

Introduced by: Councilmember Smith

First Reading: January 13, 2014
Second Reading: January 27, 2014
Effective Date: February 1, 2014

CITY OF TAKOMA PARK, MARYLAND

ORDINANCE NO. 2014-1

**AMENDING THE CITY OF TAKOMA PARK
POLICE EMPLOYEES' RETIREMENT PLAN
TO CHANGE THE BENEFIT OPTIONS AVAILABLE TO RETIREES**

WHEREAS, the City of Takoma Park Police Employees' Retirement Plan provides that a participant may elect to receive his or her benefits in any one of five forms; and

WHEREAS, the Retirement Plan Committee believes that retaining the full cash refund option is not in the best interests of Plan participants and beneficiaries; and

WHEREAS, the Retirement Plan Committee believes that the Plan should offer another option, commonly referred to as a pop-up option, which is the actuarial equivalent of the life-only option; and

WHEREAS, the Retirement Plan Committee has recommended an amendment to the City of Takoma Park Police Employees' Retirement Plan to address the changes to the optional forms of benefit.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND:

SECTION 1. Title 4, Personnel, Chapter 4.24, Police Employees' Retirement Plan, Section 330, of the *Takoma Park Code* (2004 edition) is amended as follows:

4.24.330 Optional forms of benefit.

A participant, subject to the conditions hereinafter set forth, may elect to receive, in lieu of the normal monthly form of retirement income described in Section 4.24.220, a benefit, which is its actuarial equivalent, payable in any of the following forms and in the form described in Section 4.24.350:

A. Joint and Survivor Option.

1. The joint and survivor option is a monthly income payable during the participant's lifetime and continuing after the participant's death at the rate of either 50% or 100% (as elected by the participant) to his or her beneficiary for the remainder of such beneficiary's life.
2. If, before the participant's benefit commencement date (whether before or after the participant's termination date), the participant's beneficiary dies, the election shall thereupon become void.
3. If, after the participant's benefit commencement date but before the death of the participant, the participant's beneficiary dies, or the participant becomes divorced from the beneficiary, the election shall remain effective and the participant shall continue to receive the reduced retirement income payable to him or her in accordance with the option.

B. Life Only Option. The life only option, which is the normal form of benefit under the Plan, is a monthly income payable during the participant's lifetime, with no payments to be made after the last payment prior to the participant's death.

C. Lump Sum Option. A participant may elect at any time after his or her termination date and before the benefit commencement date for the participant's retirement benefits to receive a lump sum cash payment of the participant's employee contributions benefit in lieu of all other benefits under the Plan and, upon payment of that lump sum cash payment, then, subject to restoration provided in Section 4.24.080(D), the entire remaining portion of his or her accrued benefit shall be forfeited by the participant.

D. Single Life Annuity—With Refund. The single life annuity with refund option is a monthly income payable during the participant's lifetime, and, as soon as administratively feasible following the participant's death, the participant's beneficiary will receive a lump sum payment of an amount which is the unpaid balance of the present value of the participant's employee contributions benefit ~~or accrued benefit (as elected by the participant)~~.

E. Pop-up option.

1. The pop-up option is a monthly income payable during the Participant's lifetime and continuing after the Participant's death at either 50% or 100% (as elected by the Participant) of the rate to his or her Beneficiary for the remainder of the Beneficiary's life.
2. If the Participant's Beneficiary dies before the date on which the Participant's benefits have commenced (whether before or after his or her termination date), the election shall thereupon become void.
3. If the Participant's Beneficiary dies, or if the Participant becomes divorced from the Beneficiary, after the date on which the Participant's benefits have commenced, but before the death of the Participant, the election shall likewise become void, and the Participant shall

receive, commencing on the 1st day of the month following the Beneficiary's death (or divorce), the monthly benefit which the Participant would have received had his or her benefits originally been payable as a life only option, as described in Section 24.330C.; and such benefit shall thereafter be payable as a life only option.

SECTION 2. The provisions of this Ordinance shall be effective February 1, 2014.

Adopted this 27th day of January, 2014, by roll-call vote as follows:

Aye: Williams, Grimes, Male, Seamens, Smith, Schultz
Nay: None
Absent: Daniels-Cohen
Abstain: None

EXPLANATORY NOTE

Additions to the existing language of the *Takoma Park Code* are shown by underlining.
Deletions to the existing language of the *Takoma Park Code* are shown by ~~strikeout~~.