

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulations  
State Retirement and Pension System  
(DLS Control No. 14-066)**

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**Overview and Legal and Fiscal Impact**

The regulations make minor changes to the procedures for the State Retirement Agency's (SRA) review and administration of eligible domestic relations orders.

The regulations present no legal issues of concern.

There is no fiscal effect on State or local agencies.

**Regulations of COMAR Affected**

**State Retirement and Pension System:**

General Regulations: Domestic Relations Orders:  
COMAR 22.01.03.02, .03, .04, .05, .06, .08, and .09

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**Legal Analysis**

**Summary of Regulations**

SRA is responsible for reviewing and administering domestic relations orders, which assign all or a portion of a participant's State Retirement and Pension System plan benefit to the participant's former spouse in a divorce. In order for benefits to be payable to an alternate payee (former spouse), the alternate payee must have a court order that meets the criteria of an "eligible domestic relations order."

The regulations make minor changes to the procedures for SRA's review and administration of eligible domestic relations orders. For example, the regulations require an eligible domestic relations order to include an explicit statement regarding the tax consequences of paying benefits to an alternate payee. Additionally, the regulations require an eligible domestic relations order to include a statement that the alternate payee must submit the alternate payee's address, telephone number, and proof of date of birth to the SRA. The regulations also require an eligible domestic relations order to include a statement that when the alternate payee becomes eligible to receive a monthly allowance, the payee must submit the required forms to receive the allowance by electronic fund transfer. Also, the regulations allow the parties to provide to SRA the parties' Social Security numbers and dates of birth in a separate letter accompanying the domestic relations order, which will enable the parties to protect this personal information if desired.

SRA issues a notice of administration to each party to an eligible domestic relations order that specifies how SRA will administer the division of the participant's plan benefits under the order. If a party disagrees with SRA's proposed method of distribution under the notice of administration, a party may file a notice of disagreement with SRA. The regulations alter the period of time in which a party may file a notice of disagreement. Previously, a party had 60 days from receipt of a notice of administration or 30 days before the payment of a plan benefit to an alternate payee, whichever was earlier. The regulations alter the time period to 45 days from the date the notice of administration is sent to the parties.

Additionally, if SRA does not receive a consent agreement or an amended eligible domestic relations order within a certain period of time after a party files a notice of disagreement, SRA is required to administer the domestic relations order in accordance with the notice of administration. Previously, this time period was six months; however, the regulations reduce this time period to three months.

### **Legal Issue**

The regulations present no legal issues of concern.

### **Statutory Authority and Legislative Intent**

The Board of Trustees for the State Retirement and Pension System cites §§ 21-110 and 21-502 of the State Personnel and Pensions Article as legal authority for the regulations. Section 21-110 requires the Board of Trustees for the State Retirement and Pension System to adopt regulations that provide for the administration of the several systems and the transaction of its business. Section 21-502 allows a court to expressly order that a plan benefit be assigned in a decree or order of alimony, child support, or divorce.

This authority is correct and complete. The regulations comply with the legislative intent of the law.

### **Fiscal Analysis**

There is no fiscal effect on State or local agencies.

### **Agency Estimate of Projected Fiscal Impact**

The regulations make minor updates to the regulations establishing procedures for SRA's review and administration of eligible domestic relations orders and have no fiscal effect. The Department of Legislative Services concurs.

### **Impact on Budget**

There is no effect on the State operating or capital budget.

## **Agency Estimate of Projected Small Business Impact**

The agency advises that the regulations have minimal or no economic effect on small businesses in the State. The Department of Legislative Services concurs.

### **Contact Information**

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