

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1433
Appropriations

(Harford County Delegation)

**Law Enforcement Officers' Pension System - Membership - Harford County
Sheriff's Office**

This bill allows deputy sheriffs employed by the Harford County Sheriff's Office on June 30, 2006, including deputy sheriffs serving as detention center officers, to elect to participate in the Law Enforcement Officers' Pension System (LEOPS) on or before December 31, 2006.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: None. The bill only affects Harford County.

Local Effect: The fiscal impact of this bill on the Harford County Sheriff's Office cannot be determined. An actuarial valuation by the State's actuary is pending.

Small Business Effect: None.

Analysis

Current Law: Detention center officers employed by participating governmental units are not eligible to participate in LEOPS. Local correctional officers employed by counties that elect to join the State Pension and Retirement System currently participate in the Employees' Contributory Pension System.

Background: LEOPS members contribute 4% of their annual compensation and can retire with full benefits at age 50 or with 25 years of service. The benefit formula provides 2% of average final compensation for each year of service, up to 30 years. A LEOPS member also is eligible for a Deferred Retirement Option Program (DROP), which allows a member to officially retire while continuing to work in the same job. The DROP participant's pension benefits accrue in a DROP account, earning 6% interest, for up to five years, and then are paid out to the member in a single lump sum when he or she terminates employment.

Employees of the Harford County Sheriff's Office participate in a locally-funded defined benefit contributory pension plan. Employees contribute 7% of their annual compensation, and the county's actuarially determined annual contribution is \$3.4 million. As of June 30, 2005, 321 employees in the sheriff's office participated in the locally-funded pension plan. Other county employees participate in the State's Employees' Contributory Pension System.

Local Fiscal Effect: The fiscal effect of this bill on Harford County cannot be determined at this time. The county has commissioned an actuarial valuation to measure the cost of allowing its deputy sheriffs to transfer from the local pension plan to LEOPS. That valuation is pending.

Additional Information

Prior Introductions: None.

Cross File: SB 209 (Harford County Senators) – Appropriations.

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

Fiscal Note History: First Reader - February 27, 2006
ncs/hlb

Analysis by: Michael C. Rubenstein

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