

# SENATE BILL 74

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(PRE-FILED)

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By: **Chair, Finance Committee (By Request – Departmental – Labor, Licensing and Regulation)**

Requested: October 5, 2015

Introduced and read first time: January 13, 2016

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Unemployment Insurance – Effect of Retirement Payments on Eligibility for**  
3 **Benefits – Revision**

4 FOR the purpose of altering the circumstances used to determine the effect of a retirement  
5 payment on the eligibility of an individual for unemployment insurance benefits;  
6 altering the definition of “retirement payment”; and generally relating to the effect  
7 of retirement payments on eligibility for unemployment insurance benefits.

8 BY repealing and reenacting, with amendments,  
9 Article – Labor and Employment  
10 Section 8–1008  
11 Annotated Code of Maryland  
12 (2008 Replacement Volume and 2015 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
14 That the Laws of Maryland read as follows:

15 **Article – Labor and Employment**

16 8–1008.

17 (a) In this section, “retirement payment”:

18 (1) means an amount in the form of a pension, annuity, or retirement or  
19 retired pay from a trust, annuity, profit sharing plan, insurance fund, annuity or insurance  
20 contract, or any other similar lump sum or periodic payment that is based on any previous  
21 covered employment for a base period employer under a plan [paid for wholly or partly by]  
22 **MAINTAINED OR CONTRIBUTED TO BY** a base period employer; and

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) does not include a payment from a state or federal workers'  
2 compensation program.

3 (b) (1) For each week in which the Secretary finds that an individual who  
4 otherwise is eligible for benefits receives a retirement payment:

5 (i) if the weekly amount of the retirement payment computed under  
6 subsection (c) of this section at least equals the individual's weekly benefit amount, the  
7 individual is disqualified from receiving benefits for that week; and

8 (ii) if the weekly amount of the retirement payment computed under  
9 subsection (c) of this section is less than the individual's weekly benefit amount, the  
10 individual may receive benefits reduced by the amount of the retirement payment.

11 (2) A retirement benefit in the form of a lump sum payment is not  
12 deductible from benefits for the period of eligibility if:

13 (i) the employing unit pays the lump sum payment as a result of a  
14 layoff or shutdown; or

15 (ii) within 30 days of receiving the lump sum payment, the claimant:

16 1. places the lump sum payment in a qualified retirement  
17 plan; and

18 2. provides proof to the Secretary that the lump sum  
19 payment has been placed in a qualified retirement plan.

20 (3) In the case of payment in the form of a pension, annuity, retirement, or  
21 retired pay paid to an individual under the Social Security Act or the Railroad Retirement  
22 Act of 1974, the individual's contribution shall be taken into consideration and the weekly  
23 benefit amount shall not be reduced.

24 (c) (1) To determine the effect of a retirement payment on eligibility for  
25 benefits under subsection (b) of this section:

26 (i) if [a base period employer paid the full cost of] **AN INDIVIDUAL**  
27 **DID NOT CONTRIBUTE TO** the plan that provides the retirement **PAYMENT**, the full  
28 retirement payment shall be considered; and

29 (ii) if [a base period employer paid only part of the cost of] **AN**  
30 **INDIVIDUAL CONTRIBUTED TO** the plan that provides the retirement payment, 50% of  
31 the retirement payment shall be considered.

32 (2) To compute the weekly amount of a periodic retirement payment, it  
33 shall be prorated on a weekly basis for the period between periodic retirement payments.

1           (3) To compute the weekly amount of a lump sum retirement payment, it  
2 shall be allocated to the number of weeks that follow the date of separation from  
3 employment in accordance with the number of weeks of pay that an individual received at  
4 the individual's last wage rate.

5           (d) Prior to distributing a retirement benefit in the form of a lump sum to any  
6 former employee, an employer shall provide written notice to the former employee of the  
7 effect of the lump sum distribution on the weekly benefit amount under this section if the  
8 employee subsequently files a claim for unemployment insurance benefits.

9           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
10 1, 2016.