

Department of Legislative Services  
Maryland General Assembly  
2006 Session

FISCAL AND POLICY NOTE

House Bill 65 (Delegate Haddaway)  
Appropriations

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State Police Retirement System - Special Disability Retirement - Former  
Members

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This bill requires the Board of Trustees of the State Retirement and Pension System (SRPS) to accept an application for consideration of a special disability retirement from a former member of the State Police Retirement System (SPRS).

The bill takes effect July 1, 2006.

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Fiscal Summary

**State Effect:** No discernable effect on the State's pension contribution rate.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** This bill applies only to someone who (1) joined SPRS on or before September 1, 1971; (2) terminated employment with the State Police on or before December 30, 1982 and received a full refund of his/her member contributions to the SRPS; and (3) was partnered with an individual who was shot and killed in the line of duty while serving as a State trooper.

If the board of trustees grants a special disability retirement benefit to any individual meeting these criteria, the individual must refund his or her employee contributions plus interest that he or she received upon terminating State employment. The individual

would then receive a special disability retirement allowance equal to the lesser of his final average compensation in December 1982 or the sum of two-thirds of his average final compensation in 1982 plus an annuity based on the actuarial value of his or her employee contributions at the time of retirement.

**Current Law:** Former members of the SPRS are not eligible to apply for or be awarded special disability benefits. However, a member of the SPRS is eligible to receive a special disability retirement allowance if the member is permanently incapacitated for duty arising from the performance of his or her duties. The Medical Board of SRPS 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 that is the lesser of the member's average final compensation (AFC) or the sum of two-thirds of their AFC plus an annuity based on their accumulated pension contributions at the time of retirement.

**Background:** SRPS reports that it is aware of only one individual who meets the criteria of this bill. That individual withdrew from SPRS in December 1982, received a total refund of his accumulated contributions, and never sought a special disability benefit while still enrolled.

Under the terms of this bill, that individual would be entitled to petition for a special disability benefit, a right the individual does not currently have as a former member. However, the petition would still be subject to the SRPS review process for special disability benefits, including an assessment by the SRPS Medical Board.

Two other former members of SPRS who do not meet all of the criteria in this bill have also attempted to file for special disability benefits.

**State Fiscal Effect:** If the application were accepted, SRPS would receive a one-time repayment of the individual's accumulated contributions refunded to him when he withdrew from SPRS, totaling \$36,637 in fiscal 2007, including interest. The former member would receive a special disability benefit of \$16,840 beginning in fiscal 2007 and subject to annual cost-of-living adjustments.

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### **Additional Information**

**Prior Introductions:** HB 1335 and SB 595 of 2005 would have required SRPS to provide a special disability pension to individuals meeting the same criteria, bypassing the medical board review. Both received unfavorable committee reports.

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

**Fiscal Note History:** First Reader - January 19, 2006  
ncs/jr

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