

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 202 (Senator Green, et al.)
Budget and Taxation

Referred to Appropriations

Employees' Retirement System - Reemployment of Retirees

This amended pension bill authorizes an elected official of a participating governmental unit who retired from the Employees' Retirement System prior to July 1, 1994 with an average final compensation of less than \$10,000 to elect to be restored to full membership in the system. The bill is effective July 1, 1996.

Fiscal Summary

State Effect: Indeterminate minimal increase in retirement expenditures as discussed below. Revenues would not be affected.

Local Effect: Indeterminate minimal increase in retirement expenditures as discussed below. No effect on revenues.

Fiscal Analysis

State Expenditures: Under current law, retirees of the Employees' Retirement System who are reemployed by an employer participating in the Teachers' or Employees' Retirement and Pension System are subject to an earnings limitation. This bill authorizes certain retirees to be restored to membership in the Employees' Retirement System, thus earning additional service credit and increasing average final compensation. Increases in service credit and average final compensation could result in increases in actuarial liabilities and associated annual employer contributions.

While this bill has not been sent to the State's actuary for a detailed analysis, the actuary advises that the retiree option created by this bill would increase retirement expenditures. However, because the number of elected officials who retired prior to 1994 with an average final compensation of less than \$10,000 is assumed to be minimal, any increase in retirement

expenditures resulting from this bill is expected to be minimal.

Local Expenditures: Retirement expenditures could increase as discussed above.

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

Fiscal Note History: First Reader - February 1, 1996

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Revised - Senate Third Reader - March 18, 1996

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