



Gregory J. Swain, County Attorney

MEMORANDUM

To: Council Members, Anne Arundel County Council

From: Lori L. Blair Klasmeier, Deputy County Attorney /s/

Via: Gregory J. Swain, County Attorney /s/

Date: July 6, 2020

Subject: Bill No. 55-20 – Pensions – Deferred Retirement Option Program – Term of Participation Period – Limitations on Interest

Legislative Summary*

This summary was prepared by the Anne Arundel County Office of Law for use by members of the Anne Arundel County Council during consideration of Bill No. 55-20, a bill that modifies certain provisions related to the Deferred Retirement Option Program (“DROP”).

Purpose.

The purpose of the Bill is to require Fire Battalion Chiefs to have approval of the Fire Chief to extend DROP participation for a sixth year; to no longer require Police Sergeants and Police Lieutenants to have the approval of the Police Chief to extend DROP participation for a sixth year; and to allow Battalion Chiefs to earn interest on their DROP accounts during the sixth year of participation in the program.

Background. Participants in certain County pension plans are eligible to participate in the DROP. The term of the program is three years, with three optional one-year extensions. If an employee participates in the program, the employee continues to be employed by the County, and an amount equal to the employee’s retirement benefit is paid into an account assigned to the employee and maintained by the County. Interest is credited to the employee’s account at a legislated rate. At the end of the participation in the program, the participant is required to retire and is entitled to the funds in the DROP account.

At this time, certain employees, including Police Sergeants and Police Lieutenants, need the approval of their appointing authority (the Police Chief) to extend their participation in the

* This Legislative Summary provides a synopsis of the bill as introduced. It does not address subsequent amendments to the bill.

program beyond the fifth year. Other employees, including Fire Battalion Chiefs, do not need the approval of their appointing authority to extend their participation. Also, Fire Battalion Chiefs do not earn interest on their DROP accounts during the sixth year of participation in the program.

SECTION 1.

Subsection **5-1-506(b)** of the County Code is amended to require Fire Battalion Chiefs to obtain approval from the Fire Chief to extend their participation in the DROP into the sixth year. That same subsection is amended to no longer require Police Sergeants and Police Lieutenants to obtain the approval of the Police Chief to participate in the DROP for a sixth year.

Subsection **5-1-508(d)** is amended to provide that Fire Battalion Chiefs will earn interest on their DROP accounts during a sixth year of participation.

SECTION 2. (uncodified) provides that the bill takes effect 45 days after it becomes law.

The Office of Law is available to answer any additional questions regarding Bill No. 55-20.

Thank you.

Cc: Honorable Steuart Pittman, County Executive
Matthew Power, Chief Administrative Officer
Dr. Kai Boggess-de Bruin, Chief of Staff
Peter Baron, Legislative Liaison
Jim Beauchamp, Budget Officer
Sherri Dickerson, Personnel Officer