

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

House Bill 630
Appropriations

(Delegate Bohanan)

Budget and Taxation

**Judges' Retirement System - Employment on Faculty of Public Institution of
Higher Education**

This bill exempts retirees of the Judges' Retirement System (JRS) from a benefit reduction if they are employed as a faculty member with a public institution of higher education in the State.

The bill applies prospectively from its July 1, 2007 effective date, and does not affect any income earned prior to then.

Fiscal Summary

State Effect: No effect on State pension liabilities or contribution rates.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: JRS retirees are subject to a pension benefit reduction if they are rehired by a municipality, county, or agency of State government. The amount of the reduction, if any, is equal to:

[annual retirement allowance] + [annual compensation] - [compensation at retirement]

However, judges who are employed by a community college or are temporarily assigned to a State court under Article IV, Section 3A of the Maryland Constitution are exempt from the benefit reduction.

Background: As of June 30, 2006, there were 330 retired members of JRS.

State Fiscal Effect: The State Retirement Agency (SRA) is aware of only one individual to whom this bill would apply. The member retired with an annual salary of \$134,552 and earns a retirement benefit of \$82,076. Under current law, if the retiree's income as a faculty member exceeded the difference between those two figures (\$52,476), the retirement allowance would be offset by the excess amount. Under this bill, the retiree would be exempt from the benefit offset by SRA, resulting in a marginal "loss." Foregone offsets are not accounted for by the actuary for the State Retirement and Pension System in calculating pension liabilities, so there is no effect on liabilities or State contribution rates.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Mercer Human Resources Consulting, St. Mary's College, Morgan State University, University System of Maryland, Maryland State Retirement Agency, Maryland Higher Education Commission, Baltimore City Community College, Department of Legislative Services

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