

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 941
Appropriations

(Carroll County Delegation)

Budget and Taxation

Carroll County - Retirement and Pensions and Group Insurance

This bill authorizes Carroll County to establish and maintain a general system of pensions and retirement and group insurance for its employees. Implementation of any new pension system would require approval by the Carroll County Commissioners.

The bill takes effect July 1, 2003.

Fiscal Summary

State Effect: None. The bill does not directly affect State operations or finances.

Local Effect: The impact on Carroll County expenditures depends on whether the commissioners authorize a new pension system, and the difference between the amount the county is currently contributing under its defined contribution system and the amount it would contribute under a new pension system, which has not yet been determined.

Small Business Effect: None.

Analysis

Current Law: County employees hired after July 1, 1985 participate in a 401(k) defined contribution retirement savings plan. These employees are eligible to receive employer contributions from the county as follows: basic employer contribution of 4% of compensation, plus an additional match of member contributions up to 6% of pay. In addition, county employees who were employed prior to July 1, 1985 and who remained

in the State's Employees' Pension System (EPS), rather than the Employees' Retirement System, are also eligible to participate in the 401(k) plan.

Background: The county is considering creation of a defined benefit pension system. The terms of the new system have not yet been established, and would require the approval of the county commissioners.

Local Expenditures: The county currently contributes, on average, from 8.5% to 9.5% of pay for eligible employees. The county advises that there are approximately 720 employees who participate in the 401(k) plan only, and another 126 employees who are EPS members who also participate in the 401(k) plan. The county estimates that it will contribute approximately \$2.47 million to the 401(k) plan in fiscal 2003. Any increase or decrease in county expenditures from closing or reducing the 401(k) plan and instituting the defined benefit plan would depend on the terms of the new plan, particularly as regards the prior years of service that county would recognize for existing employees.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Carroll County, Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2003
ncs/jr

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