

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

Senate Bill 332

(Senator Kasemeyer)

(Chairman, Joint Committee on Pensions)

Budget and Taxation

Appropriations

State Contributory Law Enforcement Officers' Pension System - Transfers of
Service Credit

This pension bill alters the terms for the transfer of service credit, as it affects employee contributions, between the Law Enforcement Officers' Pension System (LEOPS) and other public pension plans in Maryland.

The bill takes effect July 1, 2003.

Fiscal Summary

State Effect: Minimal reduction in transfers of employee contributions to the State Retirement and Pension System (SRPS) for individuals transferring from a State or local contributory system, resulting in negligible impact on State pension contribution rates.

Local Effect: Minimal increase in transfers of employee contributions to a local contributory system for individuals transferring from LEOPS, resulting in a minimal reduction in local pension contributions.

Small Business Effect: None.

Analysis

Bill Summary: Employees transferring from other Maryland contributory plans to LEOPS need only transfer the amount of contributions made by LEOPS members. Any additional contributions will be refunded. If the member is transferring from a noncontributory system, the member must pay the missed contributions or be subject to an actuarial deficiency.

Conversely, the bill clarifies that an individual transferring service credit from LEOPS to a noncontributory system in Maryland would receive a refund from SRPS of the individual's contributions. An individual transferring service credit from LEOPS to a contributory system must deposit with the new system all the individual's contributions made to LEOPS plus any other additional payments necessary to make up the difference between what the individual actually contributed and the contributions the individual would have made under the new system for period of service being transferred.

The bill does not affect employer pension contributions. Employer assets are not transferred when a member transfers from a State or local public pension system in Maryland.

Current Law: Title 37 of the State Personnel and Pensions Article allows members to transfer among public pension plans in Maryland and receive pension credit in their new system for their service in their old system. Section 37-203(a)(2) of that title, however, requires an individual from one contributory pension system (i.e., a system that requires a member contribution in addition to an employer contribution) to another contributory pension system to transfer all the member's contributions to the new system, even if those contributions exceeded the amount of contributions made by members of the recipient system during the same period of service.

Background: These provisions mirror ones that were instituted under Chapter 362 of 2000, to clarify transfer rules for the Employees' Pension System and Teachers' Pension System, which became contributory systems in 1998. Under Chapter 395 of 2000, LEOPS became a contributory plan as of July 1, 2000 as part of the enhancement the LEOPS benefit and expansion of LEOPS membership.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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Analysis by: Matthew D. Riven

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

