

Department of Legislative Services  
Maryland General Assembly  
2001 Session

FISCAL NOTE  
Revised

Senate Bill 162 (Senator Munson)

Budget and Taxation

Appropriations

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**Correctional Officers' Retirement System - Reemployment of Retirees**

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This pension bill exempts from the reemployment earnings limitation a retiree of the Correctional Officers' Retirement System (CORS) who is reemployed by a participating employer on or before December 21, 2000 and whose employment compensation is not derived, in whole or part, from State funds.

The bill applies retroactively to any allowances offset on or after January 1, 1998. The bill takes effect June 1, 2001 and sunsets November 30, 2001.

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**Fiscal Summary**

**State Effect:** Minimal increase in State employer pension contributions due to reduced pension offsets for reemployment earnings.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Retirees of CORS who receive a service retirement allowance or vested allowance may return to temporary, contractual, or permanent employment with a participating employer of the State Retirement and Pension System (SRPS). Current law, however, requires a reduction in a retiree's allowance dollar for dollar by the amount any earnings from such a participating employer exceed the difference between the retirees' basic allowance at time of retirement and the retiree's average final salary, with certain exceptions.

Under current law as well as under the bill, retired members do not accrue additional pension service credit if they are reemployed with a participating employer. They do, however, receive their retirement benefit simultaneously with their reemployment salary.

**Background:** In 1998 the State Retirement Agency surveyed the other 49 state public employee pension systems on the reemployment issue. Almost all the responding systems place some type of restriction on reemployment with a participating employee. Many employers prohibit reemployment altogether or suspend the retirement benefit entirely during reemployment. A smaller number of systems cancel the pension benefit and restore membership. The smallest group of respondents, including Maryland, offset the pension benefit (instead of suspending the entire pension) based on an earnings limitation.

**State Expenditures:** The State Retirement Agency advises that it is aware of only one retiree of CORS who would be exempt from the earnings limitation under this bill. This individual retired from CORS and is currently reemployed with a participating employer (a community college) with the position funded from inmate welfare funds generated by commissary sales and telephone commissions. The increase in pension benefit payments from elimination of the offset and the resulting increase in employer pension contributions would be minimal. Because the bill applies only to existing reemployed retirees, there should be no impact on actuarially assumed retirement patterns.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Retirement Agency; Milliman & Robertson, Inc.; Department of Legislative Services

**Fiscal Note History:** First Reader – February 11, 2001  
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