

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 455 (Delegate Cadden, et al.)
Appropriations

**Retirement and Pension Systems - Transfers Between Public Systems -
Present Value of Accrued Benefits**

This pension bill requires the transfer of the present value of an individual's accrued benefit when an individual transfers service credit between State and local retirement systems or between local retirement systems. The accrued benefit is computed using the noninsured pensioner mortality table and assuming an interest rate of 7.5% and a benefit payable at age 60 as a single life annuity.

Fiscal Summary

State Effect: None, as discussed below.

Local Effect: None, as discussed below.

Fiscal Analysis

State Effect: This bill requires the Retirement Agency to transfer certain assets to a local retirement system if a member of the State systems transfers to a local government retirement system. In the event that a member of a local government retirement plan transfers to the State systems, the local government plan is required to transfer certain assets to the State systems.

The number of employees who will transfer between State and local retirement plans cannot be reliably estimated. State or local expenditures or revenues could increase depending upon the number of employees transferring between such systems. The State's actuary assumes that, in the aggregate and long-term, State finances would not be affected because gains would equal losses over time.

The Department of Fiscal Services advises that State expenditures or revenues would

increase annually depending upon transfer experience. This experience cannot be reliably estimated; hence, the annual fiscal impact cannot be quantified at this time.

Local Effect: Revenues and expenditures would be affected as discussed in the State Effect section above. Absent a reliable estimate of the transfers to and from local retirement systems, the annual impact on local governments cannot be quantified at this time.

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

Fiscal Note History: First Reader - February 12, 1996

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