



Agenda Item Summary Report

Meeting Date:
December 8, 2025

Submitted by:
Michelle Bailey Hedgepeth, Town Administrator
Vito Tinelli, Town Treasurer

Item Title: Information Memo | Law Enforcement Officers Retirement Plan (LEOPS) Review | Update December 2025

Law Enforcement Officers Retirement Plan (LEOPS) Review | Update December 2025 (Information Only) – Valuation Report

Work Session Item [X]
Council Meeting Item [X]

Documentation Attached:
Valuation Report November 2025
What is LEOPS?

Recommended Action:

Information only, the Council may provide comments so that staff can inquire with LEOPS. This information has been provided for transparency purposes.

Overview: Staff wanted to provide an update to the Council and the Police Department Team on the recent steps taken to gather more data on the LEOPS Program. This item provides the Council with an update on the process and possible recommendations. The Town currently pays **13% all employees** in ECS. Traffic Enforcement Funding could absorb some of these costs, but this would be an ongoing expense for the Town and would require the use of General Fund dollars, potentially reallocation of funding from other areas, and would be an ongoing factor in the Department's expenses.

The attached document is a preliminary valuation report regarding the transfer of 22 law enforcement officers from the Town of Bladensburg's Employees Combined System to the Law Enforcement Officers Retirement System, effective July 1, 2026.

Employee Transfer from ECS to LEOPS

The Town of Bladensburg received an estimate to transfer 22 law enforcement officers from the Employees' Combined System to the Law Enforcement Officers' Retirement System effective July 1, 2026.

- 22 law enforcement officers will transfer from ECS to LEOPS.
- Transfer effective date is July 1, 2026.
- This is a partial withdrawal from ECS and entry into LEOPS.

Asset Transfer Calculation Methodology

The asset transfer to LEOPS is calculated using a specific methodology based on the participant funding ratio.

- The Estimated Market Value of Assets for transferring employees is \$1,503,472.
- Actuarial Value of Assets for transferring employees is \$1,488,352.
- Calculation methodology follows Section 21-305.5 of the Maryland Code.

New Entrant Liability and Credit

The Town will contribute to LEOPS based on a calculated new-entrant unfunded liability credit.

- The municipal LEOPS Basic Employer Cost Rate is **39.56%** of payroll for **FY 2027**.
- New entrant liability credit is \$2,288,796 as of July 1, 2027.
- Amortization of the credit is **\$186,636** annually over 25 years.

Data and Assumptions for Valuation

The valuation is based on specific actuarial assumptions and data from the June 30, 2025, valuation.

- Assumed rate of investment return is 6.80%.
- Assumed rate of active member payroll growth is 3.00%.
- Transferring members identified from a file provided by SRA.

Required Disclosures and Limitations

The LEOPS Evaluation report is intended for specific parties and outlines potential future measurement differences.

- Report prepared for the Maryland State Retirement Agency and Town of Bladensburg.
- Future actuarial measurements may differ due to various factors.
- The actuary certifies the report's accuracy and compliance with professional standards.

Key Updates:

- **Earliest Transfer Date:** The Town of Bladensburg could enter the LEOPS Program on July 1, 2026, if it submits updated application materials and required data in fall 2025. Formal Council action will be necessary, as this involves allocating funds and transferring them from the current retirement account. If approved, it would occur in February/March 2026.

Recommendations:

- The Town Council should review the report in December, and the Town Administrator and Town Treasurer will provide information on how the Town would pay for the program.
 - Look at contributions by participants by either moving from Social Security or providing a percentage contribution.
 - Look at secondary deferred compensation plans and provide options to Council.
- If the Town Council intends to proceed with the LEOPS application for the FY 2026 transfer in January 2026, the Town Administrator and Town Treasurer will provide a Council item for approval.
- If the Town Council defers proceeding, they will have updated costs of the program to consider for future funding cycles.

Optimistic Outlook: The LEOPS Program remains a significant opportunity to enhance the Town's ability to attract and retain skilled officers while providing competitive retirement benefits. Moving forward with this timeline ensures the Town has ample time for accurate data collection and thoughtful financial planning.

Budgeted Item: Yes ☐ No ☐ NA

Budgeted Amount: TBD – 39.5% FY 2027

One-Time Cost:

Ongoing Cost: YES

Council Priority: Yes ☒ No ☐

Continued Date:

Approved Date: