

DEFERRED RETIREMENT OPTION PLAN

**PROPOSAL FOR
NON-PUBLIC SAFETY
PARTICIPANTS**

Charles County Pension Plan

INTRODUCTION

Propose consideration of a voluntary Deferred Retirement Option Plan (DROP) for non-public safety staff who participate in the Charles County Pension Plan.

What is it?

The DROP is a voluntary program that allows retirement eligible employees to have their monthly pension benefit deposited in an interest-bearing account while they continue to work for the County and receive their salary and benefits as an active employee.

ELIGIBILITY

- Participation is optional
- Participant must have reached normal retirement eligibility

APPROVAL

Applications must be approved by the County Administrator or designee

Applications may not be arbitrarily denied

Denials may be appealed to the Director of Human Resources within 15 days of receiving notice of the denial

Applicant may revoke application within 90 days of submission

If revoked, applicant must wait one full year before re-applying

SICK LEAVE

Must have 580 – 2580 hours of sick leave to apply sick leave towards DROP

Participant must have a balance of at least 80 hours remaining

Applied sick leave will be removed from the employee's sick leave balance.

Maximum sick leave to apply towards DROP calculation is 2500 and minimum is 500 hours.

Employees will continue to accrue sick leave

DROP PARTICIPATION

 PARTICIPATION PERIOD	 RETIREMENT ACCRUALS	 EMPLOYEE CONTRIBUTIONS	 COLAS & MERITS	 INTEREST RATE
Two Options <ul style="list-style-type: none">• 3-years• 5-years	<ul style="list-style-type: none">• Benefit accruals under retirement plan stop	<ul style="list-style-type: none">• Continue and go into DROP account	<ul style="list-style-type: none">• COLA not applied to DROP• COLA & Merit applied to salary	<ul style="list-style-type: none">• 10-Yr Treasury Bill adjusted annually• Cost-neutral review every 3 years

TERMINATION OF DROP PARTICIPATION

Disability or Death

- DROP account is deleted as if they had not ever entered the DROP
- Participant or their beneficiary may be eligible to receive a retirement benefit
- Benefits calculated based on the date of separation

Voluntary or Involuntary Termination

- DROP account is deleted as if they had not ever entered the DROP
- Participant or beneficiary may be eligible for a retirement benefit at termination

Completion of DROP Participation Period

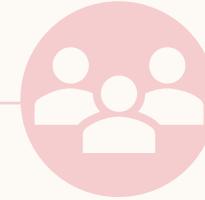
- Participants must end employment
- DROP benefit must be taken as a lump sum

OTHER CONSIDERATIONS



EXTENDED ABSENCES

- Continue participation until separation
- Expected to continue contributions while receiving pay



RE-EMPLOYMENT

- May not participate if participation period was completed
- May not participate if receiving pension benefits

TIMELINE

AUGUST 2023

OCTOBER 2023

DECEMBER 2023

FEBRUARY 2024

JULY 1, 2024



Vote by Committee

Produce Draft for Committee Review and Input

Finalize Plan Document

Request Commissioner Approval

Implementation

SUMMARY

- Plan designed to be cost-neutral
- Eligible at normal retirement date
- 500-2500 sick leave hours can be applied
- Employee contributions continue into DROP
- Participation Period 3 or 5 years – may not change once elected
- COLAs not applied to DROP calculations
- Interest rate tied to 10-year Treasury Bill
- Early terminations for all reasons treated as non-participant
- At completion of DROP, must terminate and receive lump sum

REQUEST

Motion to approve development of a Deferred Retirement Option Plan (DROP) which is designed to be cost neutral using the parameters described with appropriate changes as needed in collaboration with Legal and Actuarial support for presentation to and approval of Commissioners.



Presented By:

**Charles County Government
Department of Human Resources**

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