

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 856 (Delegate Barkley)
 Appropriations

Registers of Wills and Clerks of the Courts - Service Retirement Allowance

This pension bill provides that a member of the Employees' Pension System (EPS) or Employees' Retirement System (ERS) who serves as a Register of Wills or Clerk of the Court on or after July 1, 2005 may retire with an unreduced pension benefit regardless of age (equal to an ordinary disability retirement allowance), provided the individual has at least 16 years of creditable service and elects to have the individual's accumulated contributions paid as an annuity of equivalent actuarial value.

The bill is effective July 1, 2005.

Fiscal Summary

State Effect: State pension liabilities would increase by \$656,000. Amortized over 25 years, this liability results in a first-year (FY 2007) cost of \$66,000, increasing annually based on actuarial assumptions.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF/SF/FF Exp.	0	66,000	96,000	128,000	163,000
Net Effect	\$0	(\$66,000)	(\$96,000)	(\$128,000)	(\$163,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Registers of Wills and Clerks of the Court are elected officials of the State. Until 1982, pension law offered a special 16-year retirement benefit to certain elected officials, appointed officials, and unclassified (at risk) employees. This benefit is equal to an ordinary disability retirement allowance. The General Assembly repealed the “16-year rule” effective July 1, 1982; however, it “grandfathered” those officials and unclassified employers who qualified before July 1, 1982.

Ordinary disability retirement is calculated as full service retirement if the employee is at least 62 years of age as of the date of retirement. Otherwise, the allowance equals the full service pension allowance computed as though the member had continued to accrue service credits until age 62 without any change in the rate of earnable compensation.

State Fiscal Effect: There are 24 Registers of Wills. Their salaries are determined by the size of the county in which the register serves. The current range of salaries for the 2003-2006 term is \$74,300 to \$85,000.

The State Retirement Agency advises that based on past experience, it is likely that a majority of Registers of Wills have served as deputies or in other eligible positions. Therefore, many will qualify for unreduced benefits because they have reached the normal retirement age (age 62) or 30 years of service, under EPS or ERS.

There are 24 Clerks of the Court. Their salaries are determined by the size of the county in which the clerk serves. The current range of salaries for the 2003-2006 term is \$79,100 to \$85,000.

The State’s actuary informally estimates that reopening the 16-year rule to Registers of Wills and Clerks of the Court will increase State pension liabilities by \$656,000. Amortized over 25 years, this new liability results in a first-year (fiscal 2007) cost of \$66,000, increasing annually based on actuarial assumptions.

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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mp/jr

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