AN ACT to: amend the Frederick County Employees Retirement Plan to make certain revisions to the Plan to: (1) provide for a pop up option of benefit payment, (2) update the Plan’s mortality table and interest assumptions for purposes of determining actuarial equivalence, (3) change the referenced consumer price index used to adjust a participant’s average compensation to determine earned income offsets for disability retirement benefits, and (4) make other nonsubstantive changes.
By Ordinance No. 93-11-075, the County established a retirement plan for the employees of the Frederick County Government, effective July 1, 1993. The Frederick County Employees Retirement Plan ("Plan") has been amended several times since then, most recently enacted Bill No. 19-04.

The County Council of Frederick County, Maryland, deems it appropriate to make certain additional revisions to the Plan to: (1) provide for a pop up option of benefit payment, (2) update the Plan’s mortality table and interest assumptions for purposes of determining actuarial equivalence, (3) change the referenced consumer price index used to adjust a participant’s average compensation to determine earned income offsets for disability retirement benefits, and (4) make other nonsubstantive changes.

NOW, THEREFORE, BE IT ENACTED, that the Frederick County Employees Retirement Plan be, and it is hereby, amended as shown on the attached Exhibit 1.
AMENDMENT TO THE RESTATED
FREDERICK COUNTY
EMPLOYEES RETIREMENT PLAN

ARTICLE I

General

1.1 Name - This Plan may be referred to as the “Frederick County Employees Retirement Plan.”

1.2 Applicability - The provisions of the Plan shall apply only to an individual who meets the definition of Covered Employee set forth herein and whose employment with the County terminates on or after the Effective Date, except as otherwise provided herein.

ARTICLE II

Definitions

The following terms, as used herein, unless a different meaning is clearly implied by the context, shall have the following meanings:

Accrued Benefit - The benefit to which a Participant is entitled, pursuant to the provisions of ARTICLE VI, expressed as the normal form of monthly benefit commencing at Normal Retirement Date or the Actuarial Equivalent thereof. The Accrued Benefit as of any date preceding the Participant’s Normal Retirement Date, but expressed as aforesaid, shall be the monthly benefit computed pursuant to Section 6.2, 6.4 or 6.5. In no event, however, shall the Accrued Benefit exceed the maximum limitation determined, as of the date of computation, pursuant to Section 6.6.

The portion of the Participant’s Accrued Benefit attributable to his contributions made pursuant to Sections 5.4 and 5.5 shall be equal to the Actuarial Equivalent of the Participant’s Employee Contributions Benefit, expressed as the normal form of monthly benefit commencing at Normal Retirement Date. The portion of the Participant’s Accrued Benefit attributable to County contributions shall be the remainder, if any, of the Accrued Benefit.

Actuarial Equivalent - A form of benefit differing in time, period or manner of payment from a specific benefit provided under the Plan but having the same value when computed based upon the following:

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Bill No. 20-11
Pre-Retirement and Post-Retirement:

[UP-1984 Mortality Table
8% per annum interest rate.]
Pub-2010 General Retirees Amount-Weighted Mortality
with MP-2018 improvement scale projected to
2035, blended 50% male/50% female
(for participant and joint annuitant)
7% per annum interest rate
1% cost of living adjustment

The foregoing factors, to the extent applicable, shall be utilized (whether or not there is a specific reference to this definition) whenever in the administration of the Plan a calculation of actuarial equivalence is to be made.

Actuarial Reduction - A reduction which will cause a benefit with a starting date which precedes a Participant’s Normal Retirement Date to be the Actuarial Equivalent of the benefit which would otherwise have been payable at Normal Retirement Date. However, notwithstanding any factors set forth in the definition of Actuarial Equivalent for benefits paid to Non-Uniformed Participants, the reduction with respect to a Non-Uniformed Participant whose Employment Commencement Date is prior to July 1, 2011 shall be equal to .5% of the benefit for each month during the first five years preceding the first day of the month coincident with or next following the Participant’s attainment of age 60. The reduction with respect to a Non-Uniformed Participant whose Employment Commencement Date is on or after July 1, 2011 shall be equal to .5% of the benefit for each month during the first ten years preceding the first day of the month coincident with or next following the Participant’s attainment of age 65.

Administrator - The Retirement Plan Committee designated in accordance with the provisions of ARTICLE XI.

Appointee - An Employee serving at the pleasure of the County Executive in accordance with the Charter.

Beneficiary - Any person entitled to receive the benefits which are payable under the Plan upon or after the death of a Participant.

Benefit Commencement Date - The first day of the first period for which the sole payment or the first in a series of payments constituting the distribution of an Accrued Benefit is made.

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Bill No. 20-11
Break in Service - A Plan Year during which an individual terminates employment or is not an Employee and completes 50% or fewer of the Hours of Service required to complete a Year of Eligibility Service.

Cash-Out - A distribution in settlement of a benefit otherwise payable under the Plan, and which is equal to the Employee Contributions Benefit.

Charter – means the Charter of Frederick County, Maryland, as adopted effective December 1, 2014 and as may be amended from time to time.

C/L Increase - An automatic increase (without necessity of Plan amendment) in a dollar value set forth or described in the Plan, for the purpose of reflecting increases in the cost of living to the extent prescribed in or pursuant to regulations under Section 415(d) of the Internal Revenue Code, but only to the extent permitted by the operative Internal Revenue Code or regulatory provision specifically governing the dollar value in question.

Compensation - The monthly equivalent of the Participant’s legislated base annual salary determined without regard to: (i) overtime, bonuses and other extra remuneration; (ii) amounts in excess of $19,071.66 (as adjusted for C/L increases); (iii) contributions, credits or benefits under this Plan or under any other retirement, deferred compensation, fringe benefit or employee welfare benefit plan, (iv) direct reimbursement for expenses; or (v) differential wage payments as defined in Title 26, Section 3401(h) of the United States Code (referring to an employer payment to an Employee called to active duty in the uniformed services for more than 30 days that represents all or a portion of the pay he would have received from the County if he were performing services for the County); provided however, that Compensation shall include any amount that would have qualified as Compensation but for the fact that it constitutes salary reduction under any plan described in Section 414(h)(2), 132(f) or 125 of the Internal Revenue Code.

In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, for Plan Years beginning on or after January 1, 1994, the annual Compensation for each employee taken into account under the Plan shall not exceed the OBRA '93 annual Compensation limit. The OBRA '93 annual Compensation limit is $150,000, as adjusted by the Commissioner for increases in the cost of living in accordance with Section 401(a)(17)(b) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual Compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.
For Plan Years beginning on or after January 1, 1994, any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the OBRA '93 annual Compensation limit set forth in this provision.

If Compensation for any prior determination period is taken into account in determining an Employee's benefits accruing in the current Plan Year, the Compensation for that prior determination period is subject to the OBRA '93 annual Compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first Plan Year beginning on or after January 1, 1994, the OBRA '93 annual Compensation limit is $150,000.

The annual Compensation of each Participant taken into account in determining benefit accruals for any Plan Year beginning after December 31, 2001 shall not exceed $200,000, as adjusted for cost-of-living increases in accordance with Section 401(a)(17)(b) of the Code. Annual Compensation means Compensation during the Plan Year or such other consecutive 12-month period over which Compensation is otherwise determined under the Plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual Compensation for the determination period that begins with or within such calendar year.

County - The County of Frederick, a body corporate and politic, with all of the rights and powers of local self-government and home rule as are provided under the Charter, the Maryland Constitution, and laws of the State of Maryland.

County Council - The County Council of Frederick County, Maryland.

County Executive - The County Executive of Frederick County, Maryland.

Covered Employee - Any regular or probationary, full time or part time Employee of the County who is regularly scheduled to work at least 50% of a full-time schedule who has enrolled in the Plan in accordance with Article III hereof. For purposes of this Plan, any professional or clerical employee of a library that is established or operates under the Education Article of the Annotated Code of Maryland is not an Employee of the County effective July 1, 1993. For purposes of this Plan, a member of the County Council is not an Employee of the County. By Ordinance No. 12-06-601, the Plan was amended to provide that an Employee who is classified as “grant funded” pursuant to the Frederick County Personnel Rules, as amended effective January 1, 2012 and whose Employment Commencement Date or Reemployment Commencement Date is on or after September 16, 2011 was not a Covered Employee. Effective July 1, 2019, an Employee who is classified as “grant funded” pursuant to the Frederick County Personnel Rules, as amended...
effective January 1, 2012 and whose Employment Commencement Date or Reemployment Commencement Date is on or after September 16, 2011 will be a Covered Employee.

Delayed Retirement - Retirement, as described in Section 6.3 hereof, which occurs after the Participant’s Normal Retirement Date.

Dual Service Participant - A Participant who has earned Years of Eligibility Service and/or Years of Creditable Service (or fractional years) as a Uniformed Participant and as a Non-Uniformed Participant.

Early Retirement Date - Any date occurring on or after the first date on which a Non-Uniformed Participant has attained age 55 and completed Years of Eligibility Service totaling at least 15 years.

Effective Date - The effective date of the Plan, which shall be July 1, 1993.

Elected Official - The County Executive, the County States Attorney and the County Sheriff.

Employee - Any person employed by the County, including any person receiving differential wage payments as defined in Title 26, Section 3401(h) of the United States Code (referring to an employer payment to an Employee called to active duty in the uniformed services for more than 30 days that represents all or a portion of the pay he would have received from the County if he were performing services for the County).

Employee Contributions Benefit - The sum of the following amounts (net of any previous distributions):

(i) The contributions made by the Participant through salary reduction and “picked up” by the County, as described in Section 5.4(a)(i) but not 5.4(a)(iii); plus

(ii) The contributions made by the Participant pursuant to Section 5.5 which are not picked up by the County; plus

(iii) The contributions, plus earnings previously credited on such contributions, made by the Participant, pursuant to Section 5.5, through transfer from another Government Employer retirement plan, which were not picked up by such Government Employer; plus
(iv) Contributions, other than contributions comprising a Participant’s Pick-Up Contributions Benefit, plus earnings previously credited on such contributions, made by the Participant, pursuant to Section 5.4(a)(ii), but not 5.4(a)(iii), and picked up by another Government Employer, all of which are thereafter transferred to the Plan; plus

(v) The Participant’s account balance in the Frederick County, Maryland Defined Contribution Plan, transferred to the Plan pursuant to the reinstatement of participation in the Plan of Employees classified as “grant funded” pursuant to the Frederick County Personnel Rules, as amended effective January 1, 2012.

(vi) Subject to Section 6.5, interest of 4.0% on the amounts described in (i) through (iv) above computed on July 1 of each year and compounded annually.

Employment Commencement Date - The date on which the Employee first performs an Hour of Service for the County as a benefitted Employee of the County. An Employee whose Employment Commencement Date occurred prior to July 1, 2011, who subsequently ceases to be a Covered Employee and who has a Reemployment Commencement Date on or after July 1, 2011 will be deemed to have an Employment Commencement Date prior to July 1, 2011 only if the Employee’s Years of Eligibility Service and Years of Credited Service before and after the Termination Date are aggregated pursuant to Section 3.2(b).

Government Employer - The State of Maryland, as well as any political subdivision within the State of Maryland, including the County.

Government Employer Retirement Plan - A retirement plan which is sponsored by the State of Maryland, or any municipality or political subdivision within the State of Maryland to which the provisions of Title 37 of the State Personnel and Pensions Article of the Annotated Code of Maryland, or any successor statute, apply and provided such plan is a defined benefit plan operated on an actuarial basis.

Highest Average Compensation – The average monthly rate of a Participant’s Compensation, equal to 1/36th of the total amount of a Participant’s Compensation for the 36 consecutive full calendar months of the Participant’s employment as a Covered Employee which produce the highest average. Except as provided in Section 6.4(a) and (b), the Highest Average Compensation of a Participant who was not employed as a Covered Employee on a full-time basis shall be calculated using the full-time equivalent of the Participant’s Compensation. Furthermore, any calendar month during which the Participant was not employed as a Covered Employee for the full month because the position of employment with the County regularly requires fewer than 12 months of service shall be counted in determining the 36 consecutive full calendar months of the Participant’s employment which produce the highest average. Any other calendar month during

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which the Participant was not employed as a Covered Employee on a full time basis (or on Leave of Absence) shall be disregarded for purposes of the foregoing, and the existence of such calendar months shall be ignored and shall not be counted in determining the 36 consecutive full calendar months of the Participant’s employment which produce the highest average. If the Participant’s employment as a Covered Employee does not provide 36 consecutive full calendar months as aforesaid, Compensation for his actual number of consecutive full calendar months will be totaled and divided by the number thereof.

Hour of Service – Except as otherwise provided herein, each hour for which an individual, in his capacity as an Employee, is directly or indirectly paid, or entitled to payment, for the performance of duties for the County. Hours of Service include normal working hours, paid holidays and sick leave, and exclude overtime hours. In addition, Hours of Service include hours for which an individual is not paid, but would be entitled to payment except for a temporary furlough from employment with the County. Hours of Service also include annual leave, but exclude accrued annual leave for which an Employee is paid following the Employee’s Termination Date.

Internal Revenue Code - The Internal Revenue Code of 1986, or any provision or section thereof herein specifically referred to, as such Code provision or section may from time to time be amended or replaced.

Leave of Absence - An authorized absence from active service, under conditions described in Section 4.2, which does not constitute a termination of employment, and during which the Employee performs no Hours of Service.

Military Service - Active military duty in the Armed Forces of the United States on account of which a Participant is not eligible to receive a military pension, unless such pension is awarded of account of the Participant’s disability.

Non-Uniformed Employee - An Employee of the County classified by the County as “regular” or “probationary” who: (i) is not classified by the Retirement Plan Committee as a “Uniformed Employee” and (ii) is regularly scheduled to work at least fifty percent of the hours normally worked by other Employees in the same position in accordance with County Human Resources Procedures.

The term “Non-Uniformed Employee” shall also include Elected Officials and Appointees.

Non-Uniformed Participant - A Non-Uniformed Employee who has satisfied the eligibility requirements of Article III and is currently a Participant under the Plan, including, where

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appropriate according to the context of the Plan, any former Non-Uniformed Employee who is or may become (or whose Beneficiaries may become) eligible to receive a benefit under the Plan.

**Normal Retirement Date** - The first day of the month coinciding with or next following either:

**Uniformed Participant** - The earlier of the date on which a Uniformed Participant has (i) completed 20 Years of Eligibility Service, or (ii) attained at least age 50 and completed at least five Years of Eligibility Service. With respect to a Uniformed Participant whose Employment Commencement Date is on or after July 1, 2011, the first day of the month coinciding with or next following the earlier of the date on which a Uniformed Participant has (iii) completed 25 Years of Eligibility Service, or (iv) attained at least age 55 and completed at least five Years of Eligibility Service.

**Non-Uniformed Participant** - The earlier of: (i) the date on which a Non-Uniformed Participant has completed 25 Years of Eligibility Service, or (ii) the date on which a Non-Uniformed Participant has met one of the following age and service requirements:

<table>
<thead>
<tr>
<th>Age</th>
<th>Years of Eligibility Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>5 Years</td>
</tr>
<tr>
<td>61</td>
<td>5 Years</td>
</tr>
<tr>
<td>62</td>
<td>5 Years</td>
</tr>
<tr>
<td>63</td>
<td>4 Years</td>
</tr>
<tr>
<td>64</td>
<td>3 Years</td>
</tr>
<tr>
<td>65 or older</td>
<td>2 Years</td>
</tr>
</tbody>
</table>

With respect to a Non-Uniformed Participant whose Employment Commencement Date is on or after July 1, 2011, the first day of the month coinciding with or next following the earlier of the date on which a Non-Uniformed Participant has (iii) completed 30 Years of Eligibility Service, or (iv) attained at least age 65 and completed at least five Years of Eligibility Service.

**Dual Service Participant** - The Normal Retirement Date for a Dual Service Participant with fewer than 10 Years of Eligibility Service earned as a Uniformed Participant shall be the same as the Normal Retirement Date for Non-Uniformed Participants. The Normal Retirement Date for a Dual Service Participant with 10 or more Years of Eligibility Service earned as a Uniformed Participant shall be the same as the Normal Retirement Date for a Uniformed Participant.

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Participant - Any Employee who is currently accruing a benefit under the Plan, and, where appropriate according to the context of the Plan, any former Employee who is or may become (or whose Beneficiaries may become) eligible to receive a benefit under the Plan.

Pick-Up Contributions Benefit -

(a) For those Participants who irrevocably elected to transfer to the Plan from the Maryland State Retirement Systems effective as of July 1, 1993, the Pick-Up Contributions Benefit shall be the sum of the following amounts (net of any previous distributions):

(i) The contributions made prior to July 1, 1993 by the Participant through salary reduction contributions, picked up by the State of Maryland and contributed to the Employees' Retirement System of the State of Maryland pursuant to Section 414(h) of the Code, which were classified as "returnable contributions" and which would have provided an additional benefit to the Participant pursuant to Article 73B, Section 2-204 of the Annotated Code of Maryland (1992) or a statutory provision of comparable effect if the Participant had not transferred from the Employees' Retirement System of the State of Maryland, plus earnings previously credited on such contributions, all of which are transferred to the Plan; plus

(ii) Simple interest of 4% per annum on the amount of contributions described in (i) hereof transferred to the Plan, computed on the Participant's Termination Date.

A Pick-Up Contributions Benefit is payable only in a lump sum.

(b) No other Participant shall have a Pick-Up Contributions Benefit.

Plan - The retirement plan set forth herein, as amended from time to time.

Plan Year - The twelve-month period ending on the last day of June.

Reemployment Commencement Date - The date on which an Employee first performs an Hour of Service for the County as a benefitted Employee of the County after a period during which no Hours of Service were performed by reason of the Participant’s Termination Date or otherwise.

Termination Date - The date of the first to occur of: (i) a termination of employment by reason of resignation, discharge, mutual agreement, total and permanent disability, retirement or death; (ii) the date on which a Leave of Absence expires without a return to active

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employment; or (iii) the date on which the individual ceases to be a Covered Employee, unless the
individual is an Employee who is a Participant in the Frederick County, Maryland Defined
Contribution Plan.

Trust - Except as provided in Section 10.4, the trust fund established pursuant
to the Plan, maintained in accordance with the terms of the trust agreement, as from time to time
amended, between the County and the Trustees, which trust agreement constitutes a part of the Plan;
where appropriate according to the context, the term Trust shall also refer to said trust agreement.

Trustees - Except as provided in Section 10.4, collectively, the trustee or
trustees named in the Trust and such successor and/or additional trustees as may be named pursuant
to the terms of the Trust.

Uniformed Employee - An Employee employed on a “regular” or
“probationary” basis and who is not classified by the Retirement Plan Committee as a “Non-
Uniformed Employee”, and whose position requirements meet each of the following three criteria:

(a) The position is a non-administrative, active duty position,

(b) The position requires certification by the Maryland Police Training
Commission, the Maryland Fire and Rescue Institute or the Maryland Correctional Training
Commission, and

(c) The daily duties of the position could result in loss of life.

Uniformed Participant - A Uniformed Employee who has satisfied the
eligibility requirements of Article III and who is currently a Participant under the Plan, including,
where appropriate according to the context of the Plan, any former Uniformed Employee who is or
may become (or whose Beneficiaries may become) eligible to receive a benefit under the Plan.

Year of Creditable Service - Subject to Section 4.3(c), and except as provided
in Section 4.4, a Plan Year during which a Covered Employee earns Hours of Service at least equal
to the Hours of Service which would be earned by an Employee who is employed in the same position
of employment for the County on a full-time basis over the full Plan Year. Employees classified as
“grant funded” pursuant to the Frederick County Personnel Rules, as amended effective January 1,
2012 who become eligible to participate in the Plan on and after July 1, 2019 will receive credit for
Years of Creditable Service beginning on their Employment Commencement Date as Employees for
the County as if they had continuously participated in the Plan and made contributions pursuant to
Section 5.4.

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Year of Eligibility Service - Subject to Section 4.3(a) and (b), and except as provided in Section 4.4, any Plan Year during which an Employee completes 700 Hours of Service. Employees classified as “grant funded” pursuant to the Frederick County Personnel Rules, as amended effective January 1, 2012 who become eligible to participate in the Plan on and after July 1, 2019 will receive credit for Years of Eligibility Service beginning on their Employment Commencement Date as Employees for the County as if they had continuously participated in the Plan and made contributions pursuant to Section 5.4.

END OF ARTICLE II
ARTICLE III

Eligibility and Participation

3.1 Requirements - Except as otherwise provided below, a Covered Employee’s participation in this Plan, and the agreement to make contributions hereunder, as described in Section 5.4, is mandatory as a condition of employment with the County:

(a) Voluntary Participation - Every individual who is a Covered Employee as of June 30, 1993 may elect to participate in the Plan effective July 1, 1993 and continuing until his Termination Date. Such election shall be irrevocable, shall be made on a written application supplied by the County and shall contain agreement to make, as a condition of his employment with the County, Participant contributions as provided in Section 5.4. If an otherwise eligible Employee fails to return the completed application to the Coordinator (as defined in Section 11.2(d)) within 30 days after it has been provided to him by the County, he shall cease to be a Covered Employee as of July 1, 1993.

(b) Mandatory Participation - Every other individual who becomes a Covered Employee on or after July 1, 1993 shall become a Participant as a condition of his employment on the date he first performs an Hour of Service as a Covered Employee. No individual shall become a Participant, however, if he is not a Covered Employee on the date his participation is to begin.

(c) Voluntary Participation: Elected Officials

(i) An individual who is initially classified as an Elected Official under the terms of this Plan on or after January 1, 2002 may elect to participate in the Plan effective as of the first day of employment as an Elected Official. An election to participate in the Plan shall be irrevocable throughout the Elected Official’s consecutive terms, shall be made on a written application supplied by the County and shall contain an agreement to make Participant contributions as provided in Section 5.4. If an otherwise eligible Elected Official fails to return the completed application to the Coordinator (as defined in Section 11.2(d)) prior to the first day of employment by the County as an Elected Official, the Elected Official shall cease to be a Covered Employee as of that date and until a subsequent election to participate is made in accordance with Section 3.1(c)(ii).

(ii) An Elected Official who does not elect to participate in the Plan prior to his or her initial term shall have subsequent opportunities to elect to participate in the Plan prior to each subsequent term as an Elected Official. Such an election shall be made in accordance with the provisions of Section 3.1(c).

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Bill No. 20-11
3.2 Re-employment - If an Employee or Participant who reaches a Termination Date is subsequently re-employed as a Covered Employee, his status with respect to the Plan shall be governed by the following:

(a) Eligibility - If the reemployed Employee was not a Participant prior to his Termination Date, or his Reemployment Commencement Date occurs prior to July 1, 1993, he shall become a Participant in accordance with the provisions of Section 3.1. If he was a Participant prior to such termination, and if his Reemployment Commencement Date occurs after June 30, 1993, his participation shall commence or resume immediately upon the resumption of his status as a Covered Employee.

(b) Vesting and Benefit Accrual - Subject to Sections 3.2(d) and 4.2, if the re-employed Employee was a Participant prior to his Termination Date, his prior Years of Eligibility Service and Years of Creditable Service shall be aggregated with Years of Eligibility Service and Years of Creditable Service performed after his Reemployment Commencement Date, but only as a Covered Employee, for purposes of determining his eligibility to receive, the vested percentage of, and amount of, his Accrued Benefit with respect to the periods before and after the Participants’ Breaks in Service.

(c) Benefit Payments - If, at the time of reemployment, the Employee is receiving benefits under the Plan, such benefits (other than those previously funded through individual or non-pooled group insurance annuity arrangements) shall cease until such time as they may be paid in conjunction with the benefits accrued with respect to the Employee’s subsequent employment, provided he is reemployed as a Covered Employee. In any event, any benefits payable with respect to his subsequent employment shall be reduced or offset if and as necessary to avoid duplication of any benefits payable or paid with respect to his prior employment. Notwithstanding the foregoing, the benefit payable following the Participant’s subsequent retirement shall not be less than the benefit payable with respect to the Participant’s initial employment.

(d) Cash Out -

(i) If, after his Termination Date: (i) the Employee receives a Cash-Out of his Employee Contributions Benefit, and (ii) he is reemployed as a Covered Employee, then, notwithstanding the commencement of new Years of Eligibility Service and Years of Creditable Service, the Years of Eligibility Service and Years of Creditable Service with respect to which the distribution was received shall be disregarded in subsequent determinations of the amount of, and vested percentage of, his Accrued Benefit. However, if the Covered Employee: (i) is reemployed as a Covered Employee, and (ii) within 90 days of the resumption of such status, repays to the Trust the amount described herein, his Accrued Benefit will be determined taking into account the Participant’s

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Years of Eligibility Service and Years of Creditable Service before as well as after the Termination Date (subject to the remaining provisions of this Article III).

(A) If the number of the Covered Employee's consecutive Breaks in Service are greater than the number of Years of Eligibility Service earned prior to the first Break in Service, the required repayment will equal the Actuarial Equivalent of that portion of the Covered Employee's projected benefit attributable to the Covered Employee's employment prior to his first Break in Service.

(B) If the number of the Covered Employee's consecutive Breaks in Service are less than or equal to the number of Years of Eligibility Service earned prior to the first Break in Service, the required repayment will equal the full amount of the Cash Out, plus interest from the date of distribution to the date of repayment at the rate of 4% per annum compounded annually.

(ii) Notwithstanding the foregoing, if the employment classification of a Covered Employee changes to the classification of an Employee who is not a Covered Employee, the Employee who is not a Covered Employee will not be eligible to receive a Cash-Out of his Employee Contributions Benefit until he ceases to be an Employee of the County, or is otherwise eligible for payment of a deferred vested benefit in accordance with Section 6.5.

3.3 Enrollment - Participation hereunder shall be automatic when the requirements of Section 3.1 have been met; provided, however, that the County may, in its discretion, require each eligible Employee to execute a written application containing such items as may be desired by the County including, but not limited to, the Employee's consent to be bound by all the terms and conditions of the Plan and all amendments thereto.
3.4  **Change of Employment Category** - If a Participant ceases to be a Covered Employee, but continues in the employ of the County as an Employee, he shall be deemed to have reached a Termination Date.

END OF ARTICLE III

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**Bill No. 20-11**
ARTICLE IV

Hours and Periods of Service

4.1 Credit for Service - Except as otherwise provided in this ARTICLE IV and in ARTICLE III, a Participant will receive credit only for Years of Eligibility Service and Years of Creditable Service. However, for purposes of determining a Participant’s vested percentage of his Accrued Benefit and his eligibility for retirement, Years of Eligibility Service completed prior to one or more Breaks in Service will be disregarded if: (a) the Participant’s vested percentage in his Accrued Benefit was 0% at the time he incurred the Breaks in Service, and (b) the number of consecutive Breaks in Service exceeds the number of Years of Eligibility Service completed prior to the periods of Breaks in Service.

4.2 Leaves of Absence - Except as otherwise provided in this Section, Hours of Service will not be counted for the customary hours of work during a Leave of Absence. However, a Participant who fails to earn a Year of Eligibility Service or a Year of Creditable Service during a Plan Year because of a Leave of Absence, which is approved by the County prior to the Leave of Absence, may elect to receive credit for Years of Eligibility Service and Years of Creditable Service as follows:

(a) Leave of Absence: Workers’ Compensation - A Participant on a Leave of Absence by reason of an accident or injury that has been sustained as an active Covered Employee and that has been ruled compensable under the Maryland Workers’ Compensation Act may elect to receive credit for Years of Eligibility Service and Years of Creditable Service to the extent of his authorized Leave of Absence. If a Participant does so elect he shall be required to pay over to the Plan, within the buyback period, or within 90 days before his benefit commencement date, the contributions that would have been made by the Participant pursuant to Section 5.4 during the period of the Leave of Absence, plus interest of 4.0% computed on July 1 of each year and compounded annually.

(b) Leave of Absence: Other than Workers’ Compensation - A Participant on a Leave of Absence other than by reason of an accident or injury that has been sustained as an active Covered Employee and that has been ruled compensable under the Maryland Workers’ Compensation Act may elect to receive credit for Years of Eligibility Service and Years of Creditable Service (to a maximum of one year) to the extent of his total authorized leaves of absence. If a Participant does so elect he shall be required to pay over to the plan, within the buyback period, the contributions that would have been made by the Participant pursuant to Section 5.4 during the period of the Leave of Absence, plus the contributions made by the County at the time of the payment by the Participant for the service credit, for either Uniformed Participants or Non-Uniformed Participants, determined with respect to the electing Participant’s classification at the time of the Leave of Absence.

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plus interest of 4.0% computed on July 1 of each year and compounded annually. For purposes of this Section 4.2(b), the contributions that would have been made by the Participant and the contributions that would have been made by the County will be based on Participant Compensation that includes any scheduled pay adjustments that occurred during the leave of absence. For purposes of this Section 4.2(b), the contributions that would have been made by the County will be based on the County’s net normal cost rate during the buyback period. For purposes of this Section 4.2(b), the “net normal cost rate” equals the total normal cost as a percentage of Participant payroll minus total Employee contributions as a percentage of Participant payroll. If the Participant does not elect to pay the missed contributions, plus interest, during the buyback period, and if the Participant’s Benefit Commencement Date does not occur during the buyback period, the Participant may elect to receive credit for Years of Eligibility Service and Years of Creditable Service (to a maximum of one year) to the extent of his total authorized leaves of absence, if the Participant pays over to the Plan, within 12 months before his Termination Date, the Actuarial Equivalent of that portion of his projected benefit attributable to the Leave of Absence, and determined in accordance with Section 4.4(iii).

(c) Buyback Period; Form of Payment - For purposes of this Section 4.2, the Participant’s “buyback period” is the one-year period beginning with the date the Participant returns from the Leave of Absence. A Participant’s payments hereunder may be in the form of a lump sum payment, installment payments, or a combination of the two forms of payment. A Participant’s payments shall be accounted for pursuant to Section 5.5.

(d) Death and Disability Benefits - A Participant who is on a Leave of Absence (or his Beneficiary) remains eligible for disability benefits as provided by Section 6.4 or for death benefits as provided by Section 7.1.

4.3 Fractional Credit for Service - To the extent not precluded by the operation of Section 4.1, and except as otherwise provided in Section 4.4, an individual shall receive partial or full credit for service, as follows:

(a) Vesting - For purposes of determining the extent to which a Participant is vested in his Accrued Benefit, he shall receive credit on the basis of the number of his Years of Eligibility Service. However, for Plan Years which contain the Participant’s Employment Commencement Date, Reemployment Commencement Date, and the date of his termination of employment with the County, he shall receive fractional credit equal to 1/12th of a Year of Eligibility Service for each calendar month during which he was an Employee for the entire month. Notwithstanding the foregoing, the Participant shall receive fractional credit equal to 1/12th of a Year of Eligibility Service if he was an Employee for at least one day during the month which contains the Participant’s Employment Commencement Date or Reemployment Commencement Date, but he shall receive no fractional credit with respect to the month which contains the date of his termination of employment with the County unless he was an Employee for the entire month.

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(b) Eligibility for Retirement - For purposes of determining whether a Participant is eligible for retirement, he shall receive credit on the basis of the number of his Years of Eligibility Service. However, for Plan Years which contain the Participant’s Employment Commencement Date, Reemployment Commencement Date, and the date of his termination of employment with the County, he shall receive fractional credit equal to 1/12th of a Year of Eligibility Service for each calendar month during which he was an Employee for the entire month. Notwithstanding the foregoing, the Participant shall receive fractional credit equal to 1/12th of a Year of Eligibility Service if he was a Covered Employee for at least one day during the month which contains the Participant’s Employment Commencement Date or Reemployment Commencement Date, but he shall receive no fractional credit with respect to the month which contains the date of his termination of employment with the County unless he was an Employee for the entire month.

(c) Benefit Accrual - For purposes of determining the extent to which a Participant shall accrue benefits, he shall receive credit on the basis of the number of his Years of Creditable Service. For Plan Years during which a Participant earns at least 700 Hours of Service, but fails to earn a Year of Creditable Service, he shall receive credit for a fractional Year of Creditable Service. For the Plan Years which contain the Participant’s Employment Commencement Date and his Termination Date, he shall receive fractional credit even if he earns fewer than 700 Hours of Service. For purposes of calculating the fractional service described in this Section 4.3(c), the numerator of the fraction shall be the number of Hours of Service earned by the Participant as a Covered Employee during the Plan Year and the denominator shall be the number of Hours of Service in a Year of Creditable Service.

4.4 Transfer of Credited Service - A Participant may elect to receive credit for service (whether or not it would be considered a Year of Eligibility Service or Year of Creditable Service had it been performed for the County) transferred from another employer provided there is no break in employment between the Participant’s employment with such other Government Employer and commencement of service for the County. If such service is transferred and recognized under the Plan, the number of years of service credited and the amount of the benefit payable to the Participant pursuant to Section 6.1 shall be adjusted in accordance with the following provisions:

(a) Conditions for Transfer -

(i) Credit for Years of Eligibility Service and Years of Creditable Service shall be granted to any Participant: (A) who irrevocably elects, within the later of (1) one year of first performing an Hour of Service as a Covered Employee, or (2) within 90 days following July 1, 1998, to transfer the amount of any Participant contributions made to another Government Employer Retirement Plan under which he was covered, together with interest previously credited by

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such plan to this Plan; and (B) who is participating in a plan which provides for the transfer of credit for service and contributions to this Plan. Notwithstanding the foregoing, service credit shall be given for service transferred only to the extent required by, and in accordance with, the provisions of Title 37 of the State Personnel and Pensions Article of the Annotated Code of Maryland, or any successor statute. With respect to service transferred pursuant to Section 37.203.1(d) of the State Personnel and Pensions Article of the Annotated Code of Maryland, pertaining to transfers of service from certain contributory systems of the State of Maryland, or any successor statute, the deposit of sums in addition to the transfer of the Participant’s contributions may be accomplished by one or more of the following methods: (1) a lump sum cash payment to the Plan, (2) a rollover from another employer’s qualified retirement plan, (3) a rollover from an eligible deferred compensation plan established pursuant to Section 457(b) of the Code, (4) a rollover from a tax deferred annuity established pursuant to Section 403(b) of the Code, or (5) a rollover from an individual retirement account established pursuant to Section 408(a) of the Code.

(ii) If the Covered Employee was not required to make contributions to such other Government Employer Retirement Plan for all years of participation in such other Government Employer Retirement Plan and on all Compensation paid to the Covered Employee, he may, nonetheless, elect to receive credit for Years of Eligibility Service and Years of Creditable Service under this Plan. Such election: (A) shall be irrevocable; (B) shall be made within the later of (1) one year of first performing an Hour of Service as a Covered Employee, or (2) within 90 days following July 1, 1998; and (C) shall be contingent upon the complete forfeiture of benefits and service credits under the Government Employer Retirement Plan from which service credit is being transferred. Notwithstanding the foregoing, service credit shall be given for service transferred only to the extent required by, and in accordance with, the provisions of Title 37 of the State Personnel and Pensions Article of the Annotated Code of Maryland, or any successor statute.

(iii) Any other Covered Employee may elect to receive credit for Years of Eligibility Service and Years of Creditable Service (to a maximum of 10 years) to the extent of the Covered Employee’s service performed (1) with a state, municipality or political subdivision with the United States of America, including the County, (2) with a Government Employer which is not recognized in subparagraphs (i) or (ii) hereof, (3) with the government of the United States of America, or (4) with private, parochial or out-of-state schools, provided such service is earned as a teacher. Such election is available only if the Participant is not entitled to receive any retirement or pension benefits derived from employer contributions with respect to the service performed for the Government Employer. If the Participant does so elect, he/she shall be required to pay over to the Plan the amounts determined in accordance with the following:

(A) Cost of Purchase - It is the intent of the County that a Participant who elects to purchase credit for service hereunder pay the full actuarial cost of the credit for service. The Participant’s election to purchase service shall include an election by the Participant

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of an assumed retirement date (the “Assumed Retirement Date”) upon which the cost to purchase
service will be based. The cost of the purchase equals the present value of the Participant’s projected
Accrued Benefit including the credit for the service purchased hereunder and calculated on the basis
of the Participant’s Assumed Retirement Date, less the present value of the Participant’s projected
Accrued Benefit without the service credit purchased hereunder. Present value will be determined
using the interest, post-retirement mortality, post-retirement benefit increase and pay increase
assumptions used by the enrolled actuary to perform the most recent actuarial valuation of the Plan.

(B) Timing of Election to Purchase Service - If the
Participant makes an election to purchase service under this Section 4.4(a)(iii), the election shall be
made, and the Participant shall make the required payments to the Plan, within the twelve month
period ending on the Participant’s Termination Date. Notwithstanding the foregoing, the Participant’s
election of the timing of payment for credit for service may be modified by the County to the extent
necessary to conform to Section 415 of the Internal Revenue Code.

(C) Methods of Payment for Purchased Service - The
Participant’s election to purchase credit for service shall also include an election of the method by
which the Participant will purchase the credit for service. The Participant may pay over to the Plan
the amounts calculated pursuant to subsection (A) hereof by either (1) a lump sum cash payment to
the Plan, (2) a rollover from another employer’s qualified retirement plan, (3) a rollover from an
eligible deferred compensation plan established pursuant to Section 457(b) of the Code, (4) a rollover
from a tax deferred annuity established pursuant to Section 403(b) of the Code, (5) a rollover from an
individual retirement account established pursuant to Section 408(a) of the Code, (6) installment
payments by the Participant to the Plan, or (7) a combination of any of the methods designated in (1)
through (6). Installment payments pursuant to (6) above may be made on either, but not both, an
after-tax basis, or, following the effective date of Section 5.4(a)(iii), a pre-tax basis. If the Participant
elects to purchase the credit in whole or in part by pre-tax installment payments pursuant to
Section 5.4(a)(iii), such a purchase shall be pursuant to a binding, irrevocable payroll deduction
authorization between the County and the Participant which provides for the number of payroll
deductions and the dollar amount of each deduction. After-tax installment payments may be made
by either, but not both, payroll deduction or direct payment by the Participant to the Plan.
Notwithstanding the foregoing, the Participant’s election of the method of payment for purchased
service may be modified by the County to the extent necessary to conform to Section 415 of the
Internal Revenue Code.

(D) Retirement Before or After Assumed Retirement Date
- If a Participant reaches a Termination Date on a date other than the Participant’s Assumed
Retirement Date, but after the Participant’s Early Retirement Date, the credit for service purchased
by the Participant will be adjusted so that the amount of credit purchased equals the amount that would
have been purchased (based on the Participant’s actual contributions) if the actual Termination Date
had been used (rather than the Assumed Retirement Date) for purposes of calculating the cost of the

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service. If the adjustment reduces the amount of credit purchased, the Participant may pay over to
the plan, in one lump sum, an amount necessary to purchase the credit for the service which would
have been awarded if the Participant terminated employment on the Assumed Retirement Date,
provided such payment does not constitute a violation of Section 415 of the Internal Revenue Code.
If the adjustment increases the amount of credit purchased over the credit which would have been
awarded if the Participant terminated employment on the Assumed Retirement Date, the excess will
be used to provide an additional monthly benefit to the Participant.

(E) Return of Payments After Five Years of Service for
County - If a Participant reaches a Termination Date prior to his/her Early Retirement Date or Normal
Retirement Date, but after completing five years of service as a County Employee, without regard to
service purchased or transferred or received on account of Military Service, the Participant, or the
Participant’s Beneficiary, may elect, at any time following the Participant’s Termination Date, to
receive a return of the payments made pursuant to this Section 4.4(a)(iii), plus interest at the rate
determined under (a) hereof, in the form of either (1) a lump sum payment, or (2) a monthly benefit
equivalent to the lump sum payment, with the equivalence to be determined pursuant to the factors
utilized pursuant to (a) hereof. Notwithstanding the foregoing, the Participant’s election with respect
to receipt of a return of payments may be modified to the extent necessary to conform to Section 415
of the Internal Revenue Code.

(F) Return of Payments Prior to Five Years of Service for
County - If a Participant reaches a Termination Date prior to the date the Participant completes five
years of Eligibility Service as a County Employee, without regard to service purchased or transferred
or received on account of Military Service, the Participant, or the Participant’s Beneficiary, will
receive, as soon as practical following the Participant’s Termination Date, a return of the payments
made pursuant to this Section 4.4(a)(iii), plus interest at the rate determined under (a) hereof, in the
form of a lump sum payment. Notwithstanding the foregoing, the Participant’s receipt of a return of
payments may be modified to the extent necessary to conform to Section 415 of the Internal Revenue
Code. Notwithstanding the foregoing, to the extent the distribution exceeds $1,000 and is an “eligible
rollover distribution,” as defined in Section 8.4, the distribution will be made only at the election of
the Participant.

(iv) Any Covered Employee as of June 30, 1993 may elect to
receive credit for Years of Eligibility Service and Years of Creditable Service for service recognized
or performed under the Maryland State Retirement Systems. Such election must be irrevocable and
must be made prior to June 30, 1993. Any such service is not subject to the restrictions of other
subsections of Section 4.4(a).

(v) Any Covered Employee may elect to receive service credit for
his Military Service as follows (subject to any applicable law which mandates additional benefits):

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If a Participant’s service with the County is interrupted by Military Service, he will receive credit for Years of Eligibility Service and Years of Creditable Service to the extent of his Military Service (to a maximum of five years unless a greater amount is required by law) provided that he resumes employment with the County within one year of his discharge from Military Service.

If a Participant’s Military Service precedes his Employment Commencement Date, the Participant will receive credit for Years of Eligibility Service and Years of Creditable Service to the extent of his Military Service (to a maximum of five years) provided that he (1) earns 10 Years of Eligibility Service other than his Military Service, and (2) makes the election to receive service credit pursuant to this Section 4.4(a)(v)(B) prior to the date he ceases to be an Employee.

A Participant will not receive credit for service pursuant to Section 4.4(a)(v)(A) if the service was rendered for the Peace Corps or the Volunteers in Service to America or is service which is not “service in the uniformed services” within the meaning of the Uniformed Services Employment and Reemployment Rights Act of 1994. A Participant will not receive credit for service pursuant to Section 4.4(a)(v)(B): (1) if the Military Service has been previously recognized by the Maryland State Retirement System, (2) if the Participant is entitled to receive a pension benefit (except for disability benefits, Social Security benefits or benefits under the National Railroad Retirement, National Guard or military reserve, or a pension described in Chapter 1223 of the United States Code) from another retirement system, on account of the Military Service, or (3) if the service was rendered for the National Guard, Merchant Marine Service, Military Reserve Service, the Peace Corps or Volunteers in Service to America.

Notwithstanding a Participant’s status as a Uniformed Participant, service transferred pursuant to this Article VI shall be credited as Years of Creditable Service and Years of Eligibility Service as a Uniformed Participant only if the service transferred was earned in a position for the prior Government Employer which would be classified as “Uniformed” pursuant to the definition of Uniformed Employee in Article I. Otherwise, service will credited as Years of Creditable Service and Years of Eligibility Service as a Non-Uniformed Participant.

Amount of Credited Service – For service transferred pursuant to Section 4.4(a)(i) and (ii), a Participant shall receive credit for Years of Eligibility Service and Years of Creditable Service only to the extent required under the provisions of Title 37 of the State Personnel and Pensions Article of the Annotated Code of Maryland. Furthermore, a Participant shall receive no more than 12 months of service credit toward a Year of Eligibility Service and a Year of Creditable Service for service transferred or earned as a County Employee in one 12 month period. Furthermore, only service transferred pursuant to Section 4.4(a)(i) and 4.4(a)(ii) that would have been deemed to

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be service as a Uniformed Employee if earned for the County will be credited as service as a Uniformed Participant for all purposes under the Plan.

(c) **Adjustments to Monthly Retirement Income** - A Participant’s monthly retirement income calculated pursuant to Article VI shall be adjusted with respect to service transferred pursuant to Section 4.4(a)(ii) to the fullest extent allowed by, and in accordance with, the provisions of Title 37 of the State Personnel and Pensions Article of the Annotated Code of Maryland, or any successor statute. For purposes of determining the amount of the adjustment described in this Section 4.4(e), the accumulated employee contributions shall be calculated using the rate set forth in the definition of “Employee Contributions Benefit.” To the extent a determination of actuarial equivalence must be made to make any adjustments to Participants’ benefits in accordance with Section 4.4(e), the actuarial equivalent will be determined using the interest, unisex post-retirement mortality and post-retirement benefit increase assumptions used by the enrolled actuary to perform the most recent actuarial valuation of the Plan.

(d) **Retirement Within Five Years of Transferring Service** - Notwithstanding any other provision of this Section 4.4, if a Participant reaches a Termination Date, other than by reason of death, and begins receiving payment of benefits pursuant to Article VIII within five years after the Participant’s Employment Commencement Date or Reemployment Commencement Date preceding the transfer of service, the portion of the Participant’s monthly retirement income payable with respect to the service credit transferred pursuant to Sections 4.4(a)(i) or 4.4(a)(ii) may not be greater than the benefit that would have been payable by the other Government Employer Retirement Plan with respect to that service if the Participant had remained a Participant in the other Government Employer Retirement Plan.

**END OF ARTICLE IV**
ARTICLE V

Funding of Benefits

5.1 Payment of Contributions - The funding of the Plan and payment of benefits hereunder shall be provided for through the medium of the Trust. The Trust shall accept transfer of funds from the Maryland State Retirement Systems consistent with the elections made by Participants pursuant to Section 4.4(a) (iv) of the Plan. The County, from time to time, shall make contributions to the Trust in amounts determined, in accordance with generally accepted actuarial principles, to be sufficient to support the contributions required under Section 5.4, and the contributions and transfers made pursuant to Section 5.5, and to fund the benefits provided by the plan.

5.2 Disposition of Forfeitures - Any forfeiture arising under the provisions of the Plan shall be used to reduce the then current or future costs of funding the benefits provided in the Plan.

5.3 Actuarial Examination - The County shall, at least once every other Plan Year, cause the liabilities of the Plan to be evaluated by a qualified actuary who shall report to the County as to the amount of the Trust assets in relation to the said liabilities and the amount of the annual County contribution sufficient to meet the requirements of Section 5.1.

5.4 Pick-Up Contributions - Under limited circumstances described below, Participant contributions and monies from other Government Employers may be accepted by the Plan.

(a) Types of Contributions/Transfers -

(i) County Pick-Up Contributions - Effective July 1, 1993, and in accordance with rules established by the County, each Participant shall make contributions to the Plan equal to 7% of Compensation earned as a Uniformed Employee and 4% of Compensation earned as a Non-Uniformed Employee. Effective July 1, 2000, and in accordance with rules established by the County, each Participant shall make contributions to the Plan equal to 8% of Compensation earned as a Uniformed Employee and 4% of Compensation earned as a Non-Uniformed Employee. Effective July 1, 2012, and in accordance with rules established by the County, each Participant shall make contributions to the Plan equal to 9% of Compensation earned as a Uniformed Employee and 6% of Compensation earned as a Non-Uniformed Employee. The Participant contributions referred to in this Section 5.4 shall be picked up by the County, as described in Section 414(h)(2) of the Internal Revenue Code, deducted from the pay of the contributing Participants as salary reduction contributions, and paid by the County to the Trustees with reasonable promptness after the total of such contributions during any month has been determined, and in any event by the end of the

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succeeding month. The contributions made pursuant to this Section 5.4 shall be made a part of the
Participant’s Employee Contributions Benefit, and as such, a part of his Accrued Benefit.

(ii) Transfer of Pick-Up Contributions from Other Government
Employers - Pursuant to the provisions of Section 4.4(a), the Trust may accept a transfer of monies
directly from another Government Employer Retirement Plan. Such transfer shall consist of
contributions made by the Participant, but characterized by such other Government Employer as
employer pick-up contributions, plus earnings previously credited upon such contributions. To the
extent such contributions are not included in or do not qualify as part of the Participant’s Pick-Up
Contributions Benefit, if he is entitled to the benefit, such amounts shall be made a part of the
Participant’s Employee Contributions Benefit, that is, a part of his Accrued Benefit.

(iii) Purchase of Service Pick-Up Contributions - Pursuant to the
provisions of Section 4.4(a)(iii), a Participant may enter into a payroll deduction authorization with
the County pursuant to which the Participant may purchase credit for service. The Participant
contributions referred to in this Section 5.4(a)(iii) shall be picked up by the County, as described in
Section 414(h)(2) of the Internal Revenue Code, deducted from the pay of the contributing Participant
as salary reduction contributions, and paid by the County to the Trustees with reasonable promptness
after the total of such contributions during any month has been determined, and in any event by the
end of the succeeding month. This provision shall be effective 30 days following the date the County
receives a ruling from the Internal Revenue Service that contributions made pursuant to this Section
5.4(a)(iii) qualify as pick-up contributions under Section 414(h)(2) of the Internal Revenue Code.

(b) Suspension of Contributions - A Participant’s salary reduction
contributions shall be automatically suspended for any payroll period during which he is not a
Covered Employee or during which he is on an unpaid Leave of Absence. A Participant’s salary
reduction contributions shall automatically be suspended as of the first payroll period following the
date the Participant’s Years of Creditable Service are no longer counted for purposes of determining
the amount of the Participant’s monthly retirement income due to limitations on the Years of
Creditable Service awarded pursuant to Article VI.

(c) Withdrawals of Pick-Up Contributions - A Participant who has
reached his Termination Date may elect, at any time, to receive a Cash-Out and a distribution of his
Pick-Up Contributions Benefit, if he is entitled to the benefit, by filing a written notice of such election
with the Administrator. The Cash-Out shall constitute full payment of all benefits due to such
Participant under the Plan.

(d) Forfeiture of Remaining Accrued Benefit - In the event of a Cash-Out
to a Participant pursuant to this Section 5.4, then, subject to restoration provided in Section 3.2(d), the
entire remaining portion of his Accrued Benefit shall be forfeited by him.

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(e) Vesting of Pick-Up Contributions - Notwithstanding any provisions of this Plan to the contrary, Participant contributions, picked up either by the County or by other Government Employers and made or transferred to the Plan, shall be fully vested at all times.

(f) Payment of Benefits - Subject to the right of withdrawal described above, the benefits purchased from the Participant’s contributions shall be payable at the same time, in the same manner, and, in the event of his death, to the same Beneficiary or Beneficiaries, as is the remainder of his Accrued Benefit.

(g) Plan Termination - In the event of a termination of the Plan, distribution to each Participant of his Pick-Up Contributions Benefit, if he is entitled to the benefit, and the portion of his Accrued Benefit attributable to his contributions picked up by the County shall, notwithstanding any other provision of Section 13.3, be treated as a priority distribution ahead of any other distribution to Participants based upon the remainder of the Trust, other than those attributable to contributions made pursuant to Section 5.5.

5.5 Participant Contributions - Under limited circumstances, as described below, other Participant contributions may be accepted by the Plan.

(a) Characterization - The contributions made pursuant to this Section 5.5 shall be distinct from those made pursuant to Section 5.4 as to the character of such contributions. Whereas Section 5.4 contributions shall be classified as County, or other Government Employer, contributions picked up from the pay of Participants, contributions made pursuant to this Section 5.5 shall be after-tax contributions either made directly by the Participant or, in some cases, transferred from a retirement plan sponsored by another Government Employer.

(b) Limitations - A Participant may elect to make contributions pursuant to this Section 5.5, or to have his contributions previously made to another Government Employer Retirement Plan transferred to this Plan, within the following limitations:

(i) A Participant who elects to restore credit for service and benefits, as described in Section 3.2(d), shall pay over to the Plan the amount of any Cash-Out previously made to him, with interest thereon.

(ii) A Participant who is on an approved Leave of Absence, as described in Section 4.2, and who elects to receive service credit in accordance with Section 4.2, shall pay over to the Plan the contributions plus interest as described in Section 4.2(a) or the Actuarial Equivalent of his projected benefit as described in Section 4.2(b), as the case may be.
(iii) Trustees shall accept a direct transfer of after-tax Participant contributions, together with interest thereon, from another Government Employer, provided such contributions were made by a Covered Employee who elects to transfer service from another Government Employer Retirement Plan, as described in Section 4.4(a).

(iv) A Covered Employee who elects to purchase credit for service performed with another employer as described in Section 4.4(a) shall pay over to the Plan the Actuarial Equivalent of his projected benefit, as described in Section 4.4(a).

(c) Procedures - All Participant contributions or transfers made pursuant to this Section 5.5 shall be paid to the Trust or, in the case of payroll deductions required under Section 5.5(b)(i), withheld by the County and remitted to the Trustees.

(d) Separate Accounting - Participant contributions, whether made directly or transferred from another retirement plan, as aforesaid, shall be made a part of the Participant’s Employee Contributions Benefit, which shall be a part of the Accrued Benefits of the respective Participants.

(e) Withdrawals of Participant Contributions - A Participant who has reached his Termination Date may elect, at any time, to receive a Cash-Out of his Employee Contributions Benefit, by filing a written notice of such election with the Administrator. Such Cash-Out shall constitute full payment of all benefits due to such Participant under the Plan.

(f) Forfeiture of Remaining Accrued Benefit - In the event of a Cash-Out to a Participant pursuant to this Section 5.5, then, subject to restoration provided in Section 3.2(d), the entire remaining portion of his Accrued Benefit shall be forfeited by him.

(g) Vesting of Participant Contributions - Notwithstanding any provisions of this Plan to the contrary, Participant contributions made to the Plan pursuant to this Section 5.5 shall be fully vested at all times.

(h) Payment of Benefits - Subject to the right of withdrawal described above, the benefits purchased from the Participant’s contributions shall be payable at the same time, in the same manner, and, in the event of his death, to the same Beneficiary or Beneficiaries, as is the remainder of his Accrued Benefit.

(i) Plan Termination - In the event of a termination of the Plan, distribution to each Participant of the portion of his Accrued Benefit attributable to his Participant contributions shall, notwithstanding any other provision of Section 13.3, be treated as a priority distribution ahead of any other distribution to Participants based upon the remainder of the Trust.
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{Single boldface brackets} indicates matter deleted from existing law.
*** - indicates existing law unaffected by bill

Bill No. 20-11
ARTICLE VI

Pension Benefits

6.1 Normal Retirement - Except as otherwise provided in this Article VI, a Participant shall retire on his Normal Retirement Date. A Participant who retires on his Normal Retirement Date but after June 30, 1993 shall be entitled to receive a lump sum distribution of his Pick-Up Contributions Benefit, if he is entitled to the benefit, and a monthly retirement income, beginning with the first day of the month coincident with or otherwise next following his Normal Retirement Date and continuing for the remainder of his life; provided, however, if a Participant who receives monthly benefits pursuant to this Section 6.1, and does not elect an optional form of benefit under Section 8.2 dies before he has received in payments the value of his Employee Contributions Benefit, determined at the time of his Termination Date, the balance of the value of his accumulated contributions shall be paid to his Beneficiary, or if there is no validly designated Beneficiary, in accordance with Section 9.1. Subject to Sections 3.2(d), and subject to the limitations set forth in Sections 4.4 and 6.6, the amount of the monthly retirement income shall be equal to one of the following:

(a) Uniformed Participants - Subject to Section 6.1(e), the monthly retirement income for Uniformed Participants who reach a Termination Date on or after July 1, 2000 shall be equal to:

(i) 2.5%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the lesser of: (A) 20, or (B) the number of Years of Creditable Service (and fractional years) earned by the Participant, plus

(ii) 2.0%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the lesser of: (A) eight, or (B) the number of Years of Creditable Service (and fractional years) earned by the Participant in excess of 20, plus

(iii) 2.0%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the Years of Creditable Service (and fractional years) earned by the Participant for unused sick time pursuant to Section 6.1(d) hereof.

(b) Non-Uniformed Participants - Subject to Section 6.1(f), the monthly retirement income for Non-Uniformed Participants who reach a Termination Date on or after July 1, 2000 shall be equal to:

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(i) 2.0%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the lesser of: (A) 30, or (B) the number of Years of Creditable Service (and fractional years) earned by the Participant, plus

(ii) 2.0%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the Years of Creditable Service (and fractional years) earned by the Participant for unused sick time pursuant to Section 6.1(d) hereof.

(c) Dual Service Participants - Subject to Section 6.1(g), the monthly retirement income for Dual Service Participants who reach a Termination Date on or after July 1, 2000 shall be equal to:

(i) 2.5%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the lesser of: (A) 20, or (B) the number of Years of Creditable Service (and fractional years) earned by the Participant as a Uniformed Participant, plus

(ii) 2.0%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the lesser of: (A) eight, or (B) the number of Years of Creditable Service (and fractional years) earned by the Participant as a Uniformed Participant in excess of 20, plus

(iii) 2.0%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the lesser of: (A) 30 minus the lesser of: (I) 28, or (2) the number of Years of Creditable Service (and fractional years) earned by the Participant as a Uniformed Participant, or (B) the number of Years of Creditable Service (and fractional years) earned by the Participant as a Non-Uniformed Participant, plus

(iv) the Participant’s Highest Average Compensation multiplied by the Years of Creditable Service (and fractional years) earned by the Participant for unused sick time pursuant to Section 6.1(d) hereof, then multiplied by 2.0%.

(d) Credit for Accrued Sick Leave - Solely for purposes of determining the amount of the Participant’s benefits payable pursuant to Sections 6.1, 6.2, or 6.3, the Participant shall receive up to two additional Years of Creditable Service for unused sick leave. Unused sick leave shall be credited by dividing the number of accrued sick leave hours as of the Participant’s Termination Date by the number of hours in the Participant’s regularly scheduled work day as of the Participant’s Termination Date, then dividing the product by 22, then further dividing the product by 12 and rounding to the closest 10,000th.

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(e) Uniformed Participants Hired On or After July 1, 2011 - The monthly retirement income for Uniformed Participants whose Employment Commencement Date is on or after July 1, 2011 shall be equal to:

(i) 2.5%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the lesser of (A) 20, or (B) the number of Years of Creditable Service (and fractional years) earned by the Participant, plus

(ii) 2.0%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the lesser of: (A) eight, or (B) the number of Years of Creditable Service (and fractional years) earned by the Participant in excess of 20, plus

(iii) 2.0%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the Years of Creditable Service (and fractional years) earned by the Participant for unused sick time pursuant to Section 6.1(d) hereof.

(f) Non-Uniformed Participants Hired On or After July 1, 2011 - The monthly retirement income for Non-Uniformed Participants whose Employment Commencement Date is on or after July 1, 2011 shall be equal to:

(i) 1.67%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the lesser of: (A) 36, or (B) the number of Years of Creditable Service (and fractional years) earned by the Participant, plus

(ii) 1.67%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the Years of Creditable Service (and fractional years) earned by the Participant for unused sick time pursuant to Section 6.1(d) hereof.

(g) Dual Service Participants Hired On or After July 1, 2011 - The monthly retirement income for Dual Service Participants whose Employment Commencement Date is on or after July 1, 2011 shall be equal to:

(i) 2.5%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the lesser of (A) 20, or (B) the number of Years of Creditable Service (and fractional years) earned by the Participant as a Uniformed Participant, plus

(ii) 2.0%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the lesser of: (A) eight, or (B) the number of Years of Creditable Service (and fractional years) earned by the Participant in excess of 20 as a Uniformed Participant, plus

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(iii) 1.67%, multiplied by the Participant’s Highest Average Compensation, then multiplied by the lesser of: (A) 36 minus the lesser of: (1) 28 or (2) the number of Years of Creditable Service (and fractional years) earned by the Participant as a Uniformed Participant, or (B) the number of Years of Creditable Service (and fractional years) earned by the Participant as a Non-Uniformed Participant, plus

(iv) The Participant’s Highest Average Compensation, then multiplied by the Years of Creditable Service (and fractional years) earned by the Participant for unused sick time pursuant to Section 6.1(d) hereof, multiplied by either: (A) 2.0%, if the Participant is a Uniformed Participant on the Participant’s Termination Date, or (B) 1.67% if the Participant is a Non-Uniformed Participant on the Participant’s Termination Date.

(h) Notwithstanding the preceding provisions of this Section 6.1, a Participant whose Reemployment Commencement Date as an Employee other than a Covered Employee occurs on or after July 1, 2012, or a Participant whose employment classification changes to that of an Employee other than a Covered Employee on or after July 1, 2012, but who was a Participant prior to his termination of employment with the County shall be entitled only to those benefits accrued under the relevant provisions of this Section 6.1 prior to the later of: July 1, 2012, or the date the Participant ceased to be a Covered Employee.

6.2 Early Retirement - A Non-Uniformed Participant may elect to retire on any date on or after the first date which qualifies as an Early Retirement Date, in which case the date of retirement shall be deemed to be his/her Early Retirement Date and he/she shall be entitled to receive a lump sum distribution of his/her Pick-Up Contributions Benefit, if he/she is entitled to the benefit, and a monthly early retirement benefit equal to the benefit computed pursuant to Section 6.1 (based upon his/her actual Years of Creditable Service and Highest Average Compensation at his/her Early Retirement Date), but subject to the appropriate Actuarial Reduction.

Early retirement benefits shall commence on the first day of the month coincident with or otherwise next following the Non-Uniformed Participant’s Normal Retirement Date, unless the Non-Uniformed Participant elects to have his benefits commence on the first day of any prior month coincident with or following his Early Retirement Date.

Except as otherwise provided in Section 8.4, the benefits payable pursuant to this Section 6.2 shall be payable in the normal form provided by Section 6.1, unless an optional form of payment has been elected pursuant to Section 8.2.

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6.3 **Delayed Retirement** - In the event a Participant remains a Covered Employee after his Normal Retirement Date, then, subject to the limitations set forth in Section 6.6, and except as otherwise provided in Section 8.3(a), he shall be entitled to receive, commencing on the first day of the month coincident with or otherwise next following his Termination Date, the benefit to which he would have been entitled pursuant to Section 6.1 if he had retired at his Normal Retirement Date, but adjusted by including any additional Years of Creditable Service which have accrued since his/her Normal Retirement Date (up to the maximum number of years described in Section 6.1), and (notwithstanding any provision in the definition of Highest Average Compensation to the contrary) by taking into account any increases in Highest Average Compensation which may be generated by increases in Compensation earned since his Normal Retirement Date. A Participant shall also be entitled to receive a lump sum distribution of his Pick-Up Contributions Benefit, if he is entitled to the benefit, on the first day of the month coincident with or next following his Termination Date.

As of the date a Non-Uniformed Participant with an Employment Commencement Date prior to July 1, 2011 completes Years of Creditable Service totaling 30 years, a Non-Uniformed Participant with an Employment Commencement Date on or after July 1, 2011 completes Years of Creditable Service totaling 36 years, and a Uniformed Participant completes Years of Creditable Service totaling 28 years, contributions picked up by the County and made on his behalf to the Plan, pursuant to Section 5.4(a)(i), but not Section 5.4(a)(iii), shall be discontinued.

6.4 **Disability Benefits** - The Plan shall pay disability benefits determined in accordance with the following provisions:

(a) **Ordinary Disability** - If a Participant reaches a Termination Date by reason of total and permanent disability, he shall be entitled to receive a lump sum distribution of his Pick-Up Contributions Benefit, if he is entitled to the benefit, and, if he is 100% vested pursuant to Section 6.5, he shall be entitled to a monthly disability benefit equal to the lesser of: (i) his Accrued Benefit, calculated on the basis of his Years of Creditable Service accumulated as of his date of disability, plus his projected Years of Creditable Service, projecting Creditable Service until the Participant’s Normal Retirement Date, based on age and/or projected Years of Eligibility Service, or (ii) 50% of his Highest Average Compensation as of the date the Participant’s total and permanent disability causes the Participant’s loss of earning capacity. A Participant who reaches a Termination Date by reason of total and permanent disability before he is 100% vested pursuant to Section 6.5 shall be entitled to receive a lump sum distribution of his Employee Contributions Benefit pursuant to Sections 6.5 and 8.2(c).

(b) **Line of Duty Disability** - A Participant (regardless of his length of service or vested status) who terminates employment by reason of total and permanent disability, incurred as a result of an accident or injury which has been sustained as an active Covered Employee and which has been ruled compensable under the Maryland Workers’ Compensation Act, shall be...
entitled to receive a lump sum distribution of his Pick-Up Contributions Benefit, if he is entitled to
the benefit, and a monthly benefit equal to the greater of: (i) the benefit determined pursuant to Section
6.4(a), or (ii) 66-2/3% of the Participant’s Highest Average Compensation.

(c) Disability Benefits - Part-Time Employees. For purposes of
calculating the limitations under Sections 6.4(a)(ii) and 6.4(b)(ii), the Highest Average Compensation
of a Participant who was not employed on a full time basis shall be calculated on the basis of his
Compensation and not the full time equivalent of his Compensation.

(d) General Provisions Relating to Disability -

(i) Commencement of Benefits: Disability benefits shall
commence on the first day of the month coincident with or otherwise next following the determination
of disability by the County.

(ii) Form of Benefit: The benefits payable pursuant to this Section
6.4 shall be payable in the normal form provided by Section 6.1, unless an optional form of payment
has been elected pursuant to Section 8.2.

(iii) Total and Permanent Disability: For purposes of the initial
determination of a Participant’s disability, total and permanent disability shall mean a medically
determinable physical or mental impairment which can be expected to be permanent or result in death,
and by reason of which the Participant will be prevented from performing the usual duties of his
position with the County. Such total and permanent disability must be evidenced by a certificate of a
physician selected or approved by the County. However, total and permanent disability shall not
include any injury or disease which: (i) resulted from or consists of chronic alcoholism or addiction
to narcotics, (ii) was contracted, suffered or incurred while the Participant was engaged in, or resulted
from his having engaged in, a criminal enterprise, (iii) was intentionally self-inflicted (iv) arose as a
result of willful negligence on the part of the Participant.

(iv) Classification of Line of Duty Disability:

(A) The disability of a Participant who is awarded line of
duty disability benefits shall be classified as “catastrophic” or “non-catastrophic.” "Catastrophic
disability" means a line of duty disability by reason of which the Participant applies for and is
awarded disability benefits pursuant to Section 223 of the Federal Social Security Act (42 U.S.C.
Section 423), or any successor statute. "Non-catastrophic disability" means a line of duty disability
which is not a catastrophic disability.

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(B) A Participant’s line of duty disability shall be classified as a “non-catastrophic disability” until the Participant provides the County with evidence of the award of Social Security disability benefits.

(C) To be eligible for the classification of line of duty disability benefits as “catastrophic,” the Participant must not have been receiving Social Security disability benefits as of his Termination Date, and must apply for Social Security disability benefits no later than 90 days following his Termination Date.

(D) As soon as administratively practical after receipt of the notification of the award of Social Security disability benefits, the Participant’s monthly benefit shall be converted to a catastrophic line of duty disability benefit. With respect to a Participant who receives an award of Social Security disability benefits after having attained his Normal Retirement Date, based on age and/or projected Years of Eligibility Service, the conversion to a catastrophic line of duty disability benefit shall be effective as of the later of: (1) the first day of the month as of which the Participant receives benefits pursuant to this Section 6.4, or (2) the date the Participant attained his Normal Retirement Date, based on age and/or projected Years of Eligibility Service.

(E) As of the July 1 following the date the Participant ceases to be eligible for Social Security disability benefits, the Participant’s line of duty disability shall be classified, retroactively if necessary, as a “non-catastrophic line of duty disability.” If the Participant has attained his Normal Retirement Date, based on age and/or projected Years of Eligibility Service, on the date he ceases to be eligible for Social Security disability benefits, his benefits will convert to a normal retirement benefit, as provided in Section 6.4(d)(x), as of the first day of the following month. Notwithstanding the foregoing, the cessation of the Social Security disability benefits upon the Participant’s reaching Social Security retirement age shall not result in a reclassification of the Participant’s catastrophic line of duty disability benefits.

(v) Workers Compensation Benefit and Earned Income Offset:

(A) A Participant’s benefits payable pursuant to this Section 6.4 shall be reduced by $1.00 for each $1.00 received by the Participant under the Maryland Workers’ Compensation Act as compensation for an accident or injury underlying the Participant’s total and permanent disability.

(B) Until a Participant who has reached a termination by reason of total and permanent disability attains his Normal Retirement Date, based on age and/or projected Years of Eligibility Service, the Participant’s benefits payable pursuant to Section 6.4(a)
and Section 6.4(b), but only with respect to a non-catastrophic line of duty disability, shall be reduced by $1.00 for each $2.00 of the Participant’s earned income in excess of 25% of the Participant’s Highest Average Compensation. A Participant’s Highest Average Compensation for these purposes shall be adjusted annually each July 1 in accordance with Section 6.4(d)(xiii). The amount of earned income shall be determined based on income earned by the Participant during the prior calendar year.

(vi) Until a Participant who has reached a Termination Date by reason of total and permanent disability attains his Normal Retirement Date, based on age and/or projected Years of Eligibility Service, the continuation of his right to receive disability benefits shall depend on his continued survival, and his case shall be subject to periodic review in accordance with rules established by the County to determine his employment status, including, but not limited to, determination of the disabled Participant’s ability to secure gainful employment. The review process also includes the requirement that the disabled Participant furnish to the County a copy of his federal income tax return each year and such other documentation as may reasonably be requested by the County. In the event a disabled Participant ceases to submit to such review, at any time prior to his Normal Retirement Date, the Participant will be deemed to have recovered from the disability and the disability benefits payable pursuant to this Section 6.4 shall cease.

(vii) In the event of the Participant’s recovery from the disability and return to service as a Covered Employee, disability benefits payable pursuant to this Section 6.4 shall cease. Notwithstanding any provision in this Plan to the contrary, the Participant’s Years of Eligibility Service and Years of Creditable Service shall include such years during which the Participant received disability benefits pursuant to this Section 6.4.

(viii) In the event of the Participant’s recovery from the disability but failure to return to service as a Covered Employee, disability benefits payable pursuant to this Section 6.4 shall cease. Notwithstanding any provision in the Plan to the contrary, the Participant’s Years of Eligibility Service and Years of Creditable Service shall include such years during which the Participant received disability benefits pursuant to this Section 6.4.

(ix) In the event of the death of a disabled Participant, no benefits with respect to the Participant shall be payable except as otherwise provided in ARTICLE VII.

(x) Upon the attainment of the Participant’s Normal Retirement Date, based on age and/or projected Years of Eligibility Service, the monthly benefit of a Participant, or the Beneficiary of a Participant, as the case may be, receiving line of duty disability benefits classified as “non-catastrophic” pursuant to Section 6.4(d)(iv)(a) shall be converted to the benefit that would have been payable pursuant to Section 6.1, projecting Years of Creditable Service and Highest Average Compensation from the Participant’s Termination Date. The benefit shall continue to be paid to the Participant in the normal monthly form of retirement income described in Section 6.1, or

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in the form elected pursuant to Article VIII, as elected by the Participant upon commencement of
payment of disability benefits. For purposes of projecting Highest Average Compensation, a
Participant’s Highest Average Compensation shall be adjusted as of each July 1 occurring prior to the
Participant’s Normal Retirement Date for increases in the cost of living pursuant to Section
6.4(d)(xiii).

(xi) Notwithstanding any of the foregoing provisions, if a
Participant terminates employment with the County on a date at which he would be entitled to benefits
pursuant to Section 6.1 or 6.2, the Participant may elect to receive the benefits provided under Section
6.1 or 6.2, as the case may be.

(xii) A Participant on a Leave of Absence is entitled to receive
disability benefits pursuant to this Section 6.4.

(xiii) A Participant’s Highest Average Compensation shall be
adjusted to reflect the increase in the cost of living, for purposes of Sections 6.4(d)(v)(B) and
6.4(d)(x), by multiplying the Participant’s Highest Average Compensation before the adjustment by
a fraction:

(A) The numerator of which is the Consumer Price
Index as of the March 1 for which the adjustment is being made, and

(B) The denominator of which is the Consumer
Price Index as of the March 1 preceding the July 1 for which the adjustment is being made.

(C) The “Consumer Price Index” for these
purposes is the Consumer Price Index (Urban Wage Earners and Clerical Workers, Washington-
Arlington-Alexandria, DC-VA-MD-WV, All Items, 1982-84 = 100), published bi-monthly
[Baltimore, All Items, 1996=100), published monthly] by the Bureau of Labor Statistics. In the event
the Bureau of Labor Statistics abandons publication of the above-referenced index, the County
shall adopt any other index that provides an accurate measure of cost-of-living changes.

(D) The annual adjustment to a Participant’s
Highest Average Compensation for these purposes shall not be less than one percent or greater
than three and one-half percent.

(xiv) A Participant who was receiving benefits pursuant to this
Section 6.4 as of December 31, 2008 may irrevocably elect to receive benefits pursuant to this Section
6.4, as amended, effective January 1, 2009 by filing a written election, on a form approved by the

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Administrator, no later than January 31, 2009. In the absence of the filing of an election to receive benefits pursuant to Section 6.4, as amended, such a Participant’s disability benefits will continue to be administered as they were in effect prior to January 1, 2009.

[(e) A Participant who is not a Covered Employee at the time of termination of employment by reason of a total and permanent disability shall not be eligible for benefits pursuant to this Section 6.4. Rather, such a Participant will be entitled to benefits payable pursuant to Section 6.5.]

(f) A Participant who reaches a Termination Date by reason of a total and permanent disability incurred during and as a result of his Military Service shall be eligible to apply for ordinary, but not line of duty, disability benefits under Section 6.4(a) in accordance with Section 414(u) of the Code effective July 1, 2009.]

6.5 Other Terminations of Employment - If a Participant reaches a Termination Date for any reason other than death, retirement or total and permanent disability, he shall be entitled to a monthly termination benefit equal to a vested percentage (determined as set forth below) of the benefit computed pursuant to Section 6.1 (based upon his actual Years of Creditable Service and Highest Average Compensation at his Termination Date.

Benefits payable pursuant to this Section 6.5 shall commence on the first day of the month coincident with or otherwise next following the Participant’s Normal Retirement Date, unless the Participant receives a Cash-Out, in which case, such Cash-Out shall be made within an administratively reasonable period of time following the Participant’s termination of employment for the County. In addition, a lump sum distribution of the Participant’s Pick-Up Contributions Benefit shall be made within an administratively reasonable period of time following the Participant’s termination of employment for the County if he is entitled to the benefit.

The benefits payable pursuant to this Section 6.5 shall be payable in the normal form provided by Section 6.1, unless an optional form of payment has been elected pursuant to Section 8.2.

Subject to Section 3.2, the vested percentage of the Accrued Benefit to which the Participant is entitled shall be equal to the greater of: (i) 100% of his Employee Contributions Benefit, or (ii) a percentage of his Accrued Benefit, determined on the basis of his Years of Eligibility Service and in accordance with one of the following schedules:

Non-Uniformed Employees whose Employment Commencement Date is Prior to July 1, 2012 and all Uniformed Employees:

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<td>Less than 5</td>
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<td>5 or more</td>
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Non-Uniformed Employees whose Employment Commencement Date is On or After July 1, 2012:

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<tr>
<th>Years of Eligibility</th>
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<td>Less than 10</td>
<td>0%</td>
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<tr>
<td>10 or more</td>
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To the extent a Participant is entitled to receive a Pick-Up Contributions Benefit, he shall at all times be 100% vested in the Pick-Up Contributions Benefit.

Effective on the later of: (1) July 1, 2019, or (2) the July 1 first following the twelve month anniversary of a Participant’s Termination Date, and, as to both (1) and (2) above, with respect to a Participant who reaches a Termination Date without receiving credit for Years of Eligibility Service sufficient to provide the Participant with 100% vesting credit, the interest credit on such Participant’s Employee Contributions Benefit described in subsection (v) of the definition of “Employee Contributions Benefit” in Article II will cease being added to the Participant’s Employee Contributions Benefit. In the event the Participant is subsequently reemployed as a Covered Employee, the interest credit on such Participant’s Employee Contributions Benefit will resume as of the first June 30 following the Participant’s Reemployment Commencement Date.

6.6 **Maximum Limitation on Benefits** – Notwithstanding any Plan provisions to the contrary:

To the extent necessary to prevent disqualification under Section 415 of the Internal Revenue Code, and subject to the remainder of this Section 6.6, the maximum monthly benefit to which any Participant may be entitled at any time pursuant to this ARTICLE VI (hereafter referred to as the “Maximum Benefit”) shall not exceed the benefit determined in accordance with Section 415 of the Code, and the regulations promulgated thereunder, both as amended from time to time, (such amount, as adjusted by the Internal Revenue Service for C/L Increases, hereafter referred to as the “monthly dollar limit”). The rate of benefit accruals shall be frozen or reduced accordingly to comply with the

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limitations. In addition to the foregoing, the Maximum Benefit shall be reduced, and the rate of benefit accrual shall be frozen or reduced accordingly, to the extent necessary to prevent disqualification of the Plan under Section 415 of the Internal Revenue Code, with respect to any Participant who is also a Participant in: (i) any other tax-qualified pension plan maintained by the County, including a defined benefit plan in which an individual medical benefit account (as described in Section 415(l) of the Internal Revenue Code) has been established for him; (ii) any welfare plan maintained by the County in which a separate account (as described in Section 419A(d) of the Internal Revenue Code) has been established to provide post-retirement medical benefits for him; and/or (iii) any retirement or welfare plan, as aforesaid, maintained by a related employer, as described in Section 414(b), (c), (m) or (o) of the Internal Revenue Code. For purposes of this Section 6.6, the “Limitation Year” shall be defined as the calendar year, except as otherwise provided by adoption of a written resolution by the County.

6.7 Post-Tenmation Changes - Any change in benefits provided for by amendment to the Plan shall not apply to any Participant whose Termination Date with the County occurred prior to the effective date of such amendment, except as otherwise specifically provided for in the Plan or in such amendment.

6.8 Cost of Living Adjustments

(a) Retirement Benefits Subject to Cost of Living Adjustment. Notwithstanding the foregoing, but subject to the limitations set forth in Section 6.6, the monthly retirement income of a Participant who has reached the 12 month anniversary of his or her Benefit Commencement Date, as otherwise computed pursuant to Section 6.1, 6.2, 6.3, 6.4, or 6.5 (whichever is applicable), shall be subject to the cost of living adjustment described in this Section 6.8.

(b) Computation of Cost of Living Adjustment. As of each July 1 (hereafter referred to as the “Valuation Date”) which occurs during the period beginning on the first Valuation Date occurring at least 12 months subsequent to the Participant’s Benefit Commencement Date, the Participant’s monthly retirement benefit as of the Valuation Date shall be increased by one percent.

(c) Monthly Survivor Benefits Subject to Cost Of Living Adjustments. All survivor benefits payable pursuant to Section 7.1 (but only if payable in the form of a monthly income) shall be granted the cost of living adjustments provided in this Section 6.8.

(d) Periodic Evaluation of Cost of Living Adjustments. No less frequently than every three years and in conjunction with the annual valuation of the Plan, the Retirement Underlining indicates entirely new matter added to existing law.
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Plan Committee shall evaluate whether additional one-time and permanent cost of living adjustments should be recommended, taking into consideration the then current actuarially determined contribution rate, the rates of inflation, and the then current funding level of the Plan.

6.9 Delay in Receipt of Benefits - The amount of a Participant’s monthly retirement income paid in accordance with this Article VI shall commence being paid as of the later of: (a) the first day of the month as of which the retirement income may commence being paid, as determined pursuant to this Article VI, or (b) the first day of the month following the Participant’s election to begin receiving benefits. The amount of the monthly retirement income shall equal the Actuarial Equivalent of the monthly retirement income determined as of the first day of the month as of which the retirement income may commence being paid, as determined pursuant to this Article VI.

6.10 Ad Hoc Cost of Living Adjustment. Effective July 1, 2019, the monthly retirement income of a Participant who has reached his or her Benefit Commencement Date, as otherwise computed pursuant to Section 6.1, 6.2, 6.3, 6.4, or 6.5 (whichever is applicable), shall be subject to an increase determined in accordance with the following table, where “Year 1” is the Plan Year beginning July 1, 2019:

<table>
<thead>
<tr>
<th>Participant’s Initial Retirement Date</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>After 12/31/18</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Between 1/1/14 and 12/31/18</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Between 1/1/09 and 12/31/13</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>On or before 12/31/08</td>
<td>3%</td>
<td>2%</td>
<td>0%</td>
<td>5%</td>
</tr>
</tbody>
</table>

The cost of living adjustment provided for in this Section 6.10 shall be in addition to, and applied after, the adjustment provided for in Section 6.8(b). The adjustment made pursuant to this Section 6.10 shall be a one-time adjustment, subject to Section 6.8(d).

END OF ARTICLE VI

Underlining indicates entirely new matter added to existing law.
[S]ingle boldface brackets] indicates matter deleted from existing law.
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Bill No. 20-11
ARTICLE VII

Death Benefits

7.1 Benefits - Upon a Participant’s death, those persons designated pursuant to Section 9.1 shall receive a lump sum distribution of the Participant’s Pick-Up Contributions Benefit, if the Participant was entitled to the benefit, and the Participant’s Employee Contributions Benefit.

The only additional benefits payable under the Plan in the event of the death of a Participant shall be paid to those persons designated in accordance with Section 9.1 as follows:

(a) Ordinary Death Benefit - In the event of the death of a Participant who, subject to Section 7.1(d), has not reached a Termination Date, and not in the line of duty (as defined in Section 7.1(b)(iii)) and after he has become 100% vested pursuant to Section 6.5, but prior to his Benefit Commencement Date, his Beneficiary shall be entitled to receive the greater of:

(i) The Participant’s Employee Contributions Benefit, payable in one or more installments over a period which meets the requirements of Section 7.3, and which is designated by the Participant’s Beneficiary, or

(ii) The benefit equal to the benefit payable in accordance with Section 6.4(a) as if the Participant had: (A) been determined to be totally and permanently disabled as of the date of his death, (B) elected to receive benefits payable in the Joint and Survivor Option under Section 8.2(a) continuing after the Participant’s death at 100% of the rate to the Beneficiary for the remainder of such Beneficiary’s life, and (C) died on the date of his disability (i.e., the date the Participant loses earning capacity).

(iii) Notwithstanding the foregoing, in the event of the death of a Non-Uniformed Participant whose Employment Commencement Date occurs on or after July 1, 2012, prior to his Termination Date, and before he is 100% vested pursuant to Section 6.5, his Beneficiary shall be entitled to receive the sum of:

(A) The Non-Uniformed Participant’s Employee Contributions Benefit, payable in one or more installments over a period which meets the requirements of Section 7.3, and which is designated by the Participant’s Beneficiary, and

(B) An amount equal to the Non-Uniformed Participant’s annual Compensation determined as of the date of the Non-Uniformed Participant’s death, payable in one or more installments over a period which meets the requirements of Section 7.3, and which is designated by the Participant’s Beneficiary.

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Bill No. 20-11
(b) Line of Duty Death Benefit - In the event of the death of a Participant prior to his Benefit Commencement Date, while in the line of duty (as defined below) and without regard to his vested status, his Beneficiary shall be entitled to receive the greater of:

(i) The Participant’s Employee Contributions Benefit, payable in one or more installments over a period which meets the requirements of Section 7.3, and which is designated by the Participant’s Beneficiary, or

(ii) The benefit equal to the benefit payable in accordance with Section 6.4(b) as if the Participant had: (A) been determined to be totally and permanently disabled as of the date of his death, (B) elected to receive benefit payable in the Joint and Survivor Option under Section 8.2(a) continuing after the Participant’s death at 100% of the rate of his Beneficiary for the remainder of such Beneficiary’s life, and (C) dies on the date of his disability (i.e., the date the Participant loses earning capacity).

(iii) “Line of Duty” Definition - For purposes of this Section 7.1, the term “line of duty” means death from an injury or illness which has been sustained as an active Covered Employee and which has been ruled compensable under the Maryland Workers’ Compensation Act.

(c) Benefits Payable after Benefit Commencement Date - If a Participant dies after his Benefit Commencement Date, the benefits, if any, to which his Beneficiary shall be entitled shall depend upon the form in which the Participant’s benefits were payable at the time of his death, under the applicable form of benefit described in ARTICLE VIII.

(d) The Beneficiary of a Participant who dies while on a Leave of Absence is entitled to receive death benefits pursuant to this Section 7.1.

(e) A Participant who is not a Covered Employee at the time of termination of employment by reason of a death shall not be eligible for benefits pursuant to this Section 7.1, other than a lump sum distribution of the Participant’s Pick-Up Contributions Benefit if the Participant was entitled to the benefit and the Participant’s Employee Contributions Benefit, payable pursuant to Section 7.1(a)(i).

(f) A Beneficiary of a Participant who reaches a Termination Date by reason of death during and as a result of his Military Service shall be eligible to apply for ordinary, but not line of duty, death benefits under this Article VII, in accordance with Section 414(u) of the Code effective July 1, 2009. The Beneficiary shall be entitled to such death benefits that would have been payable if the Participant had resumed employment with the County on the day before his/her death and terminated employment on account of death.

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7.2 Limitations - All death benefits payable pursuant to this ARTICLE VII shall be distributed only in accordance with regulations prescribed by the Internal Revenue Service under Section 401(a)(9) of the Internal Revenue Code. To the extent required thereby, such benefits shall be distributed in full not later than the last day of the calendar year containing the fifth anniversary of the death of the Participant, except as follows:

(a) Unless the Participant or his Beneficiary irrevocably elects pursuant to any elective provision which may be then present in the Plan (which election must be made prior to the earliest date on which distribution would be otherwise required pursuant to this Section 7.2) to have the aforesaid five year limit apply, benefits payable to or for the benefit of the Participant’s Beneficiary, and which begin not later than the last day of the calendar year containing the first anniversary of the Participant’s death, may be distributed over the life of the Beneficiary or a period certain not extending beyond the life expectancy of the Beneficiary, under a method of distribution which meets the requirements of Section 8.3(a) (but with life expectancy based upon the Beneficiary’s attained age as of the Beneficiary’s birthday in the calendar year in which falls: (i) the date on which non-annuity benefits are required to commence pursuant to this Section 7.2(a), or (ii) if earlier, the date on which annuity benefits actually commence).

(b) If the Participant’s Beneficiary is his surviving spouse, then, unless the Participant or his spouse irrevocably elects pursuant to any elective provision which may be then present in the Plan (which election must be made prior to the earliest date on which distribution would be otherwise required pursuant to this Section 7.2) to have the aforesaid five year limit apply, benefits payable to or for the benefit of the surviving spouse, and which begin not later than the later of the last day of the calendar year containing the first anniversary of the Participant’s death, or the last day of the calendar year in which the Participant would have reached age 70-1/2, may be distributed over the life of the surviving spouse or a period certain not extending beyond the life expectancy of the surviving spouse, under a method of distribution which meets the requirements of Section 8.3(a) (but with life expectancy based upon the spouse’s attained age as of the spouse’s birthday in the calendar year in which falls: (i) the date on which non-annuity benefits are required to commence pursuant to this Section 7.2(b), or (ii) if earlier, the date on which annuity benefits actually commence).

(c) If benefits are payable in accordance with Section 7.2(b), and the surviving spouse dies after the Participant but prior to: (i) the date on which non-annuity benefits are required to commence pursuant to Section 7.2(b), or (ii) the date on which annuity distributions meeting the requirements of Section 7.2(b) actually commence, then, in either case, the aforesaid five year limit, and the alternate limit set forth in Section 7.2(a), are to be applied as if the spouse were the Participant, so that such limits shall be measured from the death of the spouse.
(d) If annuity benefits meeting the requirements of Section 8.3(a) had commenced prior to the Participant’s death, then the death benefits payable pursuant to this ARTICLE VII may be distributed without regard to the aforesaid five year limit, but must be distributed to the Participant’s Beneficiary at least as rapidly as they would have been under the pre-death method of distribution.

7.3 Delay in Receipt of Benefits - The amount of a Beneficiary’s monthly benefits paid in accordance with this Article VII shall commence being paid as of the later of: (a) the first day of the month as of which the benefit may commence being paid, as determined pursuant to this Article VII, or (b) the first day of the month following the Beneficiary’s election to begin receiving benefits. The amount of the monthly benefit shall equal the Actuarial Equivalent of the monthly benefit determined as of the first day of the month as of which the benefit may commence being paid, as determined pursuant to this Article VII.

END OF ARTICLE VII
ARTICLE VIII

Distribution of Benefits

8.1 Method of Payment - All benefit distributions shall be in cash or in annuity contracts as provided herein. The County shall determine, in its discretion, whether the distribution shall be funded through periodic payments made directly from the Trust, or through the purchase of annuity contracts, or whether a combination of such methods of distribution shall be used, and the County shall give to the Trustees such directions and information as may be necessary for the Trustees to carry out the decision of the County. If the County shall determine that the whole or any part of the distribution is to be funded through purchase of annuity contracts for a Participant, the County shall select such form of contract to be so purchased and shall direct the Trustees to pay the premium of such contract to the issuing company. The County shall direct that all right, title and interest in such contract shall remain in the Trustees under the terms of the Plan and the Participant shall have no right, title or interest therein except to receive the payments therefrom as provided therein, and, subject to Section 9.1, to change the Beneficiary from time to time; alternatively, the County may direct that the contract shall be purchased in the name of the Participant and distributed to him free and clear of the Trust, in which case: (i) the contract shall be issued so as to be nontransferable, (ii) it shall not contain a death benefit in excess of the death benefit provided in Article VII hereof or in this Article VIII, and (iii) it shall not contain provisions that expand upon, change or eliminate any Plan provisions applicable to distributions in annuity form.

Notwithstanding the foregoing, to the extent a Participant is entitled to receive a Pick-Up Contributions Benefit, distribution of the benefit shall be in the form of cash or in one lump sum distribution.

8.2 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 6.1, a benefit, which is the Actuarial Equivalent of the normal form of retirement income described in Section 6.1, payable in any of the following forms:

(a) Joint and Survivor Option - The joint and survivor option is a monthly income payable during the Participant’s lifetime and continuing after his death at either 50% or 100% (as elected by the Participant) of the rate to his Beneficiary for the remainder of such Beneficiary’s life.

If the Participant’s Beneficiary dies before the date on which the Participant’s benefits have commenced (whether before or after his Termination Date), the election shall thereupon become void; if the Participant’s Beneficiary dies after the date on which the Participant’s benefits have commenced, or the Participant becomes divorced from his Beneficiary,
but before the death of the Participant, the election shall remain effective and the Participant shall
continue to receive the reduced retirement income payable to him in accordance with the option.

(b) Single Life Annuity with Ten Year Guarantee Option - The Single
Life Annuity with Ten Year Guarantee Option is a monthly income payable during the Participant’s
lifetime, with the provision that, if the Participant dies before receiving retirement benefit payments
for a period of 120 months, after the Participant’s death, 100% of his monthly retirement benefit will
continue for the remainder of the 120 month period to the Beneficiary determined in accordance with
Section 9.1.

(c) Lump Sum Method - The lump sum method is a Cash-Out of the
Participant’s Employee Contributions Benefit, made at the election of the Participant pursuant to
Sections 5.4(c) or 5.5(e), in lieu of all other benefits under the Plan.

(d) Joint and Survivor Option - With Pop Up to Normal Form - The joint
and survivor option - with pop up to normal form 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 such Beneficiary's life and
which is the Actuarial Equivalent of the normal form of benefit described in Section 6.1.

If the Participant's Beneficiary dies before the Participant's Benefit
Commencement Date (whether before or after his or her Termination Date), the Participant's election
of the Joint and Survivor Option - with Pop Up to Normal Form shall become void.

If the Participant's Beneficiary dies after the Participant's Benefit
Commencement Date, but before the death of the Participant, the Participant’s election shall convert
to the normal form of benefit payment described in Section 6.1, payable for the remainder of the
Participant’s life. If the Participant becomes divorced from the Beneficiary, the election shall remain
effective; the benefit will not convert to the normal form of benefit payment described in Section 6.1,
unless the Participant's Beneficiary dies after the Participant's Benefit Commencement Date, but
before the death of the Participant.

8.3 General Provisions Applicable to Options -

(a) Minimum Distribution Requirements - Notwithstanding any other
provision in the Plan to the contrary, distribution shall be made only in accordance with regulations
prescribed by the Internal Revenue Service under Section 401(a)(9) of the Internal Revenue Code.
To the extent required thereby, distribution of benefits shall comply with the following limitations:

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1 (i) Except as otherwise provided below, distribution shall begin
2 not later than the calendar year (hereinafter referred to as the “Commencement Year”) in which the
3 Participant reaches age 70-1/2 or in which he subsequently retires. Distribution shall be made over
4 the life of the Participant or the lives of the Participant and his Beneficiary, and/or over a period certain
5 not extending beyond the life expectancy of the Participant or the joint life and last survivor
6 expectancy of the Participant and his Beneficiary, all as described in Treasury Regulation
7 § 1.401(a)(9)-1, or, if shorter, the alternate period described in Treasury Regulation § 1.401(a)(9)-2.
8
9 (ii) A required distribution shall be deemed to have been made
10 during the Commencement Year if actually made by the following April 1, but such delayed
11 distribution shall not change the amount of such distribution, and the distribution otherwise required
12 during the subsequent calendar year shall be calculated as if the first distribution had been made on
13 the last day of the Commencement Year.
14
15 (iii) Benefits paid prior to the Commencement Year shall reduce
16 the aggregate amount subject to (but shall not otherwise negate) the minimum distribution
17 requirements described herein.
18
19 (iv) Nothing contained in this Section 8.3(a) shall prevent
20 distribution of annuity benefits providing for non-increasing payments (except as otherwise permitted
21 in Treasury Regulation 1.401(a)(9)-1) payments beginning not later than the Commencement Year
22 (except as provided in (iii) above) and payable at least annually over a period permitted by this Section
23 8.3(a) (for which purpose, if benefit commencement under the annuity precedes the Commencement
24 Year, each relevant life expectancy shall be based on the individual’s attained age as of his birthday
25 occurring in the calendar year in which benefit commencement occurs). Any benefits accruing after
26 the Commencement Year shall be treated as a separate identifiable component distributable in
27 accordance with this Section 8.3(a) beginning in the Payment Year following the year of accrual.
28
29 (v) If the provisions of this Section 8.3(a) require the
30 commencement of benefits to a Participant who has not yet terminated employment, distribution shall
31 be made or commenced in accordance with this ARTICLE VIII as if the Participant had retired on
32 the last day of the Commencement Year. However, notwithstanding the commencement of benefits
33 pursuant to this Section 8.3(a), all other aspects of the Participant’s Plan participation shall continue
34 in accordance with the remaining provisions of the Plan. The Actuarial Equivalent of any additional
35 benefits which may accrue to the Participant pursuant to Section 6.3 after his benefits have been paid
36 or commenced by reason of this Section 8.3(a) shall increase the amount of periodic benefit payments
37 being received by the Participant under the Plan.
38
39 (vi) With respect to distributions under the Plan made for calendar
40 years beginning on or after January 1, 2001, the Plan will apply the minimum distribution

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requirements of Section 401(a)(9) of the Code in accordance with the Treasury Regulations under
Section 401(a)(9) of the Code that were proposed on January 17, 2001, notwithstanding any provision
of the Plan to the contrary. This amendment shall continue in effect until the end of the last calendar
year beginning before the effective date of final regulations promulgated under Section 401(a)(9) of
the Code, or such other date as may be specified in guidance published by the Internal Revenue Code.

(b) **Election Procedures** - An election of any optional form of benefit
described in Section 8.2, or any revocation or change of such election, must be made by a Participant
in writing, on a form supplied by or acceptable to the County.

(c) **Effect of Death** - In the event of the death of a Participant prior to the
date on which his benefits are due to commence under the terms of the Plan, no benefits shall be
payable to his spouse or other Beneficiary except as provided in ARTICLE VII, regardless of whether
or not the Participant has elected an optional form of benefit pursuant to this ARTICLE VIII.

8.4 **Eligible Rollover Distributions.** Notwithstanding any provision of the Plan to
the contrary that would otherwise limit a Distributee’s election under this Section, a Distributee may
elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an
Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee
in a direct rollover.

(A) **Definitions.**

**Eligible Rollover Distribution:** An Eligible Rollover Distribution is
any distribution of all or any portion of the balance to the credit of the Distributee, except that an
Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially
equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of
the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee’s
designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent
such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution
that is not includible in gross income (determined without regard to the exclusion for net unrealized
appreciation with respect to employer securities).

**Eligible Retirement Plan:** An Eligible Retirement Plan is an individual
retirement account described in Section 408(a) of the Code, an individual retirement annuity
described in Section 408(b) of the Code, or a qualified trust described in Section 401(a) of the Code,
that accepts the Distributee’s Eligible Rollover Distribution. However, in the case of an Eligible
Rollover Distribution to the surviving spouse of a Participant or former Participant, an Eligible
Retirement Plan is an individual retirement account or individual retirement annuity and, in the case
of an Eligible Rollover Distribution to a non-spouse Beneficiary of the Participant, an Eligible

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Bill No. 20-11
Retirement Plan is an inherited individual retirement account or inherited individual retirement annuity. With respect to distributions made after December 31, 2001, an Eligible Retirement Plan shall also mean an annuity contract described in Section 403(b) of the Code, an annuity plan described in Section 403(a) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred from this Plan. With respect to distributions made after December 31, 2007, an Eligible Retirement Plan shall also mean a Roth IRA described in Section 408A of the Code. The definition of “Eligible Retirement Plan” shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code. With respect to distributions made after December 31, 2006, to the extent the Eligible Rollover Distribution consists of amounts not includable in the Participant’s or former Participant’s taxable income, an “Eligible Retirement Plan” is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, a qualified trust described in Section 401(a) of the Code, or an annuity contract described in Section 403(b) of the Code that separately accounts for the non-taxable amounts transferred, and earnings thereon.

**Distributee:** A Distributee includes a Participant or former Participant. In addition, the Participant’s or former Participant’s surviving spouse and the Participant’s or former Participant’s spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the spouse or former spouse. In addition, the Participant’s designated Beneficiaries are Distributees with regard to their respective interests.

**Direct Rollover:** A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

8.5 **Transfers of Credited Service to Other Plans** - If a Participant terminates employment with the County as a Covered Employee and becomes an employee of another Government Employer and becomes eligible to participate in a retirement plan sponsored by such Government Employer, the Participant may elect to transfer service earned under this Plan to the retirement plan sponsored by such other Government Employer.

8.6 **Involuntary Transfers of Employment** - If a Participant is involuntarily transferred to another state or local retirement or pension system because of an involuntary transfer of the Participant’s employing unit to another employer, all of the County’s contributions on behalf of the Participant and interest on those contributions shall be transferred to the new system. The amount to be transferred to the new system shall be determined by actuarial valuation.

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**Bill No. 20-11**
Notwithstanding the foregoing, this Section 8.6 shall be operative only to the extent required by Title 37 of the State Personnel and Pensions Article of the Annotated Code of Maryland, or any successor statute.

END OF ARTICLE VIII
ARTICLE IX

Beneficiaries; Participant Data

9.1 Designation of Beneficiaries

(a) General Provisions - Each Participant may designate a Beneficiary or Beneficiaries (who may be named contingently or successively) to receive such benefits as may be payable under the Plan upon or after his death, and, subject to the provisions of ARTICLE VIII, such designation may be changed from time to time by the Participant by filing a new designation. Each designation will revoke all prior designations by the same Participant, shall be in form prescribed by the County, and will be effective only when filed in writing with the County during the Participant’s lifetime.

(b) Married Participants - In the case of a married Participant, the designation of a Beneficiary other than the Participant’s spouse as the sole, primary Beneficiary shall be void unless such spouse has filed a written consent to such a designation with the Administrator. The spouse’s consent shall identify the specific nonspouse Beneficiary designated by the Participant or, alternatively, shall contain a blanket consent to the Participant’s designation of any Beneficiary, shall contain the spouse’s acknowledgment of the effect of the consent, and the spouse’s signature on the consent shall be notarized or witnessed by a representative of the Administrator.

(c) Absence of Valid Designation - In the absence of a valid Beneficiary designation (except in conjunction with the election of a form of benefit payment which does not require the designation of a specific Beneficiary), or if, at the time any benefit payment is due to a Beneficiary, there is no living Beneficiary eligible to receive the payment, validly named by the Participant, the County shall direct the Trustees to distribute any such benefit payment to the Participant’s spouse, if then living, otherwise to the Participant’s then living descendants, if any, per stirpes, otherwise to the Participant’s then living parent or parents, equally, otherwise to the Participant’s estate. In determining the existence or identity of anyone entitled to a benefit payment, the County and the Trustees may rely conclusively upon information supplied by the Participant’s Personal Representative. In the event of a lack of adequate information being supplied to the County, or in the event that any question arises as to the right of any person to receive a benefit payment as aforesaid, or in the event that a dispute arises with respect to any such payment, then, notwithstanding the foregoing, the County, in its sole discretion, may, in complete discharge of the County and the Trustees, and without liability for any tax or other consequences which might flow therefrom, direct the Trustees to: (i) distribute the payment to the Participant’s estate, (ii) retain such payment, without liability for interest, until the rights thereto are determined, or (iii) deposit the payment into any court of competent jurisdiction.

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9.2 Location of Participants and Beneficiaries - Any communication, statement or notice addressed to a Participant or Beneficiary at his last post office address filed with the County, or if no such address was filed with the County, then at his last post office address as shown on the County’s records, shall be binding on the Participant or Beneficiary for all purposes of the Plan. Except for the County’s sending of a registered letter to the last known address, neither the Trustees nor the County shall be obliged to search for any Participant or Beneficiary. If the County notifies any Participant or Beneficiary that he is entitled to an amount under the Plan and the Participant or Beneficiary fails to claim such amount or make his location known to the County within three years thereafter, then, except as otherwise required by law, if the location of one or more of the next of kin of the Participant, including his surviving spouse, is known to the County, it may direct distribution of such amount to any one or more or all of such next of kin, and in such proportions as the County determines. If the location of none of the foregoing persons can be determined, the County shall have the right to direct that the amount payable shall be deemed to be a forfeiture and treated in accordance with Section 5.2, except that the dollar amount of the forfeiture, unadjusted for gains or losses in the interim, shall be reinstated if a claim for the benefit is made by the Participant or Beneficiary to whom it was payable. If any benefit payable to an unlocated Participant or Beneficiary is subject to escheat pursuant to applicable state law, neither the Trustees nor the County shall be liable to any person for any amounts escheated in accordance with such law.

END OF ARTICLE IX

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Bill No. 20-11
ARTICLE X

The Trust Fund

10.1 Investment of Funds - All contributions under the Plan shall be paid to the Trustees and deposited in the Trust. Such contributions, all investments made therewith and proceeds thereof and all earnings and profits thereon, less the authorized disbursements therefrom, shall constitute the Trust, which Trust, and the agreement under which it is maintained, shall in all respects constitute a part of the Plan. The County reserves the right to select, and from time to time to change, the Trustees, to amend the Trust with the consent of the Trustees, or to adopt a different funding vehicle.

10.2 Prohibition Against Diversion of Funds - It shall be impossible by operation of the Plan or Trust, by natural termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by other means, for any part of the corpus or income of the Trust, or any funds contributed thereto, to inure to the benefit of the County or otherwise be used for or diverted to purposes other than providing benefits to Participants and Beneficiaries and defraying reasonable expenses of administering the Plan, except as otherwise set forth in the Trust with respect to the conditions under which Trust assets may be returned to the County.

10.3 Prohibition Against Assignment of Benefits - Except as provided below, no benefit payable at any time under this Plan may be anticipated, assigned (either at law or in equity), alienated or subject to attachment, garnishment, execution, levy or other legal and equitable process. However, the prohibitions of the preceding sentence shall not apply to, and the Trustees shall fully recognize the creation, assignment or recognition of a right to any benefit payable with respect to a Participant pursuant to a “Qualified Domestic Relations Order.” For the purposes hereof, a Qualified Domestic Relations Order shall mean a judgment, decree or order made pursuant to a state domestic relations law which relates to the provision of child support, alimony payments or material property rights and (a) which clearly specifies: (i) the names and last known mailing addresses of the Participant and each payee, (ii) the amount or percentage of the Participant’s benefits to be paid by this Plan to each payee (or the manner in which such amount or percentage is to be determined), (iii) the number of payments or period to which such order relates, and (b) which does not (i) require this Plan to provide increased benefits, or (ii) require the payment of the same benefits to any payee which are payable to another payee pursuant to a prior Qualified Domestic Relations Order.

10.4 Insurer - The County may elect at any time to fund the Plan without a Trust through one or more life insurance contracts, retirement income policies or individual or group annuity contracts (“Policies”) issued by a life insurance company licensed to do business in the State of Maryland (“Insurer”). If the County so elects, all references in this Plan to the Trustees shall be

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deemed to refer to the Insurer and all references in this Plan to the Trust shall refer to the fund established pursuant to the Policies. Where appropriate according to the context, the term Trust shall also refer to the Policies.

END OF ARTICLE X
ARTICLE XI

Administration

11.1 Administrative Authority - Except as otherwise specifically provided herein, the County shall have the sole responsibility for and the sole control of the operation and administration of the Plan, and shall have the power and authority to take all action and to make all decisions and interpretations which may be necessary or appropriate in order to administer and operate the Plan, including, without limiting the generality of the foregoing, the power, duty and responsibility to: (a) resolve and determine all disputes or questions arising under the Plan, including the power to determine the rights of Employees, Participants and Beneficiaries, and their respective benefits, and to remedy any ambiguities, inconsistencies or omissions; (b) adopt such rules of procedure and regulations as in its opinion may be necessary for the proper and efficient administration of the Plan and as are consistent with the Plan; (c) implement the Plan in accordance with its terms and such rules and regulations; (d) direct the Trustees with respect to the eligibility of any Employee as a Participant and the crediting and distribution of the Trust, which are to be made only upon the basis of instructions from the County pursuant to the terms of the Plan; and (e) establish and carry out a funding policy and method consistent with the objectives of the Plan, pursuant to which the County shall determine the Plan’s liquidity and financial needs and communicate them to the Trustees (or other fiduciaries who are charged with determining investment policy).

Subject to the power to delegate in the manner described in Section 11.2, the County shall act by and through the County Executive.

11.2 County Administration - The Plan shall be operated and administered on behalf of the County by the Retirement Plan Committee ("the Administrator"). The Administrator shall be governed by the following:

(a) Except as the County shall otherwise expressly determine, the Administrator shall have the following powers:

(i) To make and enforce rules and regulations as it shall deem necessary or proper for the efficient administration of the Plan;

(ii) To make and enforce procedures to be followed by Employees in filing applications for benefits and for furnishing the evidence necessary to establish the Employees’ right to benefits;

(iii) To make and enforce determinations concerning the rights of Employees applying for or receiving benefits;

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(iv) To make and enforce procedures which afford a mechanism for adjusting complaints of an Employee dissatisfied with determinations of the Administrator;

(v) To make and enforce procedures for determining the service credit of Employees which affords Employees an opportunity to object, in writing, and to establish service credit in advance or retirement;

(iv) To make and enforce procedures for authorizing disbursements from the Trust created under the Plan and to authorize disbursements from the Trustees of the fund in accordance with the Plan documents;

(vii) To make and enforce procedures and standards and make determinations concerning total and permanent disability in accordance with the Plan documents;

(viii) To establish rules for computing the amount of benefits that shall be payable to any person in accordance with the Plan documents;

(ix) To interpret the Plan;

(x) To otherwise decide questions concerning the eligibility of any Employee to participate in the Plan or to receive benefits from the Plan;

(xi) To employ or engage actuaries to make actuarial evaluations of the liabilities under the Plan, to recommend the mortality and other tables and interest rates to be used from time to time in actuarial and other computations for any purpose under the Plan other than those purposes set forth in Section 5.3 hereof, to recommend the amounts of contributions to be made by the County and to perform such other services as the Administrator shall deem necessary or desirable in connection with the administration of the Plan;

(xii) To employ or engage accountants as it shall deem necessary or desirable in connection with the administration of the Plan;

(xiii) To employ or engage legal counsel as it shall deem necessary or desirable in connection with the administration of the Plan;

(xiv) To employ or engage any other experts as it shall deem necessary or desirable in connection with the administration of the Plan;

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(xv) To act for the County before all persons in any matter directly pertaining to the Plan.

(b) The Administrator shall have no power to amend or terminate the Plan, to determine County contributions, to exercise authority to direct the Trustees with respect to the investment of the Trust, to affect the employer-employee relationship between the County and any Employee, or to retain and/or discharge the Trustees, all of which powers are reserved to the County unless expressly granted to the Administrator.

(c) Fiduciary duties, powers and responsibilities (other than those reserved to the Trustees, with respect to management or control of Trust assets) may be allocated among the fiduciaries (if there be more than one) to whom such duties, powers and responsibilities have been delegated, so long as such allocation is pursuant to action of the County or by written agreement executed by the involved fiduciaries and approved by the County in which case, such fiduciary shall not have any liability, with respect to any duties, powers or responsibilities not allocated to him, for the acts or omissions of any other fiduciary. Any person may serve in more than one fiduciary capacity under the Plan, including those of Administrator and Trustee.

(d) The Administrator may appoint any persons or firms, or otherwise act to secure specialized advice or assistance, as it deems necessary or desirable in connection with the administration and operation of the Plan; the Administrator shall be entitled to rely conclusively upon, and shall be fully protected in any action or omission taken by it in good faith reliance upon, the advice or opinion of such firms or persons. The Administrator shall have the power and authority to delegate from time to time by written instrument all or any part of its duties, powers or responsibilities under the Plan, both ministerial and discretionary, as it deems appropriate, to the specified Employee who shall be designated by the Director of Human Resources to assist the Administrator (the “Coordinator”) and in the same manner to revoke any such delegation of duties, powers and responsibilities. The Administrator shall also have the power and authority to delegate by written instrument all or a part of its duties, powers and responsibilities with respect to disability determinations to a board appointed by the Administrator (the “Disability Review Board”), and, in the same manner to revoke any such delegation of duties, power and responsibilities. Any action of the Coordinator or the Disability Review Board in the exercise of such delegated duties, powers and responsibilities shall have the same force and effect for all purposes hereunder as if such action had been taken by the Administrator. Further, the Administrator may authorize the Coordinator or the Disability Review Board to execute any certificate or document on behalf of the Administrator, in which event any person notified by the Administrator of such authorization shall be entitled to accept and conclusively rely upon any such certificate or document executed by such person as representing action by the Administrator until such third person shall have been notified of the revocation of such authority. The Administrator shall not be liable for any act or omission of any person to whom the Administrator’s duties,
powers or responsibilities have been delegated, nor shall any person to whom any duties, powers or responsibilities have been delegated have any liabilities with respect to any duties, powers or responsibilities not delegated to him.

(e) All representatives of the County, and/or members of the Retirement Plan Committee shall use ordinary care and diligence in the performance of their duties pertaining to the Plan, but no such individual shall incur any liability: (i) by virtue of any contract, agreement, bond or other instrument made or executed by him or on his behalf in his official capacity with respect to the Plan, (ii) for any act or failure to act, or any mistake or judgment made, in his official capacity with respect to the Plan, unless resulting from his gross negligence or willful misconduct, or (iii) for the neglect, omission or wrongdoing of any other person involved with the Plan. The Plan shall indemnify and hold harmless each such individual from the effects and consequences of his acts, omissions and conduct in his official capacity with respect to the Plan, except to the extent that such effects and consequences shall result from his own willful misconduct or gross negligence; provided, however, that any person who shall claim the right to any payment or damage as a result of the actions of any individual in connection with the performance of their duties pertaining to the Plan, shall be entitled to look only to the Trust created by the Plan for payment. Such individual shall have no other right, claim or demand therefor against the County.

(f) The Plan may purchase, from Plan assets, as an expense of the Plan, liability insurance for the Plan and/or for its fiduciaries to cover liability or losses occurring by reason of an act or omission of a fiduciary, providing such insurance contract permits recourse by the insurer against the fiduciary in the case of breach of fiduciary obligation by such fiduciary. Any fiduciary may purchase, from and for his own account, insurance to protect himself in the event of a breach of fiduciary duty and the County may also purchase insurance to cover the potential liability of one or more persons who serve in a fiduciary capacity with regard to the Plan.

(g) Nothing in the Plan shall be construed so as to prevent any fiduciary from: (i) receiving any benefit to which he may be entitled as a Participant or Beneficiary, or (ii) receiving any reasonable compensation for services rendered, or for the reimbursement of expenses properly incurred in the performance of his duties under the Plan (except that no person so serving who receives compensation as an Employee shall receive compensation from the Plan, except for reimbursement of expenses properly incurred), or (iii) serving as a fiduciary in addition to being an officer, employee, agent, or other representative of the County or any related entity. However, the fiduciary shall not be entitled to vote or act upon, or execute on behalf of the Plan, documents specifically relating to his own participation in the Plan.

11.3 Retirement Plan Committee - There shall be a committee, to be known as the Retirement Plan Committee, which in the absence of any designation to the contrary by the County, shall serve as Administrator. Except to the extent that the County has retained any power or authority,
or allocated duties and responsibilities to another administrator or other fiduciary, said Committee shall have full power and authority to administer and operate the Plan in accordance with its terms and in particular the authority contained in this ARTICLE XI, and, in acting pursuant thereto, shall have full power and authority to deal with all persons in any matter directly connected with the Plan, including, but not limited to, the Trustees, other fiduciaries, insurance companies, investment advisors, other advisors and specialists. Participants, Beneficiaries and their representatives, in accordance with the following provisions:

(a) The Committee shall consist of the following members:

(i) Director of Human Resources or the Director’s designee as Chairperson;

(ii) Director of Finance or the Director’s designee;

(iii) One representative of the Fraternal Order of Police nominated and appointed by members of the Order;

(iv) One representative of the Career Fire Fighters Association nominated and appointed by members of the Association;

(v) One “at-large” member who is a former Participant who has reached a Termination Date pursuant to Section 6.1, 6.2 or 6.3 hereof at a time when he or she was a Non-Uniformed Participant ("Former Participant"), and who is appointed by the County Executive, subject to confirmation by the County Council;

(vi) Two “at-large” members who are Non-Uniformed Participants who are nominated and appointed by the County Executive, subject to confirmation by the County Council;

(vii) No more than two members may be employed within the same division.

(b) The Director of Human Resources or the Director’s designee and the Director of Finance or the Director’s designee shall serve on the Committee without limitation as to the number or length of terms.

The terms of every other member of the Committee shall be established in accordance with the following schedule:

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(i) At large members appointed pursuant to Section 11.3(a)(vi) may serve continuously for no more than two consecutive terms. The length of each term of said members shall be three years.

(ii) The at large member appointed pursuant to Section 11.3(a)(v) may serve continuously for no more than two consecutive terms. The length of each term of said member shall be two years.

(iii) The representative nominated and appointed by the Fraternal Order of Police may serve continuously for an unlimited number of terms, until his or her successor is nominated and appointed by the Fraternal Order of Police. The length of each term of said member shall be three years.

(iv) The representative nominated and appointed by the Career Fire Fighters Association may serve continuously for an unlimited number of terms, until his or her successor is nominated and appointed by the Career Fire Fighters Association. The length of each term of said member shall be three years.

If a member of the Committee is unable to complete his or her term, the appointing authority shall appoint another candidate to complete the member's term.

(c) Subject to his or her right to resign at any time, each member of the Committee shall serve without compensation at the pleasure of the County, and the County may appoint, and may revoke the appointment of, additional members to serve with the Committee as may be determined to be necessary or desirable from time to time. Each member of the Committee, by accepting his or her appointment to the Committee, shall thereby be deemed to have accepted all of the duties and responsibilities of such appointment, and to have agreed to the faithful performance of his or her duties thereunder.

(d) The Committee shall adopt such formal organization and methods of operation as it shall deem desirable for the conduct of its affairs. The Committee shall act as a body, and the individual members of the Committee shall have no powers and duties as such, except as provided herein; the Committee shall act by vote of a majority of its members at the time in office (other than those disqualified from voting pursuant to Section 11.2(g)), either at a meeting or in writing without a meeting.

(e) Except as set forth in Section 11.9, the determination of the Committee on any matter pertaining to the Plan within the powers and discretion granted to the Committee shall be final and conclusive on the County, the Trustees, all Participants and Beneficiaries and all those persons dealing in any way or capacity with the Plan.

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11.4 Mutual Exclusion of Responsibility - Neither the Trustees nor the County shall be obliged to inquire into or be responsible for any act or failure to act, or the authority therefor, on the part of the other.

11.5 Uniformity of Discretionary Acts - Whenever in the administration or operation of the Plan discretionary actions by the County, the Administrator or the Trustees are required or permitted, such action shall be consistently and uniformly applied to all persons similarly situated, and no such action shall be taken which shall discriminate in favor of highly-compensated employees as defined in Section 414(q) of the Internal Revenue Code.

11.6 Fiduciary Standards - The Administrator and all other persons in any fiduciary capacity with respect to the Plan shall discharge their duties with respect to the Plan: (i) solely in the interest of the Participants and Beneficiaries and for the exclusive purposes of providing benefits to Participants and their Beneficiaries and defraying reasonable expenses of administering and operating the Plan, (ii) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and (iii) in accordance with the documents and instruments governing the Plan.

11.7 Litigation - In any action or judicial proceeding affecting the Plan and/or the Trust, except as may be otherwise required by law, no Participant or Beneficiary shall be entitled to any notice or service of process, and any final judgment entered in such action shall be binding on all persons interested in, or claiming under, the Plan.

11.8 Payment of Administration Expenses - Expenses incurred in the administration and operation of the Plan shall be paid by the Trustees out of the Trust unless the County, in its discretion, elects to pay them.

11.9 Review Procedure - An Employee aggrieved by a decision of the Administrator may request that the Administrator review its decision, and the Administrator shall review its decision and advise the Employee of the decision following such review. The decision of the Administrator following such review upon request of an Employee shall be final and conclusive.

END OF ARTICLE XI

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ARTICLE XII

Amendment

12.1 Right to Amend - The County shall have the right to amend the Plan, at any time, by County Ordinance, and with respect to any provisions thereof (subject to the provisions of Section 10.2), all parties thereto or claiming any interest thereunder shall be bound thereby.

12.2 Amendment Required by Federal Law - Notwithstanding the provisions of Section 12.1, the Plan and Trust may be amended at any time, retroactively if required, if found necessary in order to conform to the provisions and requirements of the Internal Revenue Code or any similar act or any amendments thereto or regulations promulgated thereunder; no such amendment shall be considered prejudicial to any interest of a Participant or Beneficiary hereunder.

END OF ARTICLE XII
ARTICLE XIII

Termination

13.1 Right to Terminate - It is the present intention of the County to maintain the Plan throughout the County’s existence. Nevertheless, the County reserves the right, at any time, to permanently discontinue further contributions to the Trust or to terminate the entire Plan and Trust.

13.2 Automatic Termination of Contributions - The liability of the County to make contributions to the Trust shall automatically terminate upon liquidation of the County, upon its adjudication as a bankrupt or upon the making of a general assignment for the benefit of creditors.

13.3 Allocation and Distribution - This Section shall become operative in any of the following events: (a) a complete termination of the County’s liability to make further contributions to the Trust; (b) a complete discontinuance of contributions by the County to the Trust; or (c) a complete termination of the Plan. The effective date of any termination or discontinuance of contributions shall be as set forth in a resolution adopted by the County. The provisions of this Section shall also become operative in the event of a partial termination of the Plan, but only with respect to that portion of the Plan attributable to the Participants to whom the termination is applicable. Upon the effective date of any such event, then, notwithstanding any other provisions of the Plan, subject to the remainder of this Section 13.3, no persons who were not theretofore Participants shall be eligible to become Participants, no further benefits shall accrue and the Accrued Benefits of all Participants not theretofore vested, and not theretofore forfeited shall immediately become fully vested. The Accrued Benefits of all Participants and Beneficiaries shall be determined and distributed to them, as soon as is practicable after such termination or discontinuance, in accordance with ARTICLES VI and VIII. The assets in the Trust shall be allocated for the purposes set forth below and in the order set forth below, to the extent the assets are sufficient therefor. The allocations may be implemented by distribution of Trust assets, or by the purchase and distribution by the Trustees of insurance company annuity contracts, or by a combination of these methods. Upon termination of the Trust, the Trustees shall liquidate all assets remaining in the Trust. After deduction of estimated expenses in liquidating and distributing the Trust, and any reasonable compensation for the Trustees agreed upon with the County, the balance of the Trust assets shall be allocated so as to provide the Accrued Benefits otherwise payable under the Plan pursuant to the following order of priorities:

(i) To provide Accrued Benefits for each Participant who: (A) had begun to receive benefits at least three years prior to the effective date of the termination of the Plan, (B) would have begun to receive retirement or disability benefits at least three years prior to the effective date of the termination of the Plan but for the fact that commencement of benefits was deferred, or (C) would have been eligible to receive retirement benefits at least three years prior to the effective date of the termination of the Plan but for the fact that the Participant did not actually retire; and

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(ii) To provide Accrued Benefits for all other Participants, in the following order of preference:

(A) for each Participant who would have qualified under priority (i) above but for the fact that the entitling event occurred or would have occurred within three years of the effective date of the termination of the Plan, and

(B) for all other Participants in this priority (ii).

Trust assets shall be utilized under a particular priority only after all Accrued Benefits set forth in all preceding priorities shall have been fully provided for. For purposes of the allocation of funds within each priority, as set forth above, funds will be credited to each Participant to provide the Accrued Benefits to which he is so entitled, but only to the extent that such Accrued Benefits have not been provided under a preceding priority. Any reductions in Accrued Benefits within a particular priority (or within any particular preference set forth within a priority) as set forth above, due to insufficient Trust assets, shall be allocated pro rata among the Participants within that priority (or preference) on the basis of then present values of the respective Accrued Benefits described in that priority (or preference) for each such Participant. Any reference to Accrued Benefits payable to Participants shall also be deemed to include Accrued Benefits payable to Beneficiaries of deceased Participants. If any balance of Trust assets remains after all of the allocations described above, and after all liabilities with respect to Participants and retired Participants and their Beneficiaries, if any, are satisfied, then the balance shall be returned to the County, and the Trust shall terminate. Upon making such distribution, the Trustees shall be discharged from all obligations under the Trust and no Participant shall have any further right or claim therein.

Notwithstanding any provision to the contrary in this ARTICLE XIII, if a Participant dies during the interim between the effective date of termination and the distribution of Trust assets, and if his Benefit Commencement Date had not yet occurred as of the effective date of termination, the amount distributable to him or his Beneficiary, and the timing thereof, shall be determined pursuant to ARTICLE VII.

As an alternative to immediate distribution of the Trust, the County, in its discretion, and subject to its option at any time to require the complete distribution of the Trust to the then Participants in accordance with the first paragraph of this Section 13.3, may defer commencement of benefits to each Participant until such Participant reaches an event which would otherwise entitle him to benefit commencement pursuant to ARTICLE VI, at which time the provisions of ARTICLE VIII shall become applicable. During the interim period, there shall be established and maintained a separate account in the name of each Participant, based upon the values established pursuant to this Section 13.3 and/or Section 13.4. The separate account shall thereafter

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define and measure the amount available for benefits distributable to him, and there shall be credited
or charged thereto any income, expenses, gains or losses (whether or not realized, based upon fair
market value of invested assets) attributable or allocable thereto as of each Trust valuation date (or
the date of complete distribution of the Trust) with respect to the period since the last valuation date.

The provisions set forth in this Section 13.3 shall be subject to such
modification, retroactively if required, without necessity of formal amendment to the Plan, as may be
necessary in order to cause the termination of the Plan and/or Trust, and any distributions made
pursuant thereto and to conform to any requirements which may be imposed by the Internal Revenue
Service to prevent disqualification of the Plan and/or Trust, and no such modification shall be deemed
prejudicial to the interest of any Participant or Beneficiary.

13.4 Provision to Prevent Discrimination on Early Termination - Notwithstanding
any provision in the Plan to the contrary, in the event that the Plan and Trust terminates on or after
July 1, 1993, the benefit of any “highly compensated employee,” as such term is defined in Section
414(q) of the Internal Revenue Code and the regulations promulgated thereunder, shall be limited to
a benefit that is nondiscriminatory under Section 401(a)(4) of the Internal Revenue Code.

Notwithstanding any other provision of this Plan and Trust, the benefits payable under this Plan and
Trust to any Restricted Participant, as defined below, on or after July 1, 1993, shall be limited to an
amount equal in each year to the payments that would be made on behalf of the Restricted Participant
under a straight life annuity that is the Actuarial Equivalent of the Accrued Benefit to which the
Restricted Participant is entitled under the Plan and Trust. The limitation described in the preceding
sentence, however, shall not apply if: (i) after payment of benefits under the Plan and Trust to the
Restricted Participant, the value of Plan assets equals or exceeds 110 percent of the value of current
liabilities, as defined in Section 412(1)(7) of the Internal Revenue Code, (ii) the value of the benefits
payable to the Restricted Participant is less than one percent of the value of current liabilities, as
defined in Section 412(1)(7) of the Internal Revenue Code, before distribution, or (iii) the present
value of the benefits payable to the Restricted Participant on the Annuity Starting Date does not
exceed $3,500.

For the purposes hereof, a Restricted Participant is a Participant or former
Participant who, during a particular Plan Year, is one of the 25 highest-paid “highly compensated
employees,” as such term is defined in Section 414(q) of the Internal Revenue Code and the
regulations promulgated thereunder.

A Participant’s Annuity Starting Date is the first day of the first period for
which an amount is to be paid to the Participant, former Participant or Beneficiary as an annuity, or,
in the case of a benefit not payable in the form of an annuity, the first day on which all events have
occurred which entitle the Participant, former Participant or Beneficiary to such benefit.
13.5 Plan Combinations and Transfers - In the case of any merger or consolidation of the Plan with, or transfer of assets or liabilities of the Trust to, any other plan, the transaction shall be structured so that each Participant in the Plan would (if the Plan then terminated) receive a benefit immediately after the transaction which is at least equal to the benefit he would have been entitled to receive immediately before the transaction (if the Plan had then terminated).

END OF ARTICLE XIII
ARTICLE XIV

Miscellaneous

14.1 Limitations on Liability of County - Neither the establishment of the Plan or Trust, nor any modification thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the County (or any person connected therewith) the Trustees or any insurance company, except as provided by law, by any Plan provision or by the terms of any insurance or annuity policy. The County does not in any way guarantee the Trust from loss or depreciation, nor does the County guarantee the payment of any money which may be or become due to any person from the Trust. Any person having a right or claim under the Plan shall look solely to the Trust assets, and in no event shall the County (or any person connected therewith) be liable to any person on account of any claim arising by reason of the provisions of the Plan or of any instrument or instruments implementing its provisions, or for the failure of any Participant, Beneficiary or other person to be entitled to any particular tax consequences with respect to the Plan, the Trust or any contribution thereto or distribution therefrom. The County shall not be liable to any person for failure on its part to make contributions as provided in Section 5.1, nor shall any action lie to compel the County to make such contributions. The County (or any person connected therewith) shall not have any liability to any person by reason of the failure of the Plan to attain and/or maintain qualified status under Section 401(a) of the Internal Revenue Code, or the failure of the Trust to attain and/or maintain tax exempt status under Section 501(a) of the Internal Revenue Code, regardless of whether or not such failure is due to any act or omission (willful, negligent or otherwise) of the County (or any person connected therewith).

14.2 Construction - The Plan is intended to comply with all requirements for qualification under Section 401(a) of the Internal Revenue Code and, if any provision of the Plan is subject to more than one interpretation or construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with the Plan being so qualified. In case any provision of the Plan shall be held to be illegal or void, such illegality or invalidity shall not affect the remaining provisions of the Plan, but shall be fully severable, and the Plan shall be construed and enforced as if said illegal or invalid provisions had never been inserted herein. For all purposes of the Plan, where the context admits, words in the masculine gender shall include the feminine and neuter genders, the singular shall include the plural, and the plural shall include the singular, and references to persons shall include corporations, partnerships, estates and trusts. Headings of Articles and Sections are inserted only for convenience of reference and are not to be considered in the construction of the Plan. Except to the extent preempted by the laws of the United States of America, the laws of the State of Maryland shall govern, control and determine all questions arising with respect to the Plan and the interpretation and validity of its respective provisions. Participation under the Plan will
not give any Participant the right to be retained in the service of the County nor any right or claim to any benefit under the Plan unless such right or claim has specifically accrued hereunder.

END OF ARTICLE XIV

ARTICLE XV

Divestiture of Plan Investments in Companies Doing Business in Iran or Sudan

15.1 Definitions. The following terms shall have the following meanings for purposes of this Article XV:

(a) “Board of Trustees” shall mean the Board of Trustees for the State Retirement and Pension System established pursuant to Section 21-103 of the SP&P.

(b) “Company” shall have the meaning set forth in PLL Section 2-7-201(A)(2).

(c) “Council” shall mean the County Council of Frederick County, Maryland.

(d) “County Executive” shall mean the County Executive of Frederick County, Maryland.

(e) “Divestment Action” shall have the meaning set forth in PLL Section 2-7-201(A)(3).

(f) “Doing Business in Iran” shall have the meaning set forth in PLL Section 2-7-201(A)(4).

(g) “Doing Business in Sudan” shall have the meaning set forth in PLL Section 2-7-201(A)(5).

(h) “Investment” shall have the meaning set forth in PLL Section 2-7-201(A)(7).

(i) “Iran” shall have the meaning set forth in PLL Section 2-7-201(A)(8).

(j) “PLL” shall mean the Code of Public Local Laws of Frederick County, as in effect on July 1, 2010.

(k) “SP&P shall mean the State Personnel and Pensions Article of the Annotated Code of Maryland, as amended from time to time.

(l) “State Retirement & Pension System” shall mean the Maryland State Retirement & Pension System established pursuant to SP&P Section 21-101(a)

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15.2 Authorization for Divestiture.

(a) On May 13, 2008, Governor O’Malley signed Senate Bill 214 into law as Chapter 342 of the Laws of Maryland, 2008. Senate Bill 214 added SP&P Section 21-123.1 requiring the Board of Trustees to take Divestment Action with respect to Companies Doing Business in Iran and Companies Doing Business in Sudan.

(b) On May 7, 2009, Governor O’Malley signed House Bill 879 into law as Chapter 427 of the Laws of Maryland, 2009. House Bill 879 authorized the then Board of County Commissioners of Frederick County, Maryland to enact an ordinance providing for the divestment of assets of the Plan with respect to Companies Doing Business in Iran and Companies Doing Business in Sudan.

(c) Notwithstanding any provision of the Plan to the contrary, the County Executive directs the Trustee to follow, as soon as practical, the Divestment Actions of the Board of Trustees with respect to Companies Doing Business in Iran and Companies Doing Business in Sudan provided the County Executive determines that:

(i) The costs of divestment are de minimis as compared to total fund assets.

(ii) Substitute investments are available which will yield competitive returns at a comparable level of risk.

(iii) The fiduciaries have discretion regarding the timing and manner of divestment so that they are able to avoid imprudent transactions.

(iv) The fiduciaries otherwise act in accordance with the duties of loyalty and prudence – i.e. ascertain relevant facts, investigate options, obtain appropriate expert analysis, diversify appropriately, and act for the benefit of the beneficiaries.

(d) If the Administrator determines that the cost of the analysis and the administration of the divestiture may exceed the relative value of the divestiture, the Administrator shall present this information to the County Executive.

(c) The Administrator shall include in the annual investment performance review provided to the County Executive and Council a review of the divestiture program.

Underlining indicates entirely new matter added to existing law.
[S]Single boldface brackets] indicates matter deleted from existing law.
*** - indicates existing law unaffected by bill

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