

Chapter 336

(Senate Bill 74)

AN ACT concerning

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

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

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

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

Article – Labor and Employment

8–1008.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Approved by the Governor, May 10, 2016.