

Sheriff's Office Retirement Plan (SORP) Board (Thursday, March 28, 2019)

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Members present

Dr. Rebecca Bridgett
Jeannett Cudmore
Sgt. Shawn Moses
Sgt. Clay Safford
Dr. Tracy Harris
Catherine Pratson, Plan Administrator
Karen Gates, Recorder

1. CALL TO ORDER

The SORP meeting was called to order by Dr. Bridgett at 1:08 pm.

2. ROLL CALL

A. Approval of SORP Meeting Agenda

The SORP meeting agenda was approved as presented by Dr. Bridgett.

B. Approval of February 28, 2019 SORP Minutes

Motion 1: I move to approve the SORP meeting minutes of February 28, 2019 as presented.

Motion by Jeannett Cudmore, second by Tracy Harris

Final resolution: Motion carries

Yea: Rebecca Bridgett, Jeannett Cudmore, Sgt. Shawn Moses, Sgt. Clay Safford, Tracy Harris

3. OLD BUSINESS

A. DROP Program Update

On March 19, 2019, the County Commissioners approved the resolution to amend the 15th amendment to the Sheriff's Office Retirement Plan to rectify the discrepancy between the 15th amendment as written and the DROP plan document as voted upon by SORP membership to remain effective January 1, 2019 and to restate the Plan Document to include the first through the updated fifteenth amendments.

The signed resolution will be added to BoardDocs. The restated Plan Document will be emailed to all SORP participants and posted on the County's intranet and public website.

B. Proposed Plan Amendment to Allow Recalculation of Participant's Annuity

At the February 28, 2019 meeting, a board member asked if the Board would consider an amendment to the SORP Plan Document to allow a participant's benefit to be recalculated if the participant's designated survivor under the joint and survivor option dies after the participant's benefit commencement.

Catherine Pratson presented the Board with written opinions from the plan actuary and plan attorney. The plan actuary recommended providing a "pop-up" option as an optional form of benefit and changing the mortality tables used in determining actuarial equivalence to more recent mortality tables. Catherine Pratson referred the Board members to the table on page 2 of the March 26, 2019 letter from Bolton USA. The table shows the impact of the change in mortality tables for 50% and 100% J&S options for sample participant and spouse ages. The table also shows the cost of the pop-up option to the participant.

The plan attorney also suggested adding a "pop-up" option as a benefit election for future retirees. The participant could elect a reduced benefit with a designated survivor scheduled to receive 50% or 100% of the participant's benefit following his or her death. If the designated survivor dies before the participant, the participant's benefit "pops up" to the single life annuity form of benefit payment. The plan attorney and actuary indicated that there would be a "cost" to the participant in terms of a reduction to the benefit payment when compared to either the life annuity or joint and survivor forms of benefit payment without the pop up feature.

Board members would like clarification of why a participant's benefit payment would be less if they elected the pop-up feature. Jim Ritchie will be asked to attend the April 25, 2019 meeting to provide clarification of the cost of the pop-up and also to make a recommendation on how often to update the mortality tables. SORP members may email Catherine Pratson with any additional questions for the plan actuary.

C. Identifying SORP Pension Contributions as DROP Contributions on Pay Stubs

It was recommended by the plan actuary that DROP contributions continue to be identified as SORP pension contributions on a DROP participant's pay stub. DROP

contributions must be reported to the IRS as pension contributions. DROP participants will receive annual DROP statements showing their DROP balances.

4. NEW BUSINESS

A. Citizen Representative

Dr. Tracy Harris' term as Citizen Representative will end on June 30, 2019. A news release posting all board and commission vacancies will be sent out sometime in the month of April. Appointments to Boards and Commissions are made in June and take effect on July 1st. Citizens that are interested in applying for vacant positions apply through the County website.

B. Combining Investment Advisor for County Retirement Plans

In follow up to a Commissioner discussion, the plan attorney and plan actuary were asked whether there would be any value to the SORP plan to combine investment advisors with the OPEB and LOSAP plans. The plan attorney was further asked if there were any Plan document prohibitions to this type of combined arrangement. Both consultants indicated that this could be a vehicle to negotiate fee reductions and may be worth pursuing. Catherine Pratson will follow up with additional research and a draft Commissioner Consent Letter in April.

C. Legislative Tracking

A SORP Board member inquired if the Board and/or the Commissioners would be willing to submit a letter to the Maryland Legislation in support of pending legislation for a bill that would exempt retired public officials from paying state taxes on retirement income specific to their employment. The process for soliciting Commissioner support of pending legislation was described and includes bringing the item before the Commissioners. The County Administrator advised that the SORP Board or the Sheriff could ask the County Commissioners to review the bill by submitting a request to the County Attorney's Office. As the legislative session closed April 8, 2019, the request was not pursued.

5. COMMITTEE REPORTS

A. Administrator's Report

Motion 1: I move to approve the administrator's report as presented.

Motion by Sgt. Shawn Moses, second by Sgt. Clay Safford

Final resolution: Motion carries

Yea: Rebecca Bridgett, Jeannett Cudmore, Sgt. Shawn Moses, Sgt. Clay Safford, Tracy Harris

6. PUBLIC COMMENTS

A. Public Comments

None

7. ADJOURN

A. Adjourn