

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 284 (Senator Della)
Budget and Taxation

Pensions - Transfer of Service Credit

This pension bill authorizes a State employee who is a former county or municipal employee to transfer service credit to a State retirement or pension system provided the employee: (1) was reemployed within 60 days of termination; (2) was not employed by any other employer after termination; (3) is not receiving a benefit from the former system; (4) waives entitlement to any benefit under the former system; and (5) submits a written request on or before December 31, 1996. The bill applies to any individual who became a State employee on or after January 1, 1990 through June 30, 1996. The bill is effective July 1, 1996.

Fiscal Summary

State Effect: Potential indeterminate increase in retirement expenditures. No effect on revenues.

Local Effect: None.

Fiscal Analysis

State Expenditures: Under current law service credit earned from membership in a State or local retirement or pension system may be transferred to another State or local retirement or pension system provided: (1) there is not a break in service; (2) the member is authorized or required to participate in the new system; and (3) the member does not continue to earn benefits in the former system. This bill authorizes the transfer of such service credit for members that have had a break in service under certain circumstances.

The number of employees who would become eligible to transfer service credit under the provisions of this bill is unknown. The bill's fiscal impact depends on the number of eligible employees and the years of service they would transfer to the State retirement and pension systems. Absent this information, any retirement expenditure increase resulting from this bill cannot be reliably estimated at this time. If the number of eligible employees and related service credit is minimal, the liability increase would not materially affect the funding of the State systems.

Information Source(s): Maryland State Retirement Agency; Department of Fiscal Services; Milliman and Robertson, Inc.

Fiscal Note History: First Reader - February 15, 1996

ncs

Analysis by: Paul Ballou

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710