



**Office of the County Executive
STEUART PITTMAN**

ANNE ARUNDEL COUNTY GOVERNMENT RELATIONS OFFICE

Legislative and Fiscal Summary of Administration Legislation

To: Members, Anne Arundel County Council

From: Ethan Hunt, Director of Government Affairs /s/

Date: June 15, 2026

Subject: Bill No. 56-26 – Pensions – Reemployment – DROP Accounts – Fire Service Retirement Plan – Detention Officers’ and Deputy Sheriffs’ Retirement Plan

This summary was prepared by the Anne Arundel County Government Relations Office for use by members of the Anne Arundel County Council during consideration of Bill No. 56-26.

Summary

This legislation, introduced at the request of the Administration, implements changes negotiated with the affected collective bargaining units (Battalion Chiefs and Deputy Sheriffs) during collective bargaining for FY 2027 contracts undertaken as set forth in Article 6, Title 4 of the County Code. As these changes affect the Deferred Retirement Option Program (“DROP”) and certain retirement plans in Article 5 of the County Code, legislation is necessary to effectuate these changes. The changes are as follows:

- Under Anne Arundel County Code §5-1-203(b), when a retired participant in the Fire Service Retirement Plan is employed or reemployed, the employee's retirement is reduced by \$1.00 for every \$2.00 earned by the employee. On termination of reemployment, the retirement benefit amount includes any new retirement benefit earned based on credited service and annual basic pay during the period of reemployment. Any retirement benefit earned during the period of reemployment may be subject to different early retirement reduction factors and optional forms of payments than the prior benefit. Section 5-1-203(c) lays out certain circumstances in which a reemployed participant's employment benefit may not be reduced, with an exception articulated in §5-1-515 (a former DROP participant in the Fire Service Retirement Plan who retired from a position classification covered by a collective bargaining agreement, who is receiving a retirement benefit and is reemployed in any capacity by the County shall have a reduction in their

Note: This Legislative and Fiscal Summary provides a synopsis of the legislation as introduced. It does not address subsequent amendments to the legislation.

retirement benefit during the period of reemployment by \$1.00 for each \$2.00 received in salary or wages from the County). This Bill removes that exception, such that a former DROP participant in the Fire Service Retirement Plan who retired from a classified position and is reemployed in any capacity by the County shall not have a reduction in their retirement benefits during the period of reemployment, provided the employee meets one of the conditions in §5-1-203(c).

- Effective July 1, 2026, the DROP participation period may be extended for an additional one-year term, for a total of seven years, for a participant who is a member of the Detention Officers' and Deputy Sheriffs' retirement plan in the classification of Deputy Sheriff, Deputy Sheriff First Class, Deputy Sheriff Corporal, Deputy Sheriff Sergeant, Deputy Sheriff Lieutenant, or Deputy Sheriff Captain.
- Each DROP account accumulates interest compounded on the account balance as of the first day of each month, as provided in §5-1-508(c). For members of the Fire Service Plan in the classification of Fire Battalion Chief, Fire Division Chief, Fire Deputy Chief, Fire Assistant Chief, or Fire Chief, whose DROP participation began on or after July 1, 2025, interest currently compounds at a rate of .38747%, which provides an effective annual yield of 4.75%. The Bill provides that this rate applies for the listed members whose DROP participation began on or after July 1, 2025, but before June 1, 2027, and for those members whose DROP participation began on or after June 1, 2027, the rate is .40741%, which provides an effective annual yield of 5.00%.
- In §5-1-515, language is removed as it is made redundant by the changes made to §5-1-203(c) described above. It also clarifies that when a former DROP participant reemployed pursuant to §5-1-203 is terminated, for any reason other than death, any service and salary during the period of reemployment may not be used to change the amount of the benefit attributable to the original period of employment, and the benefit attributable to that original period of employment shall be adjusted by any changes under Title 7, such as cost of living increases, that would have been applicable to the benefit during the period of reemployment. Additionally, it clarifies that when a former DROP participant reemployed pursuant to §5-1-203 is terminated because of the death of the former participant, the death shall be considered to have occurred after the date of retirement and death benefits shall be paid under §5-4-207, §5-5-206, §5-6-208, or §5-6-209, as appropriate, provided service and salary during the period of reemployment may not be used to change the amount of the death benefits and the death benefits shall be adjusted by any changes under Title 7 that would have been applicable to the retirement benefit of the former participant during the period of reemployment.
- As of January 1 of this year, each participant in the classification of Fire Fighter, Fire Fighter/EMT-Paramedic, Fire Lieutenant, Fire Lieutenant/EMT-Paramedic, Fire Captain or Fire Captain/EMT-Paramedic is required to contribute to the pension fund, through payroll deductions, 8.00% of the participant's annual basic pay in each calendar year or portion of a calendar year while an active participant in the plan. The Bill adds that participants in the classification of Fire Battalion Chief, Fire Battalion Chief/Emt-Paramedic, Fire Division Chief, Fire Deputy Chief, Fire Assistant Chief or

Fire Chief shall contribute 7.25% of the participant's annual basic pay in each calendar year or portion of a calendar year while an active participant in the plan (as they do at present) and that effective the first full pay period on or after June 1, 2027, each participant shall contribute 8.00% of the participant's annual basic pay in each calendar year or portion of a calendar year while an active participant in the plan.

- The Bill makes technical changes in §5-6-102 regarding the job titles of participants who are members of the Detention Officers' and Deputy Sheriffs' Retirement Plan to reflect updated job titles as provided in Bill 50-26, changing Deputy Sheriff Corporal to Deputy Sheriff; Deputy Sheriff I to Deputy Sheriff First Class; adding Deputy Sheriff Corporal; and changing Deputy Sheriff II to Deputy Sheriff Sergeant; Deputy Sheriff III to Deputy Sheriff Lieutenant; and Deputy Sheriff IV to Deputy Sheriff Captain.

Purpose

The purpose of this legislation is to make certain changes to the DROP for participants in the Fire Service Retirement Plan and Detention Officers' and Deputy Sheriffs' Retirement Plan, as well as changes to the contribution rate for certain members of the Fire Service Retirement Plan, all of which were negotiated during the collective bargaining process for FY 2027 contracts undertaken as set forth in Article 6, Title 4 of the County Code.

Fiscal Impact

Please see the fiscal note prepared by the Budget Office for an explanation of the fiscal impacts of this legislation.

Additional Information

The Government Relations Office is available to answer any additional questions regarding this Bill. Specific questions should be directed to Lori Blair Klasmeier, Office of Law, or Kelly Lovett, Personnel Office. Thank you.

cc: Honorable Steuart Pittman, County Executive
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