



**Testimony in Opposition to House Bill 1122
Employees' Pension System – Sheriff of Anne Arundel County – Vesting**

**House Appropriations Committee
March 18, 2026
1:00 P.M.**

**Anne Gawthrop
Director of Legislative Affairs
State Retirement Agency**

The Board of Trustees for the State Retirement and Pension System (System) wishes to express its opposition to House Bill 1122, Employees' Pension System – Sheriff of Anne Arundel County – Vesting. House Bill 1122 would permit the Anne Arundel County sheriff to enjoy eight-year vesting.

There are currently 24 sheriffs in the State. Within this group, nine participate in either the Employees' Pensions System (EPS) or the Law Enforcement Officers' Pension System (LEOPS). Of these nine, four are subject to 10-year vesting (including the Anne Arundel County Sheriff). Additionally, there are 23 Clerks of the Court and 23 Registers of Wills who are active members of the EPS. (One Clerk and one Register are retirees of the System and therefore are not eligible to participate as active members of the EPS.) Of these groups, eight Clerks and four Registers are subject to 10-year vesting. There are also numerous local elected councilmembers, county commissioners, and mayors who participate in the EPS and are also likely subject to 10-year vesting.

While the Agency understands that House Bill 1122 would reduce vesting to eight years for only one position, the Committee should expect that if this bill were to pass, the 23 other jurisdictions would ask for eight-year vesting for each of their sheriffs. It is also likely that the Clerks of the Courts, the Registers of Wills, and all other local elected or appointed officials serving for a fixed term would seek eight-year vesting. Moreover, once vesting is reduced for one member of the System, the Committee should also expect employee organizations to seek a similar reduction for all State employees and teachers.

Vesting for the majority of participants in the System was increased from five to 10 years in 2011. This was one of many provisions that was amended to implement pension reforms to provide for a more fiscally sustainable System. It is also probably the one reform that has caused the greatest consternation for the participants of the System. During the 2017 interim, the Joint Committee on Pensions asked the State Retirement Agency (Agency) to provide the Joint Committee with the fiscal impact if vesting were reduced back to five years. The System's actuary determined that reducing vesting to five years beginning in fiscal year 2020 (based on the June 30, 2018 valuation), would have increased the projected employer contribution by \$7.9 million. Over the first five fiscal years (fiscal years 2020 – 2024), the projected employer contribution would have increased by a cumulative \$52 million. Finally, by fiscal year 2038, the projected employer contribution would have increased by a cumulative \$427 million due to reducing the vesting period to five years.

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The Agency recognizes that the 2017 report on vesting considered the impact of reducing vesting by five years, while House Bill 1122 would only reduce vesting by two years, and only for one position. Nevertheless, because of the ultimate significant impact changes in vesting could have on the System, we would encourage the Committee to consider updating the 2017 study to show the fiscal impact to the System if vesting were reduced to eight years. If the findings of an updated study indicate that the cost to reduce vesting to eight years is reasonable, we would recommend the Committee consider a more holistic approach to reducing vesting to include all members of the System, and not just for one position.

We appreciate being given the opportunity to raise these issues with the Committee and stand ready to provide any further information or services the Committee might request regarding House Bill 1122.