

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 462

(Senator Elfreth)(Chair, Joint Committee on Pensions)

Budget and Taxation

Appropriations

State Retirement and Pension System – Death Benefits for Children

This bill alters the age at which surviving children of specified members, former members, and retirees of the State Retirement and Pension System (SRPS) can no longer be paid survivor death benefits, from age 18 to age 26. It also clarifies, for some provisions, that surviving children who are and remain disabled are beneficiaries regardless of age, consistent with other provisions in current law. Finally, the bill makes conforming changes so that specified retirement allowances can be paid as optional allowances if a retiring member does not have any children younger than 26, instead of younger than 18, or any disabled children. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: State pension liabilities increase to the extent that SRPS pays survivor death benefits to children between the ages of 18 and 26, but any increase is expected to be negligible due to the bill's limited applicability, and, thus, have no discernible effect on State pension contributions. No effect on revenues.

Local Effect: None. The bill does not affect any SRPS plans in which local governments participate.

Small Business Effect: None.

Analysis

Current Law/Background: Chapter 12 of 2016 raised the age threshold, from 18 to 26, for a surviving child to whom a line-of-duty death benefit can be paid under the Law Enforcement Officers Pension System only. It also required the State Retirement Agency (SRA) and Department of Legislative Services (DLS) to review existing death benefit provisions in State pension law, including those in the Legislative Pension Plan,

and recommend changes to the Joint Committee on Pensions (JCP) by December 1, 2016. Chapter 12 was prompted by the line-of-duty deaths of two Harford County Deputy Sheriffs, one of whom had two surviving sons. At the time, one of the sons was not eligible for a survivor benefit because he was older than age 18 and the other was eligible for a line-of-duty benefit for about three months. By virtue of receiving that payment, however, he would not have received the general death benefit, which included a larger payment of a full year's compensation. By raising the payment threshold to age 26, both sons share equally in the line-of-duty death benefit until one of them reaches age 26.

SRA and DLS conducted the study and presented their findings and recommendations as required by Chapter 12, including (1) a recommendation that the payment threshold for surviving children be raised to age 26 for SRPS plans and (2) a recommendation that surviving children who are disabled continue to receive a survivor benefit as long as they are disabled, regardless of age. Chapters 277 and 278 of 2017 implemented both of the recommendations.

SRA advises that it has become aware of several instances in the pension statute in which, due only to an oversight, the threshold age for payment of death benefits remains 18 rather than 26 and the beneficiary status of surviving children who are disabled is omitted. To conform these overlooked provisions to the changes made by Chapters 277 and 278, SRA asked JCP to sponsor legislation and JCP agreed to do so.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 634 (Delegate M. Jackson)(Chair, Joint Committee on Pensions) - Appropriations.

Information Source(s): State Retirement Agency; Maryland Supplemental Retirement Plans; Department of Legislative Services

Fiscal Note History: First Reader - February 4, 2020
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