

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 338 (Delegate Proctor)
(Chairman, Joint Committee on Pensions)

Appropriations

Retirement and Pensions - Termination of Membership - Applications for Disability Retirement

This bill unifies the retirement statutes so that most members of the several systems of the Maryland State Retirement and Pension System (MSRPS) have a six-year window after the end of their service to apply for disability benefits. The bill does not apply to members of the Judges' Retirement System and the Legislative Pension Plan.

Fiscal Summary

State Effect: Potential minimal increase in benefits paid (and hence, employer contribution expenditures) if employees file for disability benefits who otherwise would have been barred for having missed the filing deadline. Revenues would not be affected.

Local Effect: Potential minimal increase in expenditures for local governments that participate in the MSRPS if employees file for disability benefits who otherwise would have been barred for having missed the filing deadline.

Small Business Effect: None.

Fiscal Analysis

Background: Under current law, State employees who are members of the Employees' Retirement System (ERS) have three years after paid employment ends (end of active membership) before membership terminates. Other members of the ERS, employees of the 98 participating governmental units, have only two years before their membership terminates. Current law also provides varying time frames for members or former members of various systems to file for disability benefits after paid employment ends, as illustrated in the chart

below. In addition to the time periods described above, former members of the Correctional Officers' Retirement System, Employees' Retirement and Pension Systems, Teachers' Pension System, Local Fire and Police System, and Law Enforcement Officers' Pension System have an additional 36 months after membership is terminated to file for disability, provided the former member can prove to the System's Medical Board that failure to file a disability request was solely attributable to physical or mental incapacity, as illustrated below.

COMPARISON OF STATE PLANS TIME PERIODS FOR FILING AN APPLICATION FOR DISABILITY					
State Plan	Membership Ends	Extension 2-year §29-104(b)	Extension 36-month §29-104(c)	Total Time Period	Proposed Time Period
Correctional Officers'	3 years §25-205	No	Yes	6 years	6 years
Employees' Pension	Termination §23-214	Yes	Yes	5 years	6 years
Employees' Retirement (State employees)	3 years §22-216	No	Yes	6 years	6 years
Employees' Retirement (Non-state employees)	2 years §22-216	No	Yes	5 years	6 years
Local Fire and Police	Termination §28-206	Yes	Yes	5 years	6 years
Law Enforcement Officers' Pension	Termination §26-206	Yes	Yes	5 years	6 years
State Police Retirement	3 years §24-207	No	No	3 years	6 years
Teachers' Pension	Termination §23-214	Yes	Yes	5 years	6 years
Teachers' Retirement	5 years §22-216	No	No	5 years	6 years

Bill Summary: This proposal would provide uniformity in the two areas of pension law noted above. First, all members of the Employees' Retirement System would remain inactive members for three years after leaving paid employment. That is, the employees of the 98 participating governmental units would have the same three-year inactive period as State employees before their membership terminates. Second, it would establish uniformity in the total time a member (inactive period before termination) or former member of the State

systems noted above have to file for disability benefits after paid employment ends. The proposal makes it a total of six years for all.

Members of the Correctional Officers' Retirement System, the Employees' Retirement System who are employees of a governmental unit, the Employees' Pension Systems, the Teachers' Pension System, the Local Fire and Police System, and the Law Enforcement Officers' Pension System would be increased from two to three years during which the request to consider disability would be accepted without question. These individuals continue to have the additional 36 months to file if they can prove to the Medical Board that failure to file was due to mental or physical incapacity - a total of six years overall.

For members of the Teachers' Retirement System who retain membership for five years after leaving payroll, an additional one year is granted to file for disability if the former teacher member can prove to the Medical Board mental or physical incapacity prevented the timely filing of the disability request.

In this manner, members and former members of all the systems noted above would have the same number of years, six years, to file for disability after leaving payroll. The law requiring members or former members to file for accidental disability within five years from the date of the alleged accident is unchanged by this proposal.

State Expenditures: Extending the filing for consideration of disability to a total of six years for members and former members of the systems would have little fiscal impact. A limited number of former members per year may be impacted by adding a sixth year, which for the most part, requires proof of mental or physical incapacity in order to accept a request for disability benefits. Affected members, once the application for disability is accepted, still must prove to the Medical Board of Trustees that they were disabled prior to leaving payroll before they would receive a disability allowance. Since these would be members who are more than five years from the date of ending active membership and from the date of any alleged accident, the only benefit they could apply to receive would be ordinary disability.

Local Expenditures: Very few, if any, participating governmental unit employees return to the ERS after leaving the payroll. The retirement agency advises that it has not had any such employees return within the past several years under the present two-year termination period.

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

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