

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

House Bill 467

(Delegate James)

Appropriations

Budget and Taxation

Correctional Officers' Retirement System - Disability Retirement

This bill exempts disability retirees of the Correctional Officers' Retirement System (CORS) from temporary benefit suspensions and specified earnings limitations if they are re-employed.

The bill takes effect July 1, 2007.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Disability retirees of CORS are not subject to a suspension of pension benefits if they are re-employed by a participating employer in any position other than a correctional officer, a security attendant at the Perkins Hospital Center, a correctional dietary, maintenance, and supply officer, probationary status law enforcement officer, law enforcement officer, or chief. Also, CORS disability retirees are exempt from earnings limitations if they are re-employed by a participating employer in any of the positions listed above.

Current Law: In general, disability retirees are subject to a complete suspension of their pension benefits if • they are re-employed with a participating employer; • they began receiving a disability retirement allowance on or after July 1, 1998; and • their annual compensation is at least equal to their average final compensation at the time of retirement. The benefit is reinstated once the retiree is no longer employed. Disability retirees of the State Police Retirement System (SPRS), the Law Enforcement Officers' Pension System (LEOPS), the Local Fire and Police System (LFPS) are exempt from the benefit suspension. Also, law enforcement officers who were members of either the Employees' Retirement System (ERS) or the Employees' Pension System (EPS) are exempt from the benefit suspension.

Ordinary (but not accidental or special) disability retirees are subject to an earnings limitation if:

- the retiree is under the normal retirement age;
- the medical board certifies that the retiree is re-employed with a participating employer with an annual compensation that exceeds the difference between the retiree's initial retirement allowance and average final compensation plus \$5,000;
- the board of trustees agrees with the medical board's report; and
- the retiree is not subject to a complete suspension of benefits.

If the retiree has less than 10 years of service credit, the retirement allowance reduction is equal to \$1 for every \$2 that the retiree's current compensation exceeds the above limit. If the retiree has more than 10 years of service credit, the reduction is equal to \$1 for every \$5 that a retiree's current compensation exceeds the limit.

All disability retirees of SPRS, LEOPS, LFPS, and ERS/EPS are exempt from the benefit reduction.

State Fiscal Effect: The State Retirement Agency is aware of one CORS disability retiree who would benefit from this bill. The retiree's monthly benefit of \$1,764 is temporarily suspended as of July 1, 2006. Reinstating the individual's pension would not have any effect on State pension liabilities or contribution rates.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Mercer Human Resources Consulting, Maryland State Retirement Agency, Department of Legislative Services

Fiscal Note History: First Reader - February 22, 2007
mll/jr Revised - House Third Reader - March 26, 2007

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