

**BOARD OF TRUSTEES OF THE
RETIREMENT SAVINGS PLAN OF THE CITY OF BALTIMORE**

MISSED CONTRIBUTIONS MAKE-UP POLICY

Introduction

Retirement Savings Plan (RSP) “Non-Hybrid” members are required to contribute 5% of their earnable compensation to the RSP (“mandatory contributions”) pursuant to Article 22A, Section 5.2 (b)(1)(2) and (3) of the Baltimore City Code. The members’ contributions are mandatory and, if contributions have not been made, they must be made up under Internal Revenue Code tax rules. Failure to make-up the missed mandatory member contributions could adversely affect the RSP’s tax status.

Contribution Deficiency Make-Up Rules

Set forth below is a recommended process for deducting make-up employee contributions from future pay. It is recognized that the process may not address all situations. There may be instances that will have to be resolved by the Executive Director at his or her discretion.

- The total amount of missed mandatory employee contributions (“contribution deficiency”) will be determined for each member. Interest is not added to the contribution deficiency.
- A “make-up commencement date” is specified.
- If a member’s make-up amount is less than \$100.00, that amount is deducted in a single sum from the member’s pay for the first full payroll period beginning after the make-up commencement date.
- If the member’s contribution deficiency is \$100.00 or more, the amount to be deducted for any payroll period is 3% of the member’s gross pay for that period, but not less than \$50.00. This amount is deducted every payroll period until the entire make-up amount is recovered.
- Deducted amounts are credited to the member’s Mandatory Employee Contribution Sub-Account.
- If a member experiences severe financial hardship due to an “Unforeseeable Emergency” within the meaning of Section 5.2 of the Deferred Compensation Plan, the member may apply to the Board of Trustees for a temporary suspension of deductions.
- If a member terminates employment after make-up deductions start but before the entire make-up amount is recovered, there is no adjustment to the deduction amount from the last paycheck.

- For tax purposes, make-up deductions are treated the same as mandatory employee contributions that are made at the correct time (i.e., they are treated as “picked up”).

To prevent inconsistent treatment among members and administrative complications, an affected member’s employer generally should not be allowed to contribute the make-up mandatory employee contributions on the member’s behalf.

Adopted by the RSP Board of Trustees on April 11, 2019.
Amended April 29, 2019, June 13, 2024.