

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 274

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

Budget and Taxation

State Retirement and Pension System - Nonvested Former Members - Return of Accumulated Contributions

This bill requires the Board of Trustees of the State Retirement and Pension System (SRPS), after receiving proof of death of a former member, to pay any remaining accumulated contributions of a deceased nonvested former member to the former member's designated beneficiary or, if there is no beneficiary, to the former member's estate. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: None. The bill conforms statute to existing practice.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Members of SRPS who began service before July 1, 2011, vest after 5 years of service; members who began service on or after that date vest after 10 years of service. Members who vest, separate from service, and do not withdraw their accumulated contributions are entitled to a vested retirement allowance when they reach normal retirement age. The allowance is calculated based on their years of service and average final compensation at the time they separated from service. Nonvested members who separate from service are entitled only to a return of their accumulated contributions, with interest.

When a *vested* former member dies before payment of the vested allowance begins, the SRPS board, after receiving proof of death, must pay the former member's accumulated contributions to the designated beneficiary or, if there is no beneficiary, to the former member's estate.

Although statute is silent with respect to payment of the accumulated contributions of a deceased *nonvested* former member, the SRPS board advises that it has been its practice to pay the accumulated contributions of deceased nonvested former members to their beneficiaries or estates, as required by the bill.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 541 (Delegate Forbes)(Chair, Joint Committee on Pensions)
- Appropriations.

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

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km/ljm

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