change	1/1/2014	12	\$	17,964,483	\$ 1,830,163
Actuarial (Gain)/Loss	1/1/2014	12	\$	(16,244,171)	\$ (1,654,903)
Actuarial (Gain)/Loss	1/1/2015	13	\$	6,287,132	\$ 601,706
Actuarial (Gain)/Loss	1/1/2016	14	\$	(17,394,269)	\$ (1,572,971)
Actuarial (Gain)/Loss	1/1/2017	15	\$	3,849,560	\$ 330,581
Actuarial (Gain)/Loss	1/1/2018	16	\$	11,471,073	\$ 939,519
Actuarial (Gain)/Loss	1/1/2019	17	\$	34,851,316	\$ 2,732,776
Assumption Changes	1/1/2019	17	\$	14,314,613	\$ 1,122,443
Method Change	7/1/2019	17	\$	1,258,630	\$ 98,692
Assumption Changes	7/1/2020	18	\$	21,808,915	\$ 1,642,691
Assumption Changes	7/1/2021	19	\$	(8,074,762)	\$ (585,976)
Assumption Changes	7/1/2021	19	\$	50,702,236	\$ 3,679,402
Assumption Changes	7/1/2022	20	\$	(13,131,111)	\$ (920,520)
Totals			\$	297,783,045	\$ 22,558,424

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 \$22,558,424 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	67%	68%	67%	68%	<50%
Assets to Payroll	4.6	5.0	5.1	5.6	<5
Liabilities to Payroll	6.8	6.9	7.3	7.4	<5
Benefit Payments to Contributions	1.6	1.6	1.5	1.5	<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 5.6 indicates that a:

- 1% asset gain/loss can be related to about 5.6% of the annual payroll.
- The County's contribution changes by about 0.4% 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 7.4 indicates that a:

- 1% liability gain/loss can be related to about 7.4% of the annual payroll.
- The County's contribution changes by about 0.5% 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	\$	687,376,414	\$ 715,549,870
2. Receipts			
a. Employer Contributions	\$	32,358,061	\$ 35,785,063
b. Employee Contributions		5,540,148	5,547,842
c. Investment Income & Dividends		11,468,206	14,671,835
d. Realized and Unrealized Gain/(Loss)		37,792,912	76,675,476
e. Stock Loan Income		36,885	58,402
f. Other		2,903,424	8,479,472
g. Total Receipts	\$	90,099,636	\$ 141,218,090
3. Deductions			
a. Benefit Payments	\$	57,779,072	\$ 60,714,291
b. Administrative Expenses		535,390	561,014
c. Investment Expenses		3,611,717	2,991,414
d. Total Disbursements	\$	61,926,179	\$ 64,266,719
4. Net Increase (2.g. – 3.d.)	\$	28,173,457	\$ 76,951,371
5. Preliminary Ending Value (1. + 4.)	\$	715,549,870	\$ 792,501,241
6. Contribution Receivable	\$	3,439,943	\$ 3,812,811
7. End of Year Assets	\$	718,989,813	\$ 796,314,052
8. Rate of Return Net of Investment Fees (2I / [A + B – I] Method)		7.2%	13.7%





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

Market Value of Assets				
As of January 1, 2021			\$	718,989,813

  

Item (1)	Amount (2)	Weight for Timing (3)	Weighted Amount (2) x (3)	
Contributions	\$ 41,705,773	50%	\$	20,852,887
Benefits Paid	(60,714,291)	50%		(30,357,146)
Expenses	(561,014)	50%		(280,507)
Total				(9,784,766)
Market Value plus Total Weighted Amount				709,205,047
Assumed Rate of Return for the Year				7.00%
Expected Return			\$	49,644,353

  

Actual Return				
1. Market Value as of January 1, 2021			\$	718,989,813
2. Contributions				41,705,773
3. Benefits and Administrative Expenses Paid				(61,275,305)
4. Market Value as of January 1, 2022				796,314,052
5. Actual Return [(4) - (1) - (2) - (3)]			\$	96,893,771
6. Calculation Base (1) + 50% x [(2) + (3)]				709,205,047
7. Market Value Return as a Percentage [(5) / (6)]				13.7%

  

Investment Gain/(Loss)				
Actual Return minus Expected Return			\$	47,249,418



## 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	\$	796,314,052

Plan Year End (1)	Investment Gain/(Loss) (2)	Percent Recognized (3)	Percent Deferred (4)	Deferred Gain/(Loss) (2) x (4)
12/31/2021	\$ 47,249,418	20%	80%	\$ 37,799,534
12/31/2020	(2,099,475)	40%	60%	(1,259,685)
12/31/2019	44,869,163	60%	40%	17,947,665
12/31/2018	(80,740,230)	80%	20%	(16,148,046)
Total Deferred				\$ 38,339,469

Preliminary Actuarial Value of Assets		
As of January 1, 2022		
(Market Value of Assets less total Deferred Gain/(Loss))	\$	757,974,584

Final Actuarial Value of Assets		
Minimum actuarial value of assets (50% of MVA)		398,157,026
Maximum actuarial value of assets (150% of MVA)		1,194,471,078
As a Percentage of Market Value		95.2%
Actuarial Value of Assets as of January 1, 2022	\$	757,974,584

Return on Actuarial Value of Assets		
1. Actuarial Value as of January 1, 2021	\$	715,818,072
2. Contributions		41,705,773
3. Benefits and Administrative Expenses Paid		(61,275,305)
4. Actuarial Value as of January 1, 2022		757,974,584
5. Actuarial Return [(4) - (1) - (2) - (3)]		61,726,044
6. Calculation Base (1) + 50% x [(2) + (3)]		706,033,306
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	\$65,377,000
2023	68,124,000
2024	70,835,000
2025	73,447,000
2026	76,267,000
2027	78,961,000
2028	81,510,000
2029	84,139,000
2030	86,548,000
2031	88,913,000



## 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		
a. Number	2,158	2,137
b. Average Age	48.4	48.3
c. Average Service	11.8	11.6
d. Average Salary	\$ 64,863	\$ 66,552
2. Service Retirements and Beneficiaries		
a. Number	2,096	2,150
b. Average Age	70.3	70.6
c. Total Annual Benefits	\$ 58,663,697	\$ 61,724,719
3. Vested Terminations		
a. Number	295	304
b. Average Age	49.9	50.4
c. Total Annual Benefits	\$ 3,111,243	\$ 3,299,342



## 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	28	33	1	0	0	0	0	0	0	0	62
	39,084	42,818	47,154	0	0	0	0	0	0	0	41,202
25 - 29	32	77	21	0	0	0	0	0	0	0	130
	45,389	47,469	49,072	0	0	0	0	0	0	0	47,216
30 - 34	35	77	67	13	3	0	0	0	0	0	195
	56,157	55,052	58,046	62,557	71,115	0	0	0	0	0	57,026
35 - 39	20	74	65	42	16	1	0	0	0	0	218
	53,666	62,459	62,319	70,429	66,778	73,299	0	0	0	0	63,513
40 - 44	19	63	60	41	42	18	0	0	0	0	243
	65,740	53,054	76,198	74,111	73,039	70,309	0	0	0	0	68,046
45 - 49	11	50	52	32	47	40	13	1	0	0	246
	63,316	57,975	72,414	79,983	81,736	86,004	87,009	75,040	0	0	74,830
50 - 54	23	46	42	46	53	45	27	11	1	0	294
	60,981	61,351	67,191	65,960	82,973	80,118	81,074	93,875	91,374	0	72,778
55 - 59	16	58	60	42	50	57	32	22	9	2	348
	49,767	53,521	61,945	71,514	76,459	82,542	88,742	100,341	82,533	69,678	72,063
60 - 64	5	36	36	34	37	37	23	23	13	9	253
	33,344	40,794	64,720	71,695	71,209	85,110	86,362	87,705	96,914	90,217	72,182
65 - 69	3	11	20	10	13	9	9	1	3	12	91
	64,410	31,950	61,577	54,522	77,453	91,772	80,330	142,607	82,766	88,318	69,538
70 & Up	2	19	10	2	7	4	1	3	4	5	57
	49,884	17,979	22,065	43,538	80,405	73,706	100,830	54,494	47,615	98,746	44,829
Totals	194	544	434	262	268	211	105	61	30	28	2,137
	52,524	51,945	63,769	70,523	76,925	82,271	85,429	92,434	84,427	89,459	66,552
Averages											
Age						48.3					
Service						11.6					



## Participant Reconciliation

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

	Active Participants	Inactive Participants With Deferred Benefits	Receiving Benefits	Total
Participants in Last Valuation	2,158	295	2,096	4,549
Retired	(96)	(11)	107	0
Disabled	(1)	0	1	0
Vested Termination	(20)	20	0	0
Nonvested Termination/ Lump Sum Paid	(108)	0	0	(108)
Deceased/Payment Expired	(4)	0	(68)	(72)
Beneficiary	0	0	14	14
New QDRO	0	0	1	1
Transfer In From:	0	0	0	0
Fire Plan	0	0	0	0
Police Plan	0	0	0	0
Detention Plan	0	0	0	0
Transfer Out To:	0	0	0	0
Fire Plan	(1)	0	0	(1)
Police Plan	(1)	0	0	(1)
Detention Plan	(3)	0	0	(3)
Rehired	1	(1)	0	0
New Participants	212	0	0	212
Adjustments	<u>0</u>	<u>1</u>	<u>(1)</u>	<u>0</u>
Participants in This Valuation	2,137	304	2,150	4,591

## Section VII. Summary of Plan Provisions

### Members in Tier 1

#### Plan Year

January 1 – December 31.

#### Normal Retirement Age

Age 60 and vested, or if earlier, when the participant has reached 30 years of service.

#### Early Retirement Age

Age 50 and the completion of 20 years of service.

#### Normal Form of Benefit

Monthly life annuity with modified cash refund.

#### 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 3% 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

4% of compensation.

#### 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.

#### Normal Retirement Benefit Formula

2% of final earnings for each year of service, maximum 60%.

### Early Retirement Benefit Formula

Same as normal retirement, but reduced by the following factors:

Years Early	Reduction Factor
1	2%
2	5%
3	9%
4	14%
5	20%
6	28%
7	36%
8	44%
9	52%
10	60%

### Termination Prior to Retirement

#### Vesting Date

**Hired before July 1, 2015:** 5 years of service

**Hired on or after July 1, 2015:** 10 years of service

**County Council member whose first term begins on or after December 1, 2014:** 10 years of service

**County Executive and appointed exempt members hired on or after December 1, 2014:** 8 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.

### Disability

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

Five years of service are required to receive non-duty benefits. The greater of the accrued benefit or 25% of final earnings, payable immediately, unreduced.



## Pre-Retirement Spouse's Benefit (Non-line of duty)

### Married and Vested

Elect one of the following:

- Other Pre-Retirement Death Benefit
- The accrued benefit, reduced actuarially for early commencement and the joint and 100% survivor form.
- The benefit is payable immediately if the member was eligible for retirement or deferred to early or normal retirement date, as elected, if not eligible to receive an immediate benefit.

### Other Pre-Retirement Death Benefits

Return of employee contributions with 4.25% interest plus a lump sum of 50% of final earnings.

### Changes Since Prior Valuation

None.

## Members in Tier 2

### Plan Year

January 1 – December 31.

### Normal Retirement Age

Age 60 and vested, or if earlier, when the participant has reached 30 years of service.

### Early Retirement Age

Age 50 and the completion of 20 years of service.

### Normal Form of Benefit

Monthly life annuity.

## Post Retirement Cost of Living Increases

### 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

No employee contributions required or allowed.

### 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 the last 5 years of annual basic pay.

### Normal Retirement Benefit Formula

1.0% of final earnings for each year of service.

### Early Retirement Benefit Formula

Same as normal retirement but reduced for early commencement (using the same factors as Tier 1).

### Termination Prior to Retirement

#### Vesting Date

**Hired before July 1, 2015:** 5 years of service

**Hired on or after July 1, 2015:** 10 years of service

**County Council member whose first term begins on or after December 1, 2014:** 10 years of service

**County Executive and appointed exempt members hired on or after December 1, 2014:** 8 years of service

#### Termination prior to Vesting Date

No benefit is payable.

#### Termination on or after Vesting Date

The accrued normal retirement benefit taking into account final earnings and service at date of termination, payable at normal retirement date.

### Disability

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

Five years of service are required to receive non-duty benefits. The greater of the accrued benefit or 25% of final earnings, payable immediately, unreduced.

### Pre-Retirement Spouse's Benefit (Non-line of duty)

#### Married and Vested

Elect one of the following:

- A lump sum of 50% of the final earnings
- The accrued benefit, reduced actuarially for early commencement and the joint and 100% survivor form.
- The benefit is payable immediately if the member was eligible for retirement or deferred to early or normal retirement date, as elected, if not eligible to receive an immediate benefit.

#### Unmarried or not Vested

A lump sum of 50% of final earnings.

### 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:

Age	Rate
20	6.75%
25	6.25%
30	5.75%
35	5.25%
40	4.75%
45	4.25%
50	3.75%
55	3.75%

## 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

Age	Years of Service			
	<20	20 - 29	30	31+
50 - 54	N/A	4%	50%	25%
55 - 59	N/A	9%	40%	5%
60	15%	15%	15%	15%
61	12%	12%	12%	12%
62	20%	20%	20%	20%
63 - 64	12%	12%	12%	12%
65	25%	25%	40%	25%
66 - 69	15%	15%	25%	15%
70	100%	100%	100%	100%

### Disability

Sample rates are:

Age	Rate
30	0.0178%
35	0.0267%
40	0.0546%
45	0.0903%
50	0.1460%
55	0.2395%
60	0.3576%
64	0.4867%

10% of disablements are assumed to be duty-related.

### Termination of Employment

Sample rates are:

Age	Male	Female
20	12.47%	21.57%
25	9.97%	18.12%
30	6.78%	13.34%
35	4.37%	9.05%
40	3.48%	7.48%
45	2.40%	5.95%
50	0.95%	2.34%
55	0.65%	1.61%
60	0.00%	0.00%

### Marriage

It is assumed that 70% of employees are married. Husbands are assumed to be 4 years older than wives.

### Disability Leave

Active liabilities (which depend on credited service) are loaded by 1.5% to account for future crediting of disability service.

### Military Service

Active liabilities (which depend on credited service) are loaded by 1% to account for future crediting of 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.



### CIGNA Benefit

Our calculations and the data exhibits reflect that some benefits have already been purchased.

### 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

The Tier 1 service cap of 60% is valued as 62% to account for Disability and Military service credit not being limited by the 30-year cap on service. Actual military service information for actives is not available.

Members are assumed to stay in their current tier.

It is assumed that Tier 1 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)
1/1/2013	\$508,232,321	\$693,580,675	73.3%	\$185,348,354	\$116,024,717	159.7%
1/1/2014	\$545,812,384	\$735,729,033	74.2%	\$189,916,649	\$115,809,426	164.0%
1/1/2015	\$582,795,438	\$781,105,960	74.6%	\$198,310,522	\$127,090,869	156.0%
1/1/2016	\$604,433,282	\$785,306,609	77.0%	\$180,873,327	\$127,827,040	141.5%
1/1/2017	\$627,147,521	\$812,995,392	77.1%	\$185,847,871	\$130,312,665	142.6%
1/1/2018	\$653,155,048	\$851,463,872	76.7%	\$198,308,824	\$138,239,224	143.5%
1/1/2019	\$665,037,621	\$913,734,834	72.8%	\$248,697,213	\$134,891,500	184.4%
1/1/2020	\$682,574,050	\$953,652,397	71.6%	\$271,078,347	\$138,428,352	195.8%
1/1/2021	\$715,818,072	\$1,028,227,361	69.6%	\$312,409,289	\$139,975,356	223.2%
1/1/2022	\$757,974,584	\$1,057,491,073	71.7%	\$299,516,489	\$142,221,699	210.6%

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. 36-89

Effective 7/1/1989.

Pension benefits and vesting provisions were improved. The accrual percentage per year of service was increased from 1.8% to 2.0%, permitting accrual of the maximum 60% benefit in 30 years instead of 33-1/3.

Full vesting was granted after 5 years of service. The old provisions used a graded scale granting 75% vesting after 10 years, climbing to 100% vesting after 15 years.

### County Council Bill No. 34-92

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

Participants age 50 or older with at least 20 years of service could elect to retire with an additional pension equal to 1/12 of 2% for each year of credited 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. 82-94

Effective 10/31/1994.

Transfers assets from general employees plan to A&E plan for participants who have transferred between these two plans.

### County Council Bill No. 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 60% cap. Normal Retirement was changed to the earlier of 30 years of service or age 60.

### County Council Bill No. 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.

### County Council Bill No. 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 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 higher 3 of all basic pays.

### County Council Bill No. 97-13

Effective 4/14/2014.

Members of the Employees' Plan and 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. The 10 year requirement extends to County Council members hired on or after December 1, 2014.



### County Council Bill No. 86-16

Effective 1/1/2017.

To ensure compliance with IRS regulations, members of the Employees' Plan have 30 days from date of hire to make an irrevocable election between Tier 1 and Tier 2; and effective January 1, 2017 members of Tier 2 the Employees' Plan can no longer later elect to transfer to Tier 1. Employees hired before December 31, 2016 who elect Tier 2 may still be allowed to transfer to Tier 1 before their 5th year anniversary.

### County Council Bill No. 95-17

Effective 3/23/2018.

Created the Employee Retirement Savings Plan and allowed certain non-vested members of the Employees' Plan a one-time opportunity to transfer the present value of their Employees' Plan accrued benefit to it.

### 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.