

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 770

(Delegate Griffith, *et al.*) (Chair, Joint Committee on Pensions)

Appropriations

Budget and Taxation

State Police Retirement System - Deferred Vested Members - Survivor Benefits

This bill clarifies that a survivor benefit may be paid to the surviving spouse or children of a deceased former member of the State Police Retirement System (SPRS) who retired with deferred vested allowance.

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: None. The bill codifies existing practice.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The surviving spouse of an SPRS retiree is eligible for a survivor benefit equal to 80% of the retiree's allowance, which is paid as an annuity. This applies to normal service retirees and disability retirees. If there is no surviving spouse, the retiree's surviving children are eligible for the survivor allowance, which is divided equally among them, until the youngest child reaches age 18.

SPRS members become vested after five years of service. If they leave employment with the State Police after vesting but before becoming eligible for retirement, they qualify for

a deferred vested benefit when they reach normal retirement age (age 50 for SPRS members).

Chapter 507 of 2008 raised the survivor benefit from 50% to 80% of the retiree's allowance.

Background: SPRS has 1,408 active members and 2,226 retirees. Members pay 8% of earnable compensation during employment and are eligible for a normal service retirement at age 50 or with 22 years of eligibility service. Their normal service retirement allowance is equal to 2.55% of their average final compensation for each year of service, up to 28 years. SPRS members have mandatory retirement at age 60.

The State Retirement Agency (SRA) reports 68 individuals are currently eligible for a deferred vested benefit. SRA advises it is current practice to provide a survivor death benefit to the surviving spouse of an SPRS retiree who is receiving a deferred vested allowance.

Additional Information

Prior Introductions: None.

Cross File: SB 495 (Senator McFadden)(Chair, Joint Committee on Pensions) - Budget and Taxation.

Information Source(s): Department of Legislative Services

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