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Education and Economic Development
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The Maryland House of Delegates
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Testimony in Support of HB 1033

State Retirement and Pension System – Reemployment Earnings Limitations

– Maximum Average Final Compensation

Testimony of Delegate Cathi Forbes

Appropriations

March 11, 2025

What this bill does

This legislation proposes to increase the reemployment earnings limitation exemption allowed for Employees' Pension System (EPS) and Teachers' Pension System (TPS) service retirees and all ordinary disability retirees.

Why this is necessary

The State Personnel and Pensions article exempts EPS and TPS service retirees and all ordinary disability retirees from a reemployment earnings limitation if the retirees had an average final compensation (AFC) at the time of retirement that was less than \$25,000. This AFC employment exemption was last increased for EPS and TPS service retirees from \$10,000 to \$25,000 in 2010, and was added for the first time for ordinary disability retirees in 2016.

The legislation before you proposes to increase the employment exemption from \$25,000 to the current minimum salary on the standard State pay scale as of January 1, of the preceding calendar year. In the current year, that would be an increase to \$35,000. Additionally, instead of revisiting the issue periodically, the earnings limitation exemption would increase as the current minimum salary increases.

Currently reemployed accidental or special disability retirees do not have the benefit of this AFC reemployment exemption. This legislation would include those retirees for the first time.

Agency staff reports that in the past five years, within each group (service, ordinary disability, and accidental or special disability) fewer than 10 retirees per year would have been exempt from the earnings limitation or the temporary suspension if the AFC reemployment exemption had been \$35,000 or less.

I ask for a favorable report. Thank you.