

Department of Legislative Services
 Maryland General Assembly

FISCAL NOTE

House Bill 336 (Delegate Proctor)
 (Chairman, Joint Committee on Pensions)

Appropriations

Retirement and Pensions - Reemployment of Individuals Receiving Vested Allowances

This pension bill clarifies that an individual who is receiving a vested allowance from any retirement or pension plan (except the Law Enforcement Officers' Pension System, Judges' Retirement System, and Legislative Pension Plan) of the Maryland State Retirement and Pension System (MSRPS) and who accepts employment with the State or any other employer participating in the MSRPS may be subject to an earnings limitation. This bill takes effect July 1, 1998.

Fiscal Summary

State Effect: None. The bill codifies existing practice.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Background: Under current law, service retirees of the Employees' Retirement System, the Teachers' Retirement System, the Employees' Pension System, the Teachers' Pension System, the State Police Retirement System, the Correctional Officers' Retirement System, and the Local Fire and Police System are subject to an earnings limitation if employed or reemployed by the State or a participating employer after retiring. For members of all systems noted, except the State Police Retirement System, the earnings limitation applies to permanent, temporary, or contractual reemployment with the State or any other participating employer. For the State Police Retirement System, the limitation applies only to temporary employment with the State.

It is the retirement agency's long-standing administrative policy to hold retirees of these

systems who are in receipt of a vested (deferred) benefit to the same earnings limitation if reemployed as noted above. In an opinion related to crediting sick leave to deferred benefits, the retirement agency was advised by the Attorney General that a vested benefit is not technically a retirement. Therefore, to continue the retirement agency's long-standing administrative practice, a technical correction to the law is needed. The proposal also clarifies that those receiving a vested allowance do not earn additional service credits when employed by a participating employer, nor is any portion of the "new" salary treated as tax-deferred under a pick-up program.

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

Fiscal Note History: First Reader - February 16, 1998

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