

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 672

(Senator Colburn, *et al.*)

Budget and Taxation

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Retirement and Pensions - Reemployment of Retired Judges

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This bill exempts a retiree of the Judges Retirement System (JRS) who is also receiving a service retirement allowance from either the Employees' Retirement System (ERS) or the Employees' Pension System (EPS) from an earnings limitation if they are temporarily assigned to sit in a court of the State under Article IV § 3A of the Maryland Constitution.

The bill takes effect July 1, 2008.

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Fiscal Summary

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

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** Article IV § 3A of the Maryland Constitution allows the Chief Judge of the Court of Appeals, upon the approval of a majority of the court, to assign any former judge, except a former judge of the Orphans' Court, to sit temporarily in any court of the State, except an Orphans' Court.

In general, JRS, ERS, and EPS retirees are subject to an earnings limitation if they are reemployed by a unit of State government and their last separation from employment was also from a unit of State government. If they meet these criteria, they are subject to a pension benefit reduction equal to:

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

ERS/EPS retirees are not subject to the benefit reduction if they:

- have been retired for more than nine years;
- had an average final compensation less than \$10,000 and are reemployed on a temporary or contractual basis;
- serve as an elected official; or
- are reemployed as a health care practitioner in specified medical institutions.

JRS retirees who are employed by a local government or community college or are temporarily assigned to a State court under Article IV, § 3A of the Maryland Constitution are exempt from the earnings limitation. Under these terms, a retired judge temporarily assigned to a court is exempt from the offset for his or her JRS benefit, but not for an ERS/EPS benefit, if he or she receives one.

**Background:** As of June 30, 2007, there were 335 retired members of JRS.

Prior to July 1, 2007, JRS retirees were subject to an earnings limitation if they were reemployed by a unit of State government or a local government. Chapter 334 of 2007 eliminated the earnings limitation for JRS retirees who were reemployed by a local government (including local community colleges), making their earnings limitation consistent with that of other State retirees.

**State Fiscal Effect:** The State Retirement Agency is aware of only one individual to whom this bill could apply. The individual is a retiree of both JRS and ERS and has been assigned as a judge temporarily to a State court. Under current law, the individual is already exempt from the JRS offset. Under this bill, the individual would also be exempt from the ERS benefit offset, resulting in a marginal “loss” to the system. 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.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 5, 2008  
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