

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 601 (Senator Hoffman)
Budget and Taxation

Referred to Appropriations

Pensions - Death Benefits

This amended pension bill provides for the retroactive application of Chapter 567 of the Acts of 1995 to January 1, 1994. Chapter 567 of 1995 provides that a surviving spouse of a deceased member of the Employees' Pension System, Teachers' Pension System, or Local Fire and Police Pension System may elect to receive a monthly retirement allowance. The bill is effective July 1, 1996.

Fiscal Summary

State Effect: Potential indeterminate increase in retirement and health subsidy expenditures. No effect on revenues.

Local Effect: None.

Fiscal Analysis

State Expenditures: The number of surviving spouses that would be eligible for the spousal retirement allowance provided in this bill is unknown. Surviving spouses electing to receive a monthly allowance as a result of this bill would be required to refund any lump sum payments received to the Retirement Agency. In one case that the Retirement Agency is aware of, the surviving spouse would be required to repay approximately \$58,000 to the Retirement Agency and would receive a monthly retirement allowance of approximately \$1,150 and the State health insurance subsidy for life. Although the amount of the expenditure increase resulting from this bill cannot be reliably estimated at this time, the Department of Fiscal Services advises that any such increase would not materially affect the funding of the Maryland State Retirement and Pension Systems. Fiscal Services further advises that the average State health insurance subsidy for one year is currently about \$3,950.

Information Source(s): Maryland State Retirement Agency, Department of Fiscal Services

Fiscal Note History: First Reader - February 14, 1996

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Revised - Senate Third Reader - March 18, 1996

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