

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 345 (Senator Kasemeyer)(Chairman, Joint Committee on Pensions)
Budget and Taxation Appropriations

State Police Retirement System - Retirees - Additional Retirement Allowance

This bill allows a retiree of the State Police Retirement System (SPRS) who is elected or appointed to the General Assembly and eligible to enroll in the Legislative Pension Plan (LPP) to receive the additional retirement benefit from LPP. The bill applies retroactively to affect any individual who began receiving a service retirement allowance or vested allowance from SPRS and became a member of LPP on or after January 1, 1995.

The bill is effective July 1, 2005.

Fiscal Summary

State Effect: The bill would not materially impact State pension liabilities or contribution rates.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Retirees of SPRS cannot receive another pension allowance from another pension or retirement system supported wholly or in part by the State. LPP provides for a benefit formula whereby a retired member receives 3% of the salary paid to an active legislator in a similar position multiplied by the number of years of service accumulated by the member. In that benefits are tied to current legislator salaries, there is no cost of

living adjustment included in LPP. To be eligible for retirement from LPP, an individual: must not still be serving in the General Assembly; must have accumulated eight years of service credit (either through service in the General Assembly or purchase of service credit); and must reach age 60.

State Fiscal Effect: The State Retirement Agency advises that there is one individual who could be affected by the bill. The individual will receive an allowance equal to 24% of the salary paid to an active legislator. The costs of the bill will not materially impact State pension liabilities or contribution rates.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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