

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 94  
Appropriations

(Delegate Rosenberg, *et al.*)

---

State Retirement and Pension System - Accidental Disability Retirement  
Application

---

This bill authorizes the Board of Trustees of the State Retirement and Pension System (SRPS) to accept an application for accidental disability from specified retirees of the Employees' Pension System (EPS) within three years of when they retired with a normal service retirement benefit. If SRPS grants an accidental disability benefit to an eligible individual under the bill, their retirement allowance will be converted to an accidental disability allowance beginning the month after SRPS received their application. **The bill takes effect July 1, 2019, and terminates June 30, 2020.**

---

Fiscal Summary

**State Effect:** Negligible effect on State pension liabilities and contributions. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None.

---

Analysis

**Bill Summary:** The bill applies only to an individual who:

- began employment in 1995 as a family services caseworker in the Baltimore City Department of Social Services (BCDSS);
- filed a claim for workers' compensation on or before June 1, 2016;

- retired from BCDSS on or before March 1, 2017, with at least 20 years of creditable service; and
- began receiving a normal service retirement allowance from EPS on or after March 1, 2017.

**Current Law:** Prior to reaching normal retirement eligibility, a member of SRPS is eligible for one of two types of disability benefits:

- **ordinary disability**, if the member is mentally or physically incapacitated for the further performance of the normal duties of the member's position, the incapacity is likely to be permanent, and the member has five years of eligibility service; or
- **accidental disability**, if the member is totally and permanently incapacitated for duty as the natural and proximate result of an accident that occurred in the actual performance of duty at a definite time and place without willful negligence by the member, the member is mentally or physically incapacitated for the further performance of the normal duties of the member's position, and the incapacity is likely to be permanent. There is no minimum service requirement for accidental disability.

An accidental disability benefit is equal to the lesser of:

- the member's average final compensation (AFC); or
- the sum of two-thirds of a member's AFC and an annuity payment based on the member's accumulated contributions at the time of retirement.

The benefit portion (but not the annuity) is exempt from federal and State income taxes. In almost all cases, the benefit is the latter of the two options.

Accidental and special disability retirement benefits are subject to dollar-for-dollar reductions based on the amount of any workers' compensation benefits paid for an accidental personal injury that occurs in the course of carrying out official duties, subject to specified limits.

In general, an application for disability retirement must be submitted before membership in SRPS ends. As active membership ends when a person retires, a retiree generally is not eligible to submit an application for disability benefits. However, the board may accept an application for disability benefits from a former member within 24 months after membership ends if the former member proves to the satisfaction of the medical board that failure to submit a timely application was attributable solely to physical or mental incapacity during the filing period. If the board accepts and grants an application for disability benefits under these circumstances, the disability allowance begins the month

after the board receives the application. Except for specified law enforcement personnel, the board may not accept an application for accidental disability more than five years after the date of the claimed accident.

**Background:** SRPS is aware of one individual who meets the bill's criteria. The individual retired without filing an application for an accidental disability benefit. The individual's normal service retirement allowance is \$15,415 based on an AFC of \$53,486. An accidental disability benefit would be at least \$35,800 (two-thirds of AFC), an annual difference of approximately \$20,400 (plus the annuity based on accumulated contributions of \$48,600). It should be noted that permitting SRPS to accept an application for an accidental disability benefit does not mean that SRPS is required to grant the benefit.

It is also not known if the individual was awarded the workers' compensation claim referenced in the bill. If the individual was, and is also awarded an accidental disability benefit by SRPS, that benefit may be subject to the workers' compensation offset.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Retirement Agency; Department of Legislative Services

**Fiscal Note History:** First Reader - January 30, 2019  
an/vlg

---

Analysis by: Michael C. Rubenstein

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510