

MARYLAND REGISTER

Proposed Action on Regulations

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
	06/24/2015	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 8/7/2015

2. COMAR Codification

Title Subtitle Chapter Regulation

22 01 06 01, .02, .03, .04

3. Name of Promulgating Authority

State Retirement and Pension System

4. Name of Regulations Coordinator

Anne Gawthrop

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410-625-5602

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5. Name of Person to Call About this Document

Anne E. Gawthrop

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410-625-5602

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6. Check applicable items:

- New Regulations
 - Amendments to Existing Regulations
 - Date when existing text was downloaded from COMAR online: January 4, 2015.
 - Repeal of Existing Regulations
 - Recodification
 - Incorporation by Reference of Documents Requiring DSD Approval
 - Reproposal of Substantively Different Text:
 - : Md. R
 - (vol.) (issue) (page nos) (date)
- Under Maryland Register docket no.: --P.

7. Is there emergency text which is identical to this proposal:

- Yes No

8. Incorporation by Reference

Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

9. Public Body - Open Meeting

- OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to State Government Article, §10-506(c), Annotated Code of Maryland.
- OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

10. Children's Environmental Health and Protection

Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

11. Certificate of Authorized Officer

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by Rachel Cohen, Assistant Attorney General, (telephone #410-625-5684) on 3/1/15. A written copy of the approval is on file at this agency.

Name of Authorized Officer

R. Dean Kenderdine

Title

Executive Director

Telephone No.

410-625-5600

Date

6/24/15

Title 22
STATE RETIREMENT AND PENSION SYSTEM

Subtitle 01 GENERAL REGULATIONS

22.01.06 Payment of Allowance

Authority: State Personnel and Pensions Article, § 21-110, Annotated Code of
Maryland

Notice of Proposed Action

[]

The Board of Trustees of the State Retirement and Pension System proposes to adopt amendments to Regulations .01 - .04 under COMAR 22.01.06 Payment of Allowance.

This action was considered by the Board of Trustees for the State Retirement and Pension System at an open meeting held on March 17, 2015, notice of which was given by publication on the website for the Maryland State Retirement and Pension System pursuant to § 10-506(c) of the State Government Article of the Maryland Annotated Code.

Statement of Purpose

The purpose of this action is to clarify the reasons to grant a temporary or indefinite waiver of an electronic fund transfer of a retiree's net monthly allowance. Additionally, the purpose of this action is to conform the State Retirement and Pension System regulations with the State Retirement Agency's current business practices of suspending a retiree's monthly benefit for either (1) the retiree's failure to comply with multiple Agency requests, or (2) receipt by the Agency of conflicting payment instructions by a retiree of the System.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Anne E. Gawthrop, Director, Legislative Affairs, State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland 21202, or call 410-625-5602, or email to agawthrop@sra.state.md.us, or fax to 410-468-1710. Comments will be accepted through September 21, 2015. A public hearing has not been scheduled.

Open Meeting

Final action on the proposal will be considered by Board of Trustees of the State Retirement and Pension System during a public meeting to be held on October 20, 2015, at 120 East Baltimore Street, 16th Floor, Baltimore, Maryland, 21210.

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 2016

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

No

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

No funds are necessary to implement these regulations.

E. If these regulations have no economic impact under Part A, indicate reason briefly:

These regulations have no economic impact because the changes are conforming the regulations to the existing practice of the State Retirement Agency.

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

G. Small Business Worksheet:

Attached Document:

Title 22 STATE RETIREMENT AND PENSION SYSTEM

Subtitle 01 GENERAL REGULATIONS

Chapter 06 Payment of Allowance

[.01 Repealed.]

[.02].01 Electronic Fund Transfer.

- A. Except as provided in Regulation [.04] .03 of this chapter, the Retirement Agency shall pay a participant's allowance by electronic fund transfer to the institution designated by the participant as provided in this regulation.
- B. (Text unchanged)
- C. The Retirement Agency shall accept the electronic fund transfer sign-up form filed by a participant if [the]:
 - (1) [Participant] *The participant properly* completes the form; and
 - (2) [Institution] *The institution* named by the participant on the form participates in the Automatic Clearing House Network.
- D. At any time while receiving an allowance, a participant may change the designated institution by *properly* completing a new electronic fund transfer sign-up form and submitting the form to the Retirement Agency.
- E. (Text unchanged)

[.03].02 Payment Procedure.

- A. The Retirement Agency shall transmit a participant's monthly allowance to the institution designated by the participant as set forth in Regulation [.02] .01 of this chapter.
- B. The Retirement Agency shall give each participant who receives an allowance through electronic fund transfer an advice statement at least one time per calendar year [which reflects the following:] *The advice slip shall reflect the following:*
 - (1) The total amount of the monthly allowance;
 - (2) Any amounts deducted from the monthly allowance; and
 - (3) The portion of the monthly allowance electronically transferred.

[.04].03 Payment by Check.

- A. (Text unchanged)
- B. The request shall be in writing to the Executive Director and describe the [undue] hardship created by the electronic fund transfer of the participant's monthly allowance. *The participant shall submit documentation to support the hardship with the request to the Executive Director.*
- C. [Determination on Request.
 - (1)] The Executive Director *or the Executive Director's designee* may grant the request on a [permanent] *temporary or indefinite* basis and allow payment of the monthly allowance by check if the participant:
 - [(a)](1) Lives outside the United States;
 - [(b)](2) Maintains a bank account with a financial institution that is not a member of the National Automated Clearing House;
 - [(c)] Maintains multiple savings, checking, or money market accounts at the same or different financial institutions;
 - [(d)](3) Receives less than a \$250 net monthly allowance;
 - [(e)](4) Is of an advanced age, has a disability, or both, affecting the participant's ability to maintain or access a bank account, or both;
 - [(f)] Does not reside within a reasonable distance of a financial institution;
 - [(g)] Does not have, or has been denied the opportunity to, open and maintain a banking account; or
 - [(h)] Demonstrates that circumstances exist which the Executive Director determines, in his discretion, would create a hardship if the participant is required to receive an allowance by electronic funds transfer.
 - (2) The Executive Director may grant the request on a temporary basis and determine the length of time for payment by check if the participant's account:
 - (a) Is subject to garnishment or child support; or
 - (b) Is closed by the financial institution;]
 - (5) *Resides in a remote geographic location lacking the infrastructure to support electronic fund transfer;*
 - (6) *Has been denied the opportunity to open or maintain a banking account; or*
 - (7) *Demonstrates that circumstances exist that would create a hardship if the participant is required to receive an allowance by electronic funds transfer.*
- D. *If the Executive Director or the Executive Director's designee grants the request for payment by check, the Retirement Agency may require the participant to periodically submit documentation demonstrating the continued necessity for payment by check. If the Executive Director or Executive Director's designee determines that a hardship no longer exists, the Retirement Agency may pay the participant's monthly allowance by electronic fund transfer, in accordance with Regulation .01 and .03E of this chapter.*

[D.] E. [The Executive Director may deny the request] *If the Executive Director or the Executive Director's designee denies the request for payment by check, and[, if] the participant [refuses] fails to complete the electronic fund transfer sign-up form, the Retirement Agency may suspend payment of the participant's allowance [until an electronic fund transfer sign-up form is submitted. The Executive Director shall notify the participant in writing of the denial, the right of the agency to suspend payment of the retirement allowance if the participant fails to complete the electronic fund transfer sign-up form, and the participant's right to request a hearing under COMAR 22.03.04] in accordance with Regulation .04 of this chapter.*

.04 Suspension of Allowance

A. The Retirement Agency may suspend a participant's monthly allowance for reasons including, but not limited, to the following:

- (1) The participant fails to submit a properly completed electronic fund transfer sign-up form;*
- (2) The participant fails to provide a current mailing address;*
- (3) The participant fails to return a properly completed verification form required to confirm receipt of monthly allowance;*
- (4) The Retirement Agency receives conflicting payment instructions regarding the participant's allowance;*
- (5) The Retirement Agency has reason to believe the participant is a "vulnerable adult" being subject to "exploitation", as those terms are defined by Family Law Article, § 14-101, Annotated Code of Maryland; or*
- (6) The Retirement Agency has reason to believe the participant is no longer living.*

B. The Retirement Agency shall notify the participant at the last address on file of a suspension of retirement allowance and provide instructions on actions required to resume payment. All properly due monthly benefits held in suspension are payable to the participant upon reinstatement of the benefits.