

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulations  
State Retirement and Pension System  
(DLS Control No. 15-120)**

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**Overview and Legal and Fiscal Impact**

The regulations clarify the reasons the State Retirement Agency (SRA) may grant a temporary or indefinite waiver of an electronic fund transfer of a participant's net monthly allowance. Additionally, the regulations conform to SRA's current practice to suspend a participant's monthly benefit under certain circumstances, such as when the participant fails to comply with multiple SRA requests or provides conflicting payment instructions to SRA.

The regulations present no legal issues of concern.

There is no fiscal impact on State or local agencies.

**Regulations of COMAR Affected**

**State Retirement and Pension System:**

General Regulations: Payment of Allowance: COMAR 22.01.06.01, .02, .03, .04

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**Legal Analysis**

**Summary of Regulations**

The regulations clarify the reasons SRA may grant a temporary or indefinite waiver of an electronic fund transfer of a participant's net monthly allowance and allow the participant to receive payment by check. Originally, the regulations stated separate criteria for a permanent waiver and a temporary waiver of an electronic fund transfer of a retiree's allowance; however, the regulations combine and consolidate the criteria under one category for temporary or indefinite waivers. Additionally, the regulations authorize SRA to require the participant periodically to submit documentation demonstrating the need to continue to receive payment of the allowance by check. If SRA determines that a hardship would no longer be created by requiring the participant to receive the allowance by electronic fund transfer, SRA may choose to pay the participant's allowance by electronic fund transfer.

Additionally, the regulations conform to SRA's current practice to suspend a participant's monthly benefit if the participant fails to comply with multiple SRA requests or provides conflicting payment instructions to SRA. SRA may also suspend an allowance if SRA has reason to believe the participant is no longer living or is a vulnerable adult who is being exploited. If benefits are suspended, the regulations require SRA to provide written notice to the participant at the last known address with instructions on the actions required to resume

payment. The regulations clearly state that all properly due benefits held in suspension are payable to the participant when the benefits are reinstated.

### **Legal Issue**

The regulations present no legal issues of concern.

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

SRA cites § 21-110 of the State Personnel and Pensions Article as legal authority for the regulations. This section 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.

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

### **Technical Corrections and Special Notes**

Although the regulations no longer require SRA to provide written notice to a participant when a request for payment by check is denied, Anne Budowski, the Deputy Retirement Administrator with SRA, confirmed that SRA will continue the current practice of notifying a participant when a request is denied.

### **Fiscal Analysis**

There is no fiscal impact on State or local agencies.

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

The State Retirement Agency advises that the regulations have no fiscal effect. The regulation addressing suspension of monthly allowance payments conforms to existing agency practice. The other regulations are procedural in nature. The Department of Legislative Services concurs.

### **Impact on Budget**

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

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

The State Retirement Agency advises that the regulations have minimal or no effect on small businesses in the State as they address only payment of retirement benefits to individuals. The Department of Legislative Services concurs.

## **Contact Information**

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