

SENATE BILL 74

K2

6lr0025

(PRE-FILED)

By: **Chair, Finance Committee (By Request – Departmental – Labor, Licensing and Regulation)**

Requested: October 5, 2015

Introduced and read first time: January 13, 2016

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: February 5, 2016

CHAPTER _____

1 AN ACT concerning

2 **Unemployment Insurance – Effect of Retirement Payments on Eligibility for**
3 **Benefits – Revision**

4 FOR the purpose of altering the circumstances used to determine the effect of a retirement
5 payment on the eligibility of an individual for unemployment insurance benefits;
6 altering the definition of “retirement payment”; and generally relating to the effect
7 of retirement payments on eligibility for unemployment insurance benefits.

8 BY repealing and reenacting, with amendments,
9 Article – Labor and Employment
10 Section 8–1008
11 Annotated Code of Maryland
12 (2008 Replacement Volume and 2015 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
14 That the Laws of Maryland read as follows:

15 **Article – Labor and Employment**

16 8–1008.

17 (a) In this section, “retirement payment”:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (1) means an amount in the form of a pension, annuity, or retirement or
2 retired pay from a trust, annuity, profit sharing plan, insurance fund, annuity or insurance
3 contract, or any other similar lump sum or periodic payment that is based on any previous
4 covered employment for a base period employer under a plan [paid for wholly or partly by]
5 **MAINTAINED OR CONTRIBUTED TO BY** a base period employer; and

6 (2) does not include a payment from a state or federal workers'
7 compensation program.

8 (b) (1) For each week in which the Secretary finds that an individual who
9 otherwise is eligible for benefits receives a retirement payment:

10 (i) if the weekly amount of the retirement payment computed under
11 subsection (c) of this section at least equals the individual's weekly benefit amount, the
12 individual is disqualified from receiving benefits for that week; and

13 (ii) if the weekly amount of the retirement payment computed under
14 subsection (c) of this section is less than the individual's weekly benefit amount, the
15 individual may receive benefits reduced by the amount of the retirement payment.

16 (2) A retirement benefit in the form of a lump sum payment is not
17 deductible from benefits for the period of eligibility if:

18 (i) the employing unit pays the lump sum payment as a result of a
19 layoff or shutdown; or

20 (ii) within 30 days of receiving the lump sum payment, the claimant:

21 1. places the lump sum payment in a qualified retirement
22 plan; and

23 2. provides proof to the Secretary that the lump sum
24 payment has been placed in a qualified retirement plan.

25 (3) In the case of payment in the form of a pension, annuity, retirement, or
26 retired pay paid to an individual under the Social Security Act or the Railroad Retirement
27 Act of 1974, the individual's contribution shall be taken into consideration and the weekly
28 benefit amount shall not be reduced.

29 (c) (1) To determine the effect of a retirement payment on eligibility for
30 benefits under subsection (b) of this section:

31 (i) if [a base period employer paid the full cost of] **AN INDIVIDUAL**
32 **DID NOT CONTRIBUTE TO** the plan that provides the retirement **PAYMENT**, the full
33 retirement payment shall be considered; and

1 (ii) if [a base period employer paid only part of the cost of] AN
2 **INDIVIDUAL CONTRIBUTED TO** the plan that provides the retirement payment, 50% of
3 the retirement payment shall be considered.

4 (2) To compute the weekly amount of a periodic retirement payment, it
5 shall be prorated on a weekly basis for the period between periodic retirement payments.

6 (3) To compute the weekly amount of a lump sum retirement payment, it
7 shall be allocated to the number of weeks that follow the date of separation from
8 employment in accordance with the number of weeks of pay that an individual received at
9 the individual's last wage rate.

10 (d) Prior to distributing a retirement benefit in the form of a lump sum to any
11 former employee, an employer shall provide written notice to the former employee of the
12 effect of the lump sum distribution on the weekly benefit amount under this section if the
13 employee subsequently files a claim for unemployment insurance benefits.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
15 1, 2016.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.