



Retirement News Highlights

Friday, November 4, 2022

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Baltimore City Council committee fast-tracks bill making current elected officials pension-eligible after 8 years instead of 12

By Emily Opilo

Baltimore Sun

November 03, 2022

A bill that would decrease from 12 to eight the number of years Baltimore elected officials would need to earn a pension was advanced by a Baltimore City Council committee Thursday despite a warning from city retirement officials that costs could escalate.

The 5-to-2 vote was made during a hastily scheduled hearing on the bill introduced to the City Council last week by Council President Nick Mosby.

The legislation is contingent upon the passage of Question K, a city charter amendment establishing term limits for Baltimore's mayor, City Council and comptroller. Voters are set to consider the amendment, which would limit officials to two terms in each office, during Tuesday's general election. If passed, the amendment would not take effect until 2024.

The proposed legislation, however, would boost the eligibility of sitting council members. As proposed, elected officials who have served since Dec. 1, 2022, would be pension-eligible after eight years.

David Randall, executive director of the Baltimore Employees' and Elected Officials' Retirement Systems, wrote in a letter to council that he opposes the legislation.

"While it may not be unconstitutional, it is highly unusual for elected officials to enhance their benefits while in term," Randall wrote.

Currently, the city's retirement plan for elected officials is fully funded, but the legislation, combined with market conditions, "have the potential to reduce the funding status below 100%, at which time there will be a cost to the city," Randall wrote.

Randall requested “adequate time” to do a full cost analysis of the bill.

Baltimore’s Finance Department issued a report agreeing with the retirement system’s analysis. Keeping a vesting period of 12 years when a maximum term of service is eight could deter people from running for city office, wrote Robert Cenname, the city’s deputy finance director. However, he said, the city’s pension system also must be financially sustainable.

Cenname recommended the council allow the city retirement system to develop alternatives to the legislation that would be more cost-effective, “while also providing for a reasonable retirement benefit for elected officials under a term limit law.”

There’s still time to consider alternatives, Cenname wrote, because the term limit amendment would not take effect until 2024.

The City Council’s Education, Workforce and Youth committee heard the bill Thursday. Members Zeke Cohen and James Torrence voted against the proposal. The committee, chaired by Councilman Robert Stokes, includes council’s most senior member, Sharon Green Middleton, three members in their second term and three freshmen.

Stokes defended the legislation, saying there will be no incentive for young people to seek office if they would be term limited out of a pension. Council’s hand was forced by the term limit charter amendment, he said.

“We’re only doing this to secure people’s pensions,” he said. “Everybody when they work somewhere, they want to leave with a pension.”

Cohen said he sees a need to adjust the pension system if Question K passes, but the legislation before council felt rushed, he said.

“Any time we’re interacting with the pension system that has major financial implications for the city,” he said. “I think it’s important to weigh the opinion of experts like the Finance Department, and in this case, it seemed like it was a fairly quick decision to disregard their expertise.”

The legislation still faces two votes from the full body of the City Council. The group meets on Monday.

Baltimore’s elected official retirement plan has two tiers of benefits: one for officials who were elected to office before December 2016 and one for those elected after. Officials elected before 2016 receive 2.5% multiplied by their years of service and their annual salary of their highest position held.

Officials elected after 2016 receive a pension based on the same formula, but it is capped at 60% of their compensation at the time of retirement.

There are also built-in increases. After two years of receiving benefits, officials elected before 2016 receive an increase tied to the current compensation of the position held before they retired. An official who retired as the city’s mayor, for example, would receive an increase at the same rate as the current mayor.

Officials elected after 2016 are capped at a 1.5% increase until age 65 and 2% thereafter, but they only have to wait one year for the increases to begin.

City elected officials can choose to pass on 40% of their pension to their spouse after their death or to a child. Children receive the benefit until age 22. Spouses receive the benefit until death or remarriage.

In an interview with The Baltimore Sun, Randall said the proposed legislation likely will increase the cost of the plan, which paid out about \$1.5 million in fiscal year 2022 to 31 retired officials and beneficiaries.

“I know it’s only eight years, but collecting it at 55 and life expectancy of 20 years, that adds quite a bit of money onto the plan,” he said.

The City Council’s proposal adds a cost factor for voters to consider as they weigh Question K, Randall said.

“City voters may just see it as we’re capping these guys at two terms, but there is a cost associated with it,” he said.

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Baltimore City Council Covers Their Six

City Council votes to amend pension requirements days before voters vote on term limits

By Brian Griffiths

The Duckpin

November 4, 2022

If you are as cynical about the motivations of politicians as I am, you will not be surprised about this: A bill that would decrease from 12 to eight the number of years Baltimore elected officials would need to earn a pension was advanced by a Baltimore City Council committee Thursday despite a warning from city retirement officials that costs could escalate.

The 5-to-2 vote was made during a hastily scheduled hearing on the bill introduced to the City Council last week by Council President Nick Mosby.

What’s even better about this bill is that the bill will only take effect if voters adopt Question K, the term limits bill that would set term limits for city elected officials to.....eight years.

In all my years of covering politics, I’m not sure I’ve ever see something so nakedly self-serving as this. City Council members, knowing that they may be term-limited in the very near future if Question K passes, decided that it was necessary right now to amend the pension requirements with little warning and little oversight.

Then there is this nugget from Councilman Robert Stokes:

Stokes defended the legislation, saying there will be no incentive for young people to seek office if they would be term limited out of a pension. Council's hand was forced by the term limit charter amendment, he said.

"We're only doing this to secure people's pensions," he said. "Everybody when they work somewhere, they want to leave with a pension."

There are lots of people in Baltimore who would like to leave their job with a pension. But they can't get a job, much less one with a pension, because Baltimore City elected officials are too busy dickering around protecting their precious pensions first and foremost.

You know that in Baltimore City, the elected Democrats feather their own nests before worrying about anybody else.

What's even more ridiculous is that, according to the language of the Question K proposal, City Council members would still have a chance to earn twelve years of service. The question is phrased so that "None of these elected officials shall hold office for more than eight (8) years during any 12-year period." That means that a City Council member could serve two terms, sit out a term, and run again. By the logic of Stokes and other City Council members, this is a solution in search of a problem.

All of this begs the question as to why Baltimore City elected officials get a pension in the first place. City Council members earn \$76,660 in salary in a city where the median per capita income is \$32,699 and 20% of people live below the poverty line. You're telling me that after earning that earning \$613,280 over the course of eight years of service on the City Council that they need an additional pension paid for by the city?

Do you know how long regular Baltimore City employees have to work to earn a full retirement? 30 years.

It's both absurd and typical that the Baltimore City Council is trying to rush this plan through, days before an election in which term limits may become a reality. But what this should do is get a motivated concerned citizen in Baltimore City to introduce a Charter Amendment to ban pensions for city elected officials.

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