

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 595 (Senator Colburn)
Budget and Taxation

State Police Retirement System - Special Disability Retirement Benefit - Former Members

This pension bill provides a special disability retirement benefit for an individual who joined the State Police Retirement System (SPRS) on or before September 1, 1971; terminated employment with the Maryland State Police on or before December 30, 1982 and received a refund of the individual's member contributions to SPRS plus interest; and while working as a State trooper was partnered with an individual who was shot and killed in the line of duty.

The bill is effective July 1, 2005.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: An individual described above may receive a special disability retirement benefit if he/she pays to the State Retirement and Pension System a single lump sum equal to the total refund of employee contributions plus interest that the individual received upon terminating employment. The special disability retirement benefit will equal the lesser of:

- the individual's average final compensation on December 30, 1982; or
- the sum of an annuity that is the actuarial equivalent of the individual's accumulated contributions at retirement and a pension equal to two-thirds of the individual's average final compensation.

The individual must complete a claim for the special disability with the board of trustees of the system by December 31, 2005.

Current Law: A member of SPRS is eligible to receive a special disability retirement allowance if the member is permanently incapacitated for duty arising out of or in the performance of the member's duties. The system's medical board must find that the member is mentally or physically incapacitated from the further performance of duty and that the incapacity is likely to be permanent.

If approved, the member receives a benefit based on two-thirds of the member's Average Final Compensation (AFC) plus an annuity based on the member's accumulated contributions. The allowance may not exceed a member's AFC.

If a member elects to withdraw (*e.g.*, terminate employment) from SPRS, for any reason, then that withdrawn former member is no longer eligible to apply for or be awarded a special disability benefit.

Background: The State Retirement Agency advises that it is aware of only one individual who could be affected by the bill.

Additional Comments: The Retirement Agency notes that the bill would permit a withdrawn former member to receive a special disability benefit without approval from the system's medical board that the individual was permanently disabled arising out of or in the course of the duty.

Additional Information

Prior Introductions: None.

Cross File: HB 1335 (Delegate Cane, *et al.*) – Appropriations.

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

Fiscal Note History: First Reader - March 7, 2005
mp/jr

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