



**Testimony in Opposition to Senate Bill 768  
State Retirement and Pension System – Transfers of Service**

**Senate Budget and Tax Committee  
February 19, 2026  
9:00 A.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 Senate Bill 768, State Retirement and Pension System – Transfers of Service Credit. Senate Bill 768 would allow an individual who had more than a 30-day break in employment between employment with participating employers of the System, to transfer their service from the Local Fire and Police Plan to the State Police Retirement System.

Title 37 of the State Personnel and Pensions Article governs transfers of service credit between State or local retirement or pension systems. Specifically, it provides that transfers of service credit between a State or local retirement or pension system may only take place when a member has become a member of a new State or local retirement or pension system without incurring any break in employment from their previous system. A break in employment has been interpreted as not more than 30 days between the individual leaving their old position and starting their new position. For individuals who have a greater than 30-day break in service, provisions of the State Personnel and Pensions Article allow members to purchase their prior service at the time of retirement.

While the State Retirement Agency is only aware of one individual who meets the criteria under the provisions of Senate Bill 768, this bill would open the door to any individual who had more than a 30-day break in service between membership with State or local retirement or pension systems, to allow them to transfer their previous service into their current plan without having to utilize the normal service purchase rules which generally require the member to fund the additional benefits due on account of the purchased service. Allowing a Title 37 transfer under Senate Bill 768 could potentially increase unfunded liabilities for the new system and would allow the member to avoid paying the costs for the additional service credit, as is required of all other members when purchasing service credit under the same circumstances.

Additionally, we think it is important to note that in the past, this Committee has taken the position that legislation of this nature should demonstrate that some mistake by the State or the Agency occurred that now needs to be remedied. As we mentioned above, the Agency is currently only aware of one individual who would meet the criteria of the bill, and after reviewing the facts surrounding their situation, the Agency could find no evidence of any mistake or misinformation that was provided to the individual by the State or the Agency. Senate Bill 768 would provide a special exception to the provisions of Title 37 of

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the State Personnel and Pensions Article for this individual to which no other member of the System is entitled.

While the Agency can appreciate the frustration the individual is experiencing by being unable to accomplish the goal of combining his creditable service in the Local Fire and Police System (LFP) with his current account in the State Police Retirement System (SPRS), the Committee should be made aware of the extensive correspondence and conversations the Agency has had with this individual and internally in an attempt to assist the individual. This is a discussion that began in 2005 and has included an appeal by the individual to the Board of Trustees for the System. The Board upheld the position of the Agency, that the individual was not eligible to transfer his service from the LFP into the SPRS. Through numerous conversations, the Agency and the individual also explored potential options that would enable the individual to purchase his LFP service while a member of the SPRS. The Agency has also met internally several times to discuss any viable solutions that would allow the individual to purchase this service. Unfortunately, due to the specific facts surrounding this individual's case, the Agency has concluded there is no path forward to move the individual's LFP service into the SPRS. Nevertheless, the individual will not lose any of the LFP creditable service that he has earned. The individual is currently eligible to receive his SPRS retirement benefit and will be eligible to begin receiving his LFP benefit once he reaches age 62.

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 Senate Bill 768.