

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 886
Appropriations

(Delegate McKee)

Employees' Pension System - Retirement Allowance Elections

This bill allows a retiree of the Employees' Pension System to convert from an ordinary disability retirement to a service retirement if: (1) the employee was employed by the Washington County Board of Education on or before January 1, 2002; (2) the employee applied for accidental disability retirement on or before June 1, 2002; (3) the employee was denied accidental disability and awarded an ordinary disability retirement and began receiving an ordinary disability allowance on or before November 1, 2002; and (4) elected to receive an ordinary disability retirement allowance without modification.

The bill is effective from July 1, 2005 to December 31, 2005.

Fiscal Summary

State Effect: No impact on State pension system liabilities or contribution rates.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Once a member retires, membership in the retirement system ends. The retiree has no standing in the system to elect any further retirement benefits. A member may alter his/her retirement, and the option selection, only until the first pension payment is due at the end of the first month of retirement. An exception is made only when a

member seeking disability is denied, appeals the denial, and is eligible for and elects to receive another benefit (service or ordinary disability) during their appeal.

There is no provision in code that provides for the conversion of a benefit from disability retirement allowance to service retirement allowance.

State Fiscal Effect: The State Retirement Agency advises that it is aware of only one retiree who could be affected by this bill. It is believed that this employee has had a workers' compensation claim offset by the Washington County Board of Education for receiving an ordinary disability retirement from the pension system. However, any offset by the local school board should only occur if an individual receives an accidental disability retirement for the same injury as claimed under workers' compensation. This employee was not awarded accidental disability by the pension system medical board. The individual would have received the same pension benefit under a service retirement (basic allowance) as the individual is receiving under ordinary disability; therefore there is no impact on State pension liabilities and contribution rates.

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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