

**COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
COMMITTEE REPORT**

1350 Pennsylvania Avenue, NW, Washington, DC 20004

DRAFT

TO: All Councilmembers

FROM: Chairman Phil Mendelson
Committee of the Whole

DATE: October 2, 2018

SUBJECT: Report on Bill 22-468, the “Teachers’, Police, and Firefighters Retirement Benefits Technical Amendment Act of 2018”

The Committee of the Whole, to which Bill 22-468, the “Teachers’, Police, and Firefighters Retirement Benefits Technical Amendment Act of 2017”¹ was referred, reports favorably thereon with amendments, and recommends approval by the Council.

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I. BACKGROUND AND NEED

On September 25, 2017, Bill 22-468, the “Teachers’, Police, and Firefighters Retirement Benefits Technical Amendment Act of 2018”² was introduced by Chairman Mendelson. Bill 22-468 would amend the Policemen and Firemen’s Retirement and Disability Act to clarify that provisions affected by marriage are also affected by domestic partnerships for those members covered under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 and to clarify that the Internal Revenue Code § 401(a)(17) compensation limit applies to members first covered under the plan on or after October 1, 2002; and to amend an Act for the retirement of public school teachers in the District of Columbia to clarify that the Internal Revenue Code § 401(a)(17) compensation limit applies to members first covered under the plan on or after October 1, 2002.

¹ Formerly the “Teachers’, Police, and Firefighters Retirement Benefits Technical Amendment Act of 2017.”

² *Id.*

The “Domestic Partnership Police and Fire Amendment Act of 2008”³ sought to provide certain benefits to domestic partners under the police and firefighters retirement plan. The proposed amendments were similar to benefits provided to domestic partners under 2008 amendments to the teachers’ plan. The District’s police and fire plan also covers some federal Park Service Police and Secret Service annuitants, however the federal government does not recognize domestic partners for those annuitants. Thus, the Bill 22-468 would implement the District’s domestic partner benefits for the non-federal members under the police and fire plan, recognizing the District’s domestic partnership benefits.

The provision relating to the Internal Revenue Service compensation limits for all 401(a) retirement plans is technical in nature. Amendments made by the “Retirement of Public-School Teachers Omnibus Amendment Act of 2012”⁴ and the “Police and Firefighter’s Retirement and Disability Omnibus Amendment Act of 2012”⁵ inadvertently removed language grandfathering individuals covered under the plans before changes to the federal contribution limit requirements as of October 1, 2002. The committee print reinstates the grandfather language into both plans reflecting federal tax law.

In addition, the District of Columbia Retirement Board (DCRB) requested an additional provision in testimony before the Committee. The new provision would allow certain Fire and Emergency Medical Services (FEMS) paramedics and emergency medical technicians who become sworn uniformed firefighters and members of the police and fire plan to “purchase” their prior FEMS service by using funds from the District 401(a) plan. This purchase provides them with additional credit towards their retirement benefit under the police and fire plan. The 401(a) plan already expressly allows the transfer-out of funds for this purpose, but the police and firefighters’ plan does not allow for the transfer-in. The Committee Print includes this clarifying provision.

Conclusion

Bill 22-468, as refined in the Committee Print, contains important updates to retirement laws for police, firefighters, and teachers, to ensure survivor annuities are calculated in accordance with applicable District and federal law. The Committee therefore recommends approval of Bill 22-468 as reflected in the Committee Print.

II. LEGISLATIVE CHRONOLOGY

- September 25, 2017 Bill 22-468, the “Teachers', Police, and Firefighters Retirement Benefits Technical Amendment Act of 2017” is introduced by Chairman Mendelson.
- October 6, 2017 Notice of Intent to Act on Bill 22-468 is published in the *District of Columbia Register*.

³ D.C. Law 17-358 (eff. March 24, 2009).

⁴ D.C. Law 19-312 (eff. May 1, 2013).

⁵ D.C. Law 19-314 (eff. May 1, 2013).

- January 26, 2018 Notice of a Public Hearing on Bill 22-468 is published in the *District of Columbia Register*.
- March 7, 2018 The Committee of the Whole holds a public hearing on Bill 22-468.
- October 2, 2018 The Committee of the Whole marks-up Bill 22-468.

III. POSITION OF THE EXECUTIVE

The Executive did not provide a witness to testify on behalf of the Executive at the hearing on Bill 22-468. Johnetta Brower Bond, District of Columbia Retirement Board Chief Benefits Officer offered testimony in support of the legislation, including recommending language with regard to purchasing credit for prior non-uniformed service at FEMS. DCRB also submitted a letter from its actuary indicating that the proposed changes will not have an impact on the funds under maintenance by DCRB.

IV. COMMENTS OF ADVISORY NEIGHBORHOOD COMMISSIONS

The Committee received no comments from Advisory Neighborhood Commissions.

V. SUMMARY OF TESTIMONY

The Committee of the Whole held a public hearing on Bill 22-468 on Wednesday, March 7, 2018. The testimony summarized below is from that hearing. Copies of written testimony are attached to this report.

Johnetta Brower Bond, Chief Benefits Officer, District of Columbia Retirement Board, testified on behalf of the Retirement Board. Her testimony is summarized in section III above.

The Committee received no other testimony on Bill 22-468.

VI. IMPACT ON EXISTING LAW

Bill 22-468 amends several sections of the Police and Firemen's Retirement and Disability Act, approved September 1, 1916 (39 Stat. 718; D.C. Official Code § 5-701 *et seq.*) to clarify eligibility for survivor benefits for certain annuitants and to explicitly allow FEMS employees who are converted to sworn officers to purchase credit for service in the police and fire plan. Bill 22-468 also amends Police and Firemen's Retirement and Disability Act and an Act for the retirement of public school teachers in the District of Columbia, approved August 7, 1946 (60 Stat. 875; D.C. Official Code § 38-2021.27 *et seq.*) to reinstate a former grandfather provision applicable to compensation limits under federal law used to calculate retirement benefits.

VII. FISCAL IMPACT

The attached September 28, 2018 fiscal impact statement from the District's Chief Financial Officer (CFO) states that funds are sufficient in the FY 2019 through FY 2023 budget and financial plan to implement Bill 22-468. Additionally, as described above, the Committee received a letter (attached) from DCRB stating that there would be no impact on the retirement funds to implement Bill 22-468.

VIII. SECTION-BY-SECTION ANALYSIS

<u>Section 1</u>	States the short title of Bill 22-468.
<u>Section 2</u>	Clarifies provisions of the Police and Firemen's Retirement and Disability Act.
<u>Section 3</u>	Clarifies provisions of an Act for the retirement of public school teachers in the District of Columbia.
<u>Section 5</u>	Fiscal Impact Statement.
<u>Section 6</u>	Establishes the effective date by stating the standard 30-day Congressional review language.

IX. COMMITTEE ACTION

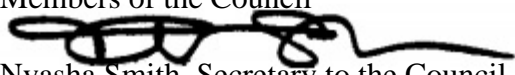
X. ATTACHMENTS

1. Bill 22-468 as introduced.
2. Written Testimony.
3. Letter from DCRB Actuary.
4. Fiscal Impact Statement for Bill 22-468.
5. Legal Sufficiency Determination for Bill 22-468.
6. Comparative Print for Bill 22-468.
7. Committee Print for Bill 22-468.

COUNCIL OF THE DISTRICT OF COLUMBIA
1350 Pennsylvania Avenue, N.W.
Washington D.C. 20004

Memorandum

To : Members of the Council

From : 
Nyasha Smith, Secretary to the Council

Date : September 27, 2017

Subject : Referral of Proposed Legislation

Notice is given that the attached proposed legislation was introduced in the Office of the Secretary on Monday, September 25, 2017. Copies are available in Room 10, the Legislative Services Division.

TITLE: "Teachers', Police, and Firefighters Retirement Benefits Technical Amendment Act of 2017", B22-0468

INTRODUCED BY: Chairman Mendelson

The Chairman is referring this legislation to the Committee of the Whole with comments from the Committee on Judiciary and Public Safety.

Attachment

cc: General Counsel
Budget Director
Legislative Services


Chairman Phil Mendelson

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A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend the Policemen and Firemen’s Retirement and Disability Act to clarify that provisions affected by marriage are also affected by domestic partnerships for those members covered under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1988, to clarify that 401(a) plan monies may be transferred by a member into the District of Columbia Police Officers and Fire Fighters’ Retirement Fund towards their purchase of prior service with the District of Columbia Fire and Emergency Medical Services Department, and to clarify that the Internal Revenue Code § 401(a)(17) compensation limit applies to members first covered under the Plan on or after October 1, 2002; and to amend an Act for the retirement of public school teachers in the District of Columbia to clarify that the Internal Revenue Code § 401(a)(17) compensation limit applies to members first covered under the Plan on or after October 1, 2002.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Teachers’, Police, and Firefighters Retirement Benefits Technical Amendment Act of 2017”.

Sec. 2. The Policemen and Firemen’s Retirement and Disability Act, approved September 1, 1916 (39 Stat. 718; D.C. Official Code § 5-701 *et seq.*), is amended as follows:

(a) Section 12(a) (D.C. Official Code § 5-701) is amended as follows:

(1) Paragraph (3) is amended to read as follows:

“(3) The term “widow” means:

40 “(A) For a member or former member not covered under the Police
41 Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1988, effective
42 September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.) , the surviving
43 wife of a member or former member if :

44 “(i) She was married to such member or former member:

45 “(I) While he was a member; or

46 “(II) For at least 1 year immediately preceding his death; or

47 “(ii) She is the mother of issue by such marriage.

48 “(B) For a member or former member covered under the Police Officers,
49 Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1988, effective
50 September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.) , the surviving
51 wife or domestic partner of a member or former member if :

52 “(i) She was married to or the domestic partner of such member or
53 former member:

54 “(I) While he was a member; or

55 “(II) For at least 1 year immediately preceding the his
56 death; or

57 “(ii) She is the mother of issue by such marriage or domestic
58 partnership.”.

59 (2) Paragraph (4) is amended to read as follows:

60 “(4) The term “widower” means:

61 “(A) For a member or former member not covered under the Police

62 Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1988, effective

63 September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), the surviving
64 husband of a member or former member if:

65 “(i) He was married to such member or former member:

66 “(I) While she was a member; or

67 “(II) For at least 1 year immediately preceding her death; or

68 “(ii) He is the father of issue by such marriage.

69 “(B) For a member or former member covered under the Police Officers,
70 Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1988, effective

71 September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), the surviving
72 husband of a member or former member if:

73 “(i) He was married to or the domestic partner of such member or
74 former member:

75 “(I) While she was a member; or

76 “(II) For at least 1 year immediately preceding her death; or

77 “(ii) He is the father of issue by such marriage or domestic
78 partnership.

79 (3) Paragraph (5) is amended to read as follows:

80 “(5) The term “child” means”

81 “(A) For a member or former member not covered under the Police

82 Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1988, effective

83 September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.) a child who is not

84 married, including:

85 “(i) An adopted child, stepchild, or recognized natural child who
86 lives with the member in a regular parent-child relationship, under the age of 18 years; or

87 “(iii) An adopted child, stepchild, or recognized natural child who
88 because of physical or mental disability incurred before the age of 18 is incapable of self-
89 support, regardless of age.

90 “(B) For a member or former member covered under the Police Officers,
91 Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1988, effective
92 September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.) a child who is not
93 married does not have a domestic partner, including:

94 “(i) An adopted child, stepchild, or recognized natural child who
95 lives with the member in a regular parent-child relationship, under the age of 18 years; or

96 “(iii) An adopted child, stepchild, or recognized natural child who
97 because of physical or mental disability incurred before the age of 18 is incapable of self-
98 support, regardless of age.

99 “(4) A new paragraph (5A) is added to read as follows:

100 “(5A) The term “student child” means a child, as defined in paragraph (5), who is
101 a student between the ages of 18 and 22 years, inclusive, and who is regularly pursuing a full-
102 time course of study or training in residence in a high school, trade school, technical or
103 vocational institute, junior college, college, university, or comparable recognized educational
104 institution.

105 (4) A new paragraph (21) is added to read as follows:

106 “(21) The term “domestic partner” shall have the same meaning as provided in
107 section 2(3) of the Health Care Benefits Expansion Act of 1992, effective June 11, 1992 (D.C.
108 Law 9-114; D.C. Official Code § 32-701(3)).

109 (b) Section 12(c)(9) (D.C. Official Code § 5-704(i)) is amended as follows:

110 (1) Paragraph (A) is redesignated as subparagraph (A)(I).

111 (2) A new subparagraph (A)(II) is added to read as follows:

112 “(II) If the member was a participant in the defined contribution
113 plan under Section 2605(3) of the District of Columbia Government Comprehensive Merit
114 Personnel Act of 1978, effective October 1, 1987 (D.C. Law 2-139; D.C. Official Code § 1-
115 626.05(3)), the member may transfer all or a portion of his or her defined contribution plan
116 account balance into the District of Columbia Police Officers and Fire Fighters’ Retirement Fund
117 towards their purchase of prior service with the District of Columbia Fire and Emergency
118 Medical Services Department.”

119 (c) Section 12(k) (D.C. Official Code § 5-716) is amended as follows:

120 (1) Paragraph (3) is amended as follows:

121 (i) Subparagraph (A) is amended by striking the phrase “wife or husband”
122 and inserting the phrase “wife or husband, or in the case of a member or former member covered
123 under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act
124 of 1988, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.)
125 who is survived by a wife, husband, or domestic partner” in its place.

126 (ii) Subparagraph (B) is amended by striking the phrase “wife or husband”
127 and inserting the phrase “wife or husband, or in the case of a member or former member covered
128 under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act

129 of 1988, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.)
130 who is survived by a wife, husband, or domestic partner” in its place.

131 (2) Paragraph (5) is amended as follows:

132 (A) Subparagraph (A) is amended to read as follows:

133 “(A) The annuity of the widow or widower under this section shall begin
134 on the day after the date on which the member or former member dies, and such annuity or any
135 right thereto shall terminate:

136 “(I) Upon the survivor’s death or remarriage before age 55;
137 provided that any annuity terminated by remarriage may be restored if such remarriage is later
138 terminated by death, annulment, or divorce; or

139 “(II) In the case of a member or former member covered under the
140 Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1988,
141 effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), upon
142 the survivor’s death, remarriage, or entry into a domestic partnership before age 55; provided
143 that any annuity or any right thereto shall terminate upon the survivor’s entry into a domestic
144 partnership before age 55 and may be restored if such domestic partnership is later terminated by
145 death or in accordance with (3)(d) of the Health Care Benefits Expansion Act of 1992, effective
146 June 11, 1992 (D.C. law 9-114; D.C. Official Code § 32-702(d)).”

147 (B) Subparagraph (B)(ii) is amended striking the phrase “marries” and
148 inserting the phrase “marries or enters into a domestic partnership” in its place.

149 (C) Subparagraph (C)(i)(I) is amended by striking the phrase “marries”
150 and inserting the phrase “marries or enters into a domestic partnership” in its place.

151 (D) Subparagraph (D) is amended by striking the phrase “marriage and
152 such marriage” and inserting the phrase “marriage or domestic partnership and such marriage or
153 such domestic partnership” in its place.

154 (3) Paragraph (6) is amended to read as follows:

155 “(6)(A) Any member retiring under subsection (i), (j), or (l), may at the time of
156 such retirement, and any member entitled to receive an annuity under subsection (q) may at the
157 time such annuity commences, elect to receive a reduced annuity in lieu of full annuity, and
158 designate in writing the person to receive an increased annuity after such member’s death;
159 provided, that the person so designated meet the criteria set forth in subparagraph (B).

160 Whenever such an election is made, the annuity of the designee shall be increased by an amount
161 equal to the amount by which the annuity of such member is reduced. The annuity payable to the
162 member making such election shall be reduced by 10% of the annuity computed as provided in
163 subsection (i), (j), or (l). Such increase in annuity payable to the designee shall be reduced by 5%
164 for each full 5 years the designee is younger than the member, but such total reduction shall not
165 exceed 40%. The increase in annuity payable to the designee pursuant to this subsection shall be
166 paid in addition to the annuity provided for such designee pursuant to paragraph (2) or paragraph
167 (3) of this subsection and shall be subject to the same limitations as to duration and other
168 conditions as the annuity paid pursuant to paragraphs (2), (3), and (5) of this subsection. If, at
169 any time after such former member’s election, the designee dies, and is survived by such former
170 member, the annuity payable to such former member shall be increased to the amount computed
171 as provided in subsection (i), (j), (l), or (q), as the case may be.

172 “(B) A person designated in paragraph (1) shall be:

173 “(i) The surviving spouse or child of the member; or

174 “(ii) In the case of a member covered under the Police Officers,
175 Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1988, effective
176 September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), the surviving
177 spouse, domestic partner, or child of the member.”.

178 (d) Section 12(n)(2) (D.C. Official Code § 5-723(d)(2)) is amended by striking the
179 phrase “spouse” and inserting the phrase “spouse or domestic partner” in its place.

180 (e) Section 12(n-1)(a) (D.C. Official Code § 5-723.01) is amended by adding a new
181 sentence at the end to read as follows: “This provision shall apply only with respect to an
182 individual who first becomes covered by this subchapter after October 1, 2002.”.

183 Sec. 3. Section 26(a) of an Act for the retirement of public school teachers in the District
184 of Columbia, approved August 7, 1946 (60 Stat. 875; D.C. Official Code § 38-2021.27(a)), is
185 amended by adding at a new sentence at the end to read as follows:

186 “‘This provision shall apply only with respect to an individual who first becomes covered
187 by this subchapter after October 1, 2002.”.

188 Sec. 4. Fiscal impact statement.

189 The Council adopts the fiscal impact statement in the committee report as the fiscal
190 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
191 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

192 Sec. 5. Effective date.

193 This act shall take effect following approval by the Mayor (or in the event of veto by the
194 mayor, action by the Council to override the veto), a 30-day period of Congressional review as
195 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December

196 24, 1973, (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
197 Columbia Register.



Hearing On Bill 22-468
The Teachers', Police, and Firefighters Retirement Benefits Technical
Amendment Act of 2017

Testimony

Of

Johnetta Brower Bond, Chief Benefits Officer
District of Columbia Retirement Board

Before the

The Honorable Phil Mendelson, Chairman
Committee of the Whole
Council of the District of Columbia

John A. Wilson Building, Room 412
1350 Pennsylvania Avenue, NW
Washington, DC 20004

March 7, 2018

OPENING REMARKS

Good afternoon, Chairman Mendelson and members of the Council of the District of Columbia Committee of the Whole. I am Johnetta Brower Bond, Chief Benefits Officer of the District of Columbia Retirement Board (“DCRB” or the “Board”). I am here to testify on behalf of DCRB regarding the “Teachers’, Police, and Firefighters Retirement Benefits Technical Amendments Act of 2017.” Other DCRB staff in attendance includes Joan Passerino, Director of Stakeholder Communication and Outreach.

DCRB was created by Congress in 1979 under the District of Columbia Retirement Reform Act as an independent agency of the District of Columbia government.

DCRB’s Board of Trustees (the “Board”) has 12 members, six (6) who are elected by members of the Plans, three (3) who are appointed by the Mayor, and three (3) who are appointed by this Council. In addition, the District’s Deputy Chief Financial Officer (CFO)/Treasurer, who represents the District’s CFO, serves on the Board as an ex-officio (non-voting) member. Board members are fiduciaries, who are required to discharge their responsibilities solely in the interest of members and beneficiaries.

The Agency has exclusive authority and discretion to manage the assets of the District of Columbia Teachers’ Retirement Fund and the District of Columbia Police Officers and Fire Fighters’ Retirement Fund (collectively referred to as the “Fund”). In addition, DCRB is responsible for the administration and payment of benefits of members of the District of Columbia Police Officers and Firefighters’ Retirement Plan (the Replacement Police/Fire Plan) and the District of Columbia Teachers’ Retirement Plan (the Replacement Teachers’ Plan), collectively known as the District Plans, that were established on July 1, 1997 under the “Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan Act.” The District government, as the employer, is the Plan Sponsor and is responsible for the design of the District Plans and for paying the required employer contributions to the Fund. DCRB is Plan Administrator of the District Plans, and also serves as the third-party administrator for the federal plans for District police officers, firefighters, and teachers, which were frozen on June 30, 1997, and for which the U.S. Department of the Treasury (“Treasury”) is financially responsible.

As of October 1, 2017, there were 26,433 members in both the frozen federal and active District Plan. The market value of the Fund was \$7.8 billion, an increase of approximately \$975 million in total asset value over the previous 12 months. As of

January 31, 2018, the assets in the Fund increased to \$8.4 billion. Also, as of October 1, 2017, the District Plans' aggregate funded ratio on an actuarial basis was 105.2 percent. The individual Plan ratios were: 92.5 percent for the Teachers' Plan and 110.8 percent for the Police Officers (111.2 percent) and Firefighters' (109.9 percent) Plan, as of the same date.

The Teachers', Police, and Firefighters Retirement Benefits Technical Amendments Act of 2017 (the "Act")

The Act includes technical amendments to both of the District Plans for the following purposes:

1. Reinstate Federal Tax Law Compensation Limit

To be qualified under federal tax law, the amount of compensation that may be used in calculating a retirement benefit is limited (\$275,000 in 2018). The Police/Fire and Teachers' Plans were first amended to include this limit on October 1, 2002 and expressly applied the limit to members hired on/after that date. An amendment on May 1, 2013, to add updated language inadvertently dropped the October 1, 2002, grandfather language. The purpose of this provision of the Act is to reinstate that grandfather language to both Plans.

2. Clarify Eligibility for a Survivor Benefit by Domestic Partners Under the Police/Fire Replacement Plan

The District Government recognizes registered domestic partners. Accordingly, DCRB's enabling statutes were amended to include domestic partners. The Teachers' Plan was amended in 2008 to allow surviving domestic partners to receive survivor benefits. Although the Police/Fire Plan was also amended in 2008, because the Federal Government does not recognize domestic partners, and the 1957 Policemen and Firemen's Retirement and Disability Act (the Retirement and Disability Act) includes federal Park Police and Secret Service officers, the District amendment was subject to congressional enactment. The purpose of this provision of the Act is to amend the Retirement and Disability Act to clarify that domestic partners are eligible for survivor benefits only under the District's Police/Fire Replacement Plan.

3. Allow the Police/Fire Replacement Plan to Accept Funds From the District's 401(a) Retirement Plan

Certain FEMS paramedics or emergency medical technicians may be transferred to the Police/Fire Plan as sworn uniformed firefighters and receive credit for their prior FEMS service for vesting and retirement eligibility. To

receive credit for calculating their benefit, however, they must purchase their prior service. Since that purchase would be at the full actuarial cost, however, it can be very expensive. Currently, the District's 401(a) Retirement Plan (the 401(a) Plan) expressly allows transferred members to move their 401(a) monies to the Police/Fire Plan to help pay for the purchase, but the Police/Fire Plan does not expressly allow for the acceptance of 401(a) Plan monies. The purpose of this provision of the Act is to allow the Police/Fire Plan to accept the transfer of 401(a) Plan monies.

In discussions with our actuaries about these amendments, we have been advised that none of these amendments would cause an increase in cost to either Plan members or to the District.

This concludes my testimony. I would be happy to answer any questions that you may have.



Cavanaugh Macdonald

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March 12, 2018

Ms. Sheila Morgan-Johnson
Executive Director
District of Columbia Retirement Board
900 7th Street, NW, 2nd Floor
Washington, DC 20001

Subject: Actuarial Impact of Technical Amendment Act of 2017

Dear Ms. Morgan-Johnson:

As requested, we have reviewed the Teachers', Police and Firefighters Retirement Benefits Technical Amendment Act of 2017 and the potential impact it may have on the District of Columbia Retirement Board Teachers' Retirement Plan and the Police Officers' and Firefighters' Retirement Plan. The proposed technical amendments to the Plans are summarized below:

- Reinstate October 1, 2002 grandfather language to IRC 401(a)(17) compensation limit that was inadvertently dropped in subsequent May 1, 2013 technical amendment (DC Code § 38-2021.27(a) for Teachers Retirement Plan and DC Code § 5-723.01(a) for Police Officers and Firefighters Retirement Plan,
- Clarify survivor benefits for domestic partners of Replacement Plan members,
- Clarify acceptance of transferred 401(a) monies for purchase of prior FEMS service are accepted into the Police Officers and Firefighters' Retirement Plan or Fund.

The changes listed above are all technical in nature and do not have any actuarial or fiscal impact on the determination of liabilities, funding or actuarially determined contribution requirements as determined in the October 1, 2017 actuarial valuations for the DCRB Teachers' Retirement Plan or the Police Officers and Firefighters' Retirement Plan.

If you need any further information regarding this analysis, please do not hesitate to contact us. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,

Edward J. Koebel, EA, FCA, MAAA
Principal and Consulting Actuary

Jonathan T. Craven, ASA, EA, FCA, MAAA
Consulting Actuary

cc: Erie Sampson, DCRB General Counsel

Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer

DATE: September 28, 2018

SUBJECT: Fiscal Impact Statement – Teachers’, Police, and Firefighters
Retirement Benefits Technical Amendment Act of 2018

REFERENCE: Bill 22-468, Committee Print provided to the Office of Revenue
Analysis on September 25, 2018

Conclusion

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill.

Background

The bill makes three technical amendments to the laws governing the retirement benefits for teachers, police and firefighters.

First, the bill reinstates a provision exempting participants who were active in any of the plans prior to October 1, 2002 from compensation limits¹. The provision, which grandfathered the exemption for that group, was inadvertently removed by previous technical correction bills in 2013.²

Second, the bill conforms the law to current practice of providing domestic partner benefits for non-federal annuitants participating in the police and firefighter retirement plans.

Third, the bill allows certain Fire and Emergency Medical Services (FEMS) employees who become sworn officers to receive credit for their prior FEMS service. Individuals eligible to participate in the police and firefighters’ retirement plan will be able to apply funds in their District 401(a)

¹ Compensation limits are used for determining allowable annual contributions into the plan.

² Retirement of Public-School Teachers Omnibus Amendment Act of 2012, D.C. Law 19-312 effective from May 1, 2013, and Police and Firefighter’s Retirement and Disability Omnibus Amendment Act of 2012, D.C. Law 19-314, effective May 1, 2013.

The Honorable Phil Mendelson

FIS: "Teachers', Police, and Firefighters Retirement Benefits Technical Amendment Act of 2018," Bill 22-468, Committee Print provided to the Office of Revenue Analysis on September 25, 2018.

Retirement Plan³ toward the purchase of service credit in the police and firefighter plan. Current law allows the transfer-out of funds for this purpose, but the police and firefighters' plan statute does not allow for the transfer-in.

Financial Plan Impact

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. An actuary hired by the District of Columbia Retirement Board determined⁴ that the changes proposed in the bill are technical and do not have a fiscal impact on the retirement funds.

³ D.C. Law 2-139; D.C. Official Code § 1-626.05(3).

⁴ Actuarial Impact letter provided by Cavanaugh Macdonald Consulting, LLC to the DC Retirement Board dated March 12, 2018.

§ 5-701. Definitions.

Wherever used in this subchapter:

* * *

~~(3) The term “widow” means the surviving wife of a member or former member if:~~

~~(A) She was married to such member or former member:~~

~~(i) While he was a member; or~~

~~(ii) For at least 1 year immediately preceding his death; or~~

~~(B) She is the mother of issue by such marriage.~~

(3) The term “widow” means:

(A) The surviving wife of a member or former member not covered under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), if:

(i) She was married to such member or former member:

(I) While he was a member; or

(II) For at least one year immediately preceding his

death; or

(ii) She is the mother of issue by such marriage; or

(B) The surviving wife or domestic partner of a member or former member covered under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), if:

(i) She was married to or the domestic partner of such member or former member:

(I) While he or she was a member; or

(II) For at least one year immediately preceding his or her

death; or

(ii) She is the mother of issue by such marriage or domestic partnership.”.

~~(4) The term “widower” means the surviving husband of a member or former member if, in the case of a member who was an officer or member of the United States Park Police force, the United States Secret Service Uniformed Division, or the United States Secret Service Division, or the surviving husband of a member or former member who was a member or officer of the Metropolitan Police force or the Fire Department of the District of Columbia if:~~

~~(A) He was married to such member or former member:~~

~~(i) While she was a member; or~~

~~(ii) For at least 1 year immediately preceding her death; or~~

~~(B) He is the father of issue by such marriage.~~

(4) The term “widower” means:

(A) The surviving husband of a member or former member not covered under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), if:

(i) He was married to such member or former member:

(I) While she was a member; or

(II) For at least one year immediately preceding her death; or

(ii) He is the father of issue by such marriage; or

(B) The surviving husband of a member or former member covered under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), if:

(i) He was married to or the domestic partner of such member or former member:

(I) While he or she was a member; or

(II) For at least one year immediately preceding his or her death; or

(ii) He is the father of issue by such marriage or domestic partnership.

~~(5)(A) The term “child” means an unmarried child, including:~~

~~(i) An adopted child; and~~

~~(ii) A stepchild or recognized natural child who lives with the member in a regular parent-child relationship, under the age of 18 years; or~~

~~(iii) Such unmarried child regardless of age who, because of physical or mental disability incurred before the age of 18, is incapable of self-support.~~

~~(B) The term “student child” means an unmarried child who is a student between the ages of 18 and 22 years, inclusive, and who is regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution.~~

(5) The term “child” means”

(A) An adopted child, stepchild, or recognized natural child of a member or former member not covered under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), who:

(i) Is unmarried, lives with the member or former member in a regular parent-child relationship, and is under the age of 18 years; or

(ii) Is unmarried and incapable of self-support, regardless of age, because of physical or mental disability incurred before the age of 18; or

(B) An adopted child, stepchild, or recognized natural child of a member or former member covered under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), who:

(i) Is unmarried and does not have a domestic partner, lives with the member or former member in a regular parent-child relationship, and is under the age of 18 years; or

(ii) Is unmarried and does not have a domestic partner and is incapable of self-support, regardless of age, because of physical or mental disability incurred before the age of 18.

(5A) The term “student child” means a child, as defined in paragraph (5), who is a student between the ages of 18 and 22 years, inclusive, and who is regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution.

* * *

(21) The term “domestic partner” shall have the same meaning as provided in section 2(3) of the Health Care Benefits Expansion Act of 1992, effective June 11, 1992 (D.C. Law 9-114; D.C. Official Code § 32-701(3)).

* * *

§ 5-704. Creditable service.

* * *

(i)(1) Any member who is an officer or member of the District of Columbia Fire and Emergency Medical Services Department who was transferred pursuant to § 5-409.01, and who elects to, shall be covered by Chapter 9 of Title 1, and shall receive credit for prior years of service within the District of Columbia Fire and Emergency Medical Services Department as provided in subparagraphs (2), (3), and (4) of this subsection.

(2) Solely for the purposes of determining vesting and retirement eligibility, members shall receive credit for prior service with the District of Columbia Fire and Emergency Medical Services Department.

(3)(i) Members shall be eligible to purchase benefit accrual service for some or all of the time they were employed by the District of Columbia Fire and Emergency Medical Services Department. The member shall deposit to the credit of the District of Columbia Police Officers and Fire Fighters’ Retirement Fund an amount that is equal to the dollar increase in the present value of future benefits which results from crediting the prior service. The present value

of future benefits shall be calculated on the actuarial assumptions and methods used to calculate the present value of future benefits pursuant to § 1-907.03(a)(3)(B) for the applicable fiscal year. Upon separation from District of Columbia employment for reasons other than retirement, any firefighter who purchased prior service credit shall receive that purchased amount along with any interest credited to the amount. Any firefighter who withdraws the purchased amount and is later reinstated shall not be entitled to this prior service credit until the purchased amount plus interest is again deposited.

(ii) If the member was a participant in the defined contribution plan under Section 2605(3) of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective October 1, 1987 (D.C. Law 2-139; D.C. Official Code § 1-626.05(3)), the member may transfer all or a portion of his or her defined contribution plan account balance into the District of Columbia Police Officers and Fire Fighters’ Retirement Fund towards their purchase of prior service with the District of Columbia Fire and Emergency Medical Services Department.

(4) For the purposes of this section, the term “prior service” means any prior service in the District of Columbia Fire and Emergency Medical Services Department, regardless of whether there is a break in service.

* * *

§ 5-716. Survivor benefits and annuities.

* * *

(c) Each surviving child or student child of any member who dies before retirement, of any former member who dies after retirement, or of any member entitled to receive an annuity under § 5-717 (regardless of whether such member is receiving such annuity at the time of death), shall be entitled to receive an annuity equal to the smallest of:

(1) In the case of a member or former member who is survived by a ~~wife or husband~~ **wife or husband, or in the case of a member or former member covered under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), who is survived by a wife, husband, or domestic partner:**

(A) Sixty per centum of:

(i) The member’s average pay at the time of death; or

(ii) The adjusted average pay of the former member in the case of a member who was an officer or member of the United States Park Police force, the United States Secret Service Uniformed Division, or the United States Secret Service Division, or the adjusted average pay of the former member in the case of a member who was an officer or member of the Metropolitan Police force or the Fire Department of the District of Columbia, divided by the number of eligible children;

(B) \$2,918.00, to be increased on an annual basis by the cost of living adjustment determined pursuant to § 5-718; or

(C) \$8,754.00, divided by the number of eligible children, to be increased on an annual basis by the cost of living adjustment determined pursuant to § 5-718, divided by the number of eligible children; and

(2) In the case of a member or former member who is not survived by a ~~wife or husband~~ **wife or husband, or in the case of a member or former member covered under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), who is not survived by a wife, husband, or domestic partner:**

(A) 75% of the member's average pay at the time of death, divided by the number of eligible children;

(B) In the case of a member who was an officer or member of the United States Park Police Force, the United States Secret Service Uniformed Division, or the United States Secret Service Division, 75% of the adjusted average pay of the former member, divided by the number of eligible children; or

(C) In the case of a member who was an officer or member of the Metropolitan Police force or the Fire Department of the District of Columbia, 75% of the adjusted average pay of the former member, divided by the number of eligible children.

(d) Each widow or widower who, on the effective date of the Policemen and Firemen's Retirement and Disability Act Amendments of 1970, was receiving relief or annuity computed in accordance with the provisions of this section shall be entitled to receive an annuity in the greater amount of: (1) \$3,144; or (2) thirty-five per centum of the basis upon which such relief or annuity was computed. Each child who, on October 3, 2001, was receiving relief or annuity computed in accordance with the provisions of this section, shall be entitled to benefits computed in accordance with the provisions of subsection (c) of this section.

~~(e)(1) The annuity of the widow or widower under this section shall begin on the day after the date on which the member or former member dies, and such annuity or any right thereto shall terminate upon the survivor's death or remarriage before age 55; provided, that any annuity terminated by remarriage may be restored if such remarriage is later terminated by death, annulment, or divorce .~~

(e)(1) The annuity of the widow or widower under this section shall begin on the day after the date on which the member or former member dies, and such annuity or any right thereto shall terminate:

(A) Upon the survivor's death or remarriage before age 55; provided, that any annuity terminated by remarriage may be restored if such remarriage is later terminated by death, annulment, or divorce; or

(B) In the case of a member or former member covered under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 et seq.), upon the survivor's death, remarriage, or entry into a domestic partnership before age 55; provided, that any annuity terminated by remarriage or entry into a domestic partnership may be restored if such remarriage or domestic partnership is later terminated by death, annulment, divorce, or in accordance with (3)(d) of the Health Care Benefits Expansion Act of 1992, effective June 11, 1992 (D.C. Law 9-114; D.C. Official Code § 32-702(d)).

(2) The annuity of any child under this section shall begin on the day after the date on which the member or former member dies, and the annuity shall terminate upon whichever of the following occurs first:

(A) The child becomes 18 years of age or, if over 18 years of age and incapable of self-support, becomes capable of self-support;

(B) The child marries or enters into a domestic partnership; or

(C) The child dies.

(3)(A) The annuity of any student child under this section shall begin on the day after the date on which the member or former member dies, and the annuity shall terminate upon whichever of the following occurs first:

(i) The student child marries **or enters into a domestic partnership;**

(ii) The student child ceases to be a student;

(iii) The student child reaches 22 years of age; or

(iv) The student child dies.

(B) For the purposes of this subsection, a student child whose 22nd birthday falls on or after July 1st shall not be considered to have reached 22 years of age until the June 30th following the student child's actual 22nd birthday.

(4) If the annuity of a child under paragraph (2) or paragraph (3) of this subsection terminates because of marriage **or domestic partnership** and such marriage **or domestic partnership** ends, the annuity shall resume on the first day of the month in which it ends, but only if the individual is not otherwise ineligible for the annuity.

(5) Notwithstanding the provisions of paragraphs (2) and (3) of this subsection, no annuity of a child or student of a widow or widower under subsection (a-1) of this section shall be paid while an annuity benefit to a widow or widower under subsection (a-1) of this section is being paid.

(f)(1) Any member retiring under § 5-709, § 5-710, or § 5-712, may at the time of such retirement, and any member entitled to receive an annuity under § 5-717 may at the time such annuity commences, elect to receive a reduced annuity in lieu of full annuity, and designate in writing the person to receive an increased annuity after such member's death; provided, that the person so designated ~~be the surviving spouse or child of such member~~ **meet the criteria set forth in paragraph (2) of this subsection**. Whenever such an election is made, the annuity of the designee shall be increased by an amount equal to the amount by which the annuity of such member is reduced. The annuity payable to the member making such election shall be reduced by 10% of the annuity computed as provided in § 5-709, § 5-710, or § 5-712. Such increase in annuity payable to the designee shall be reduced by 5% for each full 5 years the designee is younger than the member, but such total reduction shall not exceed 40%. The increase in annuity payable to the designee pursuant to this subsection shall be paid in addition to the annuity provided for such designee pursuant to subsection (b) or subsection (c) of this section and shall be subject to the same limitations as to duration and other conditions as the annuity paid pursuant to subsections (b), (c), and (e) of this section. If, at any time after such former member's election, the designee dies, and is survived by such former member, the annuity

payable to such former member shall be increased to the amount computed as provided in § 5-709, § 5-710, § 5-712, or § 5-717, as the case may be.

(2) A person designated in paragraph (1) shall be:

(A) The surviving spouse or child of the member; or

(B) In the case of a member covered under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 *et seq.*), the surviving spouse, domestic partner, or child of the member.

* * *

§ 5-723. Accrual and payment of annuities; persons who may accept payment; waiver; reduction.

* * *

(d) In order to facilitate the settlement of the accounts of each person who, at the time of his death, was receiving or was entitled to receive an annuity under this subchapter, the District of Columbia Retirement Board shall pay all unpaid annuity due such person at the time of death to the person or persons surviving at the date of death, in the following order of precedence, and such payment shall be a bar to recovery by any other person of amounts so paid:

(1) To the widow or widower of such person;

(2) If there be no surviving spouse **or domestic partner**, to the child or children of such person, and descendants of deceased children, by representation;

(3) If there be none of the above, to the parents of such person or the survivor of them; or

(4) If there be none of the above, to the duly appointed legal representative of the estate of the deceased person, or if there be none, to the person or persons determined to be entitled thereto under the laws of the domicile of the deceased person.

* * *

§ 5-723.01. Maximum amount of benefits and contributions.

(a) Benefits and contributions under the provisions of this subchapter shall not be computed with reference to any compensation that exceeds that maximum dollar amount permitted by section 401(a)(17) of the Internal Revenue Code, as adjusted for increases in the

cost of living. **This provision shall apply only with respect to an individual who first receives benefits under the act after October 1, 2002.**

* * *

§ 38–2021.27. Internal Revenue Code limits.

(a) Benefits and contributions under the provisions of this part shall not be computed with reference to any compensation that exceeds that maximum dollar amount permitted by section 401(a)(17) of the Internal Revenue Code, as adjusted for increases in the cost-of-living. **This provision shall apply only with respect to an individual who first receives benefits under the act after October 1, 2002.**

* * *

1 **DRAFT COMMITTEE PRINT**
2 **Committee of the Whole**
3 **October 2, 2018**
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8 A BILL
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11 22-468
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14 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
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20 To amend the Policemen and Firemen’s Retirement and Disability Act to clarify that provisions
21 that apply to marriage also apply to domestic partnerships for those members covered
22 under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement
23 Plan Act of 1998, to clarify that 401(a) plan monies may be transferred into the District
24 of Columbia Police Officers and Fire Fighters’ Retirement Fund towards the purchase of
25 a member’s prior service with the District of Columbia Fire and Emergency Medical
26 Services Department, and to clarify that the compensation limit set forth at Internal
27 Revenue Code § 401(a)(17) applies to members first covered under the Plan on or after
28 October 1, 2002; and to amend an Act for the retirement of public school teachers in the
29 District of Columbia to clarify that the compensation limit set forth at Internal Revenue
30 Code § 401(a)(17) applies to members first covered under the Plan on or after October 1,
31 2002.
32

33 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
34 act may be cited as the “Teachers’, Police, and Firefighters’ Retirement Benefits Technical
35 Amendment Act of 2018”.

36 Sec. 2. The Policemen and Firemen’s Retirement and Disability Act, approved
37 September 1, 1916 (39 Stat. 718; D.C. Official Code § 5-701 *et seq.*), is amended as follows:

38 (a) Section 12(a) (D.C. Official Code § 5-701) is amended as follows:

39 (1) Paragraph (3) is amended to read as follows:

40 “(3) The term “widow” means:

41 “(A) The surviving wife of a member or former member not covered
42 under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act
43 of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 *et*
44 *seq.*), if:

45 “(i) She was married to such member or former member:

46 “(I) While he was a member; or

47 “(II) For at least one year immediately preceding his death;

48 or

49 “(ii) She is the mother of issue by such marriage; or

50 “(B) The surviving wife or domestic partner of a member or former

51 member covered under the Police Officers, Firefighters, and Teachers Retirement Benefit

52 Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official

53 Code § 1-901.01 *et seq.*), if:

54 “(i) She was married to or the domestic partner of such member or

55 former member:

56 “(I) While he or she was a member; or

57 “(II) For at least one year immediately preceding his or her

58 death; or

59 “(ii) She is the mother of issue by such marriage or domestic

60 partnership.”.

61 (2) Paragraph (4) is amended to read as follows:

62 “(4) The term “widower” means:

63 “(A) The surviving husband of a member or former member not covered
64 under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act
65 of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 *et*
66 *seq.*), if:

67 “(i) He was married to such member or former member:

68 “(I) While she was a member; or

69 “(II) For at least one year immediately preceding her death;

70 or

71 “(ii) He is the father of issue by such marriage; or

72 “(B) The surviving husband of a member or former member covered
73 under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act
74 of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 *et*
75 *seq.*), if:

76 “(i) He was married to or the domestic partner of such member or
77 former member:

78 “(I) While he or she was a member; or

79 “(II) For at least one year immediately preceding his or her

80 death; or

81 “(ii) He is the father of issue by such marriage or domestic

82 partnership.

83 (3) Paragraph (5) is amended to read as follows:

84 “(5) The term “child” means:

85 “(A) An adopted child, stepchild, or recognized natural child of a member
86 or former member not covered under the Police Officers, Firefighters, and Teachers Retirement
87 Benefit Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C.
88 Official Code § 1-901.01 *et seq.*), who:

89 “(i) Is unmarried, lives with the member or former member in a
90 regular parent-child relationship, and is under the age of 18 years; or

91 “(ii) Is unmarried and incapable of self-support, regardless of age,
92 because of physical or mental disability incurred before the age of 18; or

93 “(B) An adopted child, stepchild, or recognized natural child of a member
94 or former member covered under the Police Officers, Firefighters, and Teachers Retirement
95 Benefit Replacement Plan Act of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C.
96 Official Code § 1-901.01 *et seq.*), who:

97 “(i) Is unmarried and does not have a domestic partner, lives with
98 the member or former member in a regular parent-child relationship, and is under the age of 18
99 years; or

100 “(ii) Is unmarried and does not have a domestic partner and is
101 incapable of self-support, regardless of age, because of physical or mental disability incurred
102 before the age of 18.

103 “(4) A new paragraph (5A) is added to read as follows:

104 “(5A) The term “student child” means a child, as defined in paragraph (5), who is
105 a student between the ages of 18 and 22 years, inclusive, and who is regularly pursuing a full-
106 time course of study or training in residence in a high school, trade school, technical or

107 vocational institute, junior college, college, university, or comparable recognized educational
108 institution.”

109 (4) A new paragraph (21) is added to read as follows:

110 “(21) The term “domestic partner” shall have the same meaning as provided in
111 section 2(3) of the Health Care Benefits Expansion Act of 1992, effective June 11, 1992 (D.C.
112 Law 9-114; D.C. Official Code § 32-701(3)).”

113 (b) Section 12(c)(9)(C) (D.C. Official Code § 5-704(i)(3)) is amended as follows:

114 (1) The existing text is designated as sub-subparagraph (i).

115 (2) A new sub-subparagraph (ii) is added to read as follows:

116 “(ii) If a member was a participant in the defined contribution plan
117 established pursuant to section 2605(3) of the District of Columbia Government Comprehensive
118 Merit Personnel Act of 1978, effective October 1, 1987 (D.C. Law 2-139; D.C. Official Code §
119 1-626.05(3)), the member may transfer all or a portion of his or her defined contribution plan
120 account balance into the District of Columbia Police Officers and Fire Fighters’ Retirement Fund
121 toward his or her purchase of prior service with the District of Columbia Fire and Emergency
122 Medical Services Department.”.

123 (c) Section 12(k) (D.C. Official Code § 5-716) is amended as follows:

124 (1) Subsection (c) is amended as follows:

125 (A) Paragraph (1) is amended by striking the phrase “wife or husband”
126 and inserting the phrase “wife or husband, or in the case of a member or former member covered
127 under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act
128 of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 *et*
129 *seq.*), who is survived by a wife, husband, or domestic partner” in its place.

130 (B) Paragraph (2) is amended by striking the phrase “wife or husband” and
131 inserting the phrase “wife or husband, or in the case of a member or former member covered
132 under the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act
133 of 1998, effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 *et*
134 *seq.*), who is not survived by a wife, husband, or domestic partner” in its place.

135 (2) Subsection (e) is amended as follows:

136 (A) Paragraph (1) is amended to read as follows:

137 “(1) The annuity of the widow or widower under this section shall begin on the day after
138 the date on which the member or former member dies, and such annuity or any right thereto shall
139 terminate:

140 “(A) Upon the survivor’s death or remarriage before age 55; provided, that
141 any annuity terminated by remarriage may be restored if such remarriage is later terminated by
142 death, annulment, or divorce; or

143 “(B) In the case of a member or former member covered under the Police
144 Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, effective
145 September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 *et seq.*), upon the
146 survivor’s death, remarriage, or entry into a domestic partnership before age 55; provided, that
147 any annuity terminated by remarriage or entry into a domestic partnership may be restored if
148 such remarriage or domestic partnership is later terminated by death, annulment, divorce, or in
149 accordance with (3)(d) of the Health Care Benefits Expansion Act of 1992, effective June 11,
150 1992 (D.C. Law 9-114; D.C. Official Code § 32-702(d)).”

151 (B) Paragraph (2)(B) is amended striking the phrase “marries” and
152 inserting the phrase “marries or enters into a domestic partnership” in its place.

153 (C) Paragraph (3)(A)(i) is amended by striking the phrase “marries” and
154 inserting the phrase “marries or enters into a domestic partnership” in its place.

155 (D) Paragraph (4) is amended by striking the phrase “marriage and such
156 marriage” and inserting the phrase “marriage or domestic partnership and such marriage or
157 domestic partnership” in its place.

158 (3) Subsection (f) is amended as follows:

159 (A) The existing text is designated as paragraph (1).

160 (B) Newly designated paragraph (1) is amended by striking the phrase
161 “provided, that the person so designated be the surviving spouse or child of such member” and
162 inserting the phrase “provided, that the person so designated meet the criteria set forth in
163 paragraph (2) of this subsection” in its place.

164 (C) A new paragraph (2) is added to read as follows:

165 “(2) A person designated in paragraph (1) shall be:

166 “(A) The surviving spouse or child of the member; or

167 “(B) In the case of a member covered under the Police Officers,
168 Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, effective
169 September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-901.01 *et seq.*), the surviving
170 spouse, domestic partner, or child of the member.”.

171 (d) Section 12(n)(2) (D.C. Official Code § 5-723(d)(2)) is amended by striking the word
172 “spouse” and inserting the phrase “spouse or domestic partner” in its place.

173 (e) Section 12(n-1)(a) (D.C. Official Code § 5-723.01(a)) is amended by striking the
174 phrase “cost of living.” and inserting the phrase “cost of living. This provision shall apply only

175 with respect to an individual who first receives benefits under the act after October 1, 2002.” in
176 its place.

177 Sec. 3. Section 26(a) of an Act for the retirement of public school teachers in the District
178 of Columbia, approved August 7, 1946 (60 Stat. 875; D.C. Official Code § 38-2021.27(a)), is
179 amended by striking the phrase “cost of living.” and inserting the phrase “cost of living. This
180 provision shall apply only with respect to an individual who first receives benefits under the act
181 after October 1, 2002.” in its place.

182 Sec. 4. Fiscal impact statement.

183 The Council adopts the fiscal impact statement in the committee report as the fiscal
184 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
185 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

186 Sec. 5. Effective date.

187 This act shall take effect following approval by the Mayor (or in the event of veto by the
188 mayor, action by the Council to override the veto), a 30-day period of Congressional review as
189 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
190 24, 1973, (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
191 Columbia Register.