

MARYLAND REGISTER

Proposed Action on Regulations

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
	09/23/2020	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 11/6/2020

2. COMAR Codification

Title Subtitle Chapter Regulation

22 02 01 01, .03-.05

3. Name of Promulgating Authority

State Retirement and Pension System

4. Name of Regulations Coordinator

Anne Gawthrop

Telephone Number

410-625-5602

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120 East Baltimore Street

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Baltimore	MD	21202

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agawthrop@sra.state.md.us

5. Name of Person to Call About this Document

Anne E. Gawthrop, Esq.

Telephone No.

410-625-5602

Email Address

agawthrop@sra.state.md.us

6. Check applicable items:

New Regulations

Amendments to Existing Regulations

Date when existing text was downloaded from COMAR online: 6/1/20.

Repeal of Existing Regulations

Recodification

- Incorporation by Reference of Documents Requiring DSD Approval
- Reproposal of Substantively Different Text:

: Md. R
(vol.) (issue) (page nos) (date)

Under Maryland Register docket no.: --P.

7. Is there emergency text which is identical to this proposal:

Yes No

8. Incorporation by Reference

Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

9. Public Body - Open Meeting

- OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

- OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

10. Children's Environmental Health and Protection

Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

11. Certificate of Authorized Officer

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by Rachel Cohen, Assistant Attorney General, (telephone #410-625-5684) on 9/1/20. A written copy of the approval is on file at this agency.

Name of Authorized Officer

R. Dean Kenderdine

Title

Executive Director

Telephone No.

410-625-5600

Date

9/23/20

Title 22

STATE RETIREMENT AND PENSION SYSTEM

Subtitle 02 OPTION AND ANNUITY TABLES

22.02.01 Option Factors and Annuity Values

Authority: State Personnel and Pensions Article, §§ 20-202, 21-108, 21-110, 21-125, and 21-402, Annotated Code of Maryland

Notice of Proposed Action

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The Board of Trustees for the State Retirement and Pension System proposes to adopt amendments to Regulations .01 and .03-.05 under COMAR 22.02.01 Option Factors and Annuity Values.

This action was considered by the Board of Trustees and Pension System at an open meeting held on September 22, 2020, notice of which was given by publication on the website for the Maryland State Retirement and Pension System pursuant to § 3-302 if the General Provisions Article of the Annotated Code of Maryland.

Statement of Purpose

The purpose of this action is to update the option factors and annuity values used by the State Retirement Agency when making calculations related to benefits payable upon the commencement of a retirement allowance, vested allowance, or allowance payable on the death of an active member. These proposed regulations are also being amended to make technical and clarifying changes to the existing regulations and to explain when certain updated factors will apply to the Agency's calculations.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Anne Gawthrop, Director, Legislative Affairs, State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland 21202, or call 410-625-5602, or email to agawthrop@sra.state.md.us, or fax to 410-468-1710. Comments will be accepted through 12/7/20. A public hearing has not been scheduled.

Open Meeting

Final action on the proposal will be considered by the Board of Trustees for the State Retirement Agency during a public meeting to be held on January 19, 2021 at 9:30 am, at via live stream from the Agency's website. Please check the website closer to the meeting date for further details..

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 2021

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

No

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

No funds are necessary to implement these regulations.

E. If these regulations have no economic impact under Part A, indicate reason briefly:

The option factors and annuity values ensure that a benefit paid under one of the optional forms of allowance is equivalent in value to the basic allowance benefit.

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

G. Small Business Worksheet:

Attached Document:

Title 22
STATE RETIREMENT AND PENSION SYSTEM
Subtitle 02 OPTION AND ANNUITY TABLES
Chapter 01 Option Factors and Annuity Values

Authority: State Personnel and Pensions Article, §§20-202, 21-108, 21-110, 21-125, and 21-402, Annotated Code of Maryland

.01 Definitions.

A. (Text unchanged)

B. Terms Defined.

(1) (Text unchanged)

(2) "Post-reform COLA rate" means the assumed cost-of-living adjustment rate under Regulation .03 *or* .04 of this chapter, for creditable service that is subject to State Personnel and Pensions Article, §29-408, Annotated Code of Maryland.

(3) "Pre-reform COLA rate" means the assumed cost-of-living adjustment rate under Regulation .03 *or* .04 of this chapter, for creditable service that is not subject to State Personnel and Pensions Article, §29-408, Annotated Code of Maryland.

(4) (Text unchanged)

.03 Option and Annuity Factors [on or after] from July 1, 2017 until December 31, 2021.

A. This regulation applies to an effective date of retirement [on or after] *from July 1, 2017 until December 31, 2021.*

B. General option factors and annuity values which are established by the System's actuary and are based on the actuarial assumptions adopted by the Board of Trustees as set forth in [§E] §F of this regulation shall be applicable to the Correctional Officers' Retirement System, Employees' Pension System, Employees' Retirement System, Judges' Retirement System, Teachers' Pension System, and Teachers' Retirement System.

C. Law Enforcement option factors and annuity values which are established by the System's actuary and based on the actuarial assumptions adopted by the Board of Trustees as set forth in [§E] §F of this regulation shall be applicable to the Law Enforcement Officers' Pension System, Local Fire and Police System, and State Police Retirement System.

D. *Legislative plan option factors and annuity values which are established by the System's actuary and based on the actuarial assumptions as set forth in §F of this regulation shall be applicable to the Legislative Pension Plan.*

E. Upon request, the Retirement Agency shall make the option factors and annuity values established by the System's actuary available to a participant.

[E.] F. Actuarial Assumptions.

	Interest Rate	Pre-reform COLA Rate	Post-reform COLA Rate	Mortality	Disabled Mortality	Unisex Mix
General Option Factors and Annuity Values	5.85%	2.29%	1.49%	RP 2014 Combined Annuitant Mortality	RP 2014 Disabled Annuitant Mortality, Set Forward 1 / 3 Years for Males / Females	50% / 50% Male / Female
Law Enforcement Option Factors and Annuity Values	5.85%	2.46%	1.49%	RP 2014 Combined Annuitant Mortality	RP 2014 Blue Collar Annuitant Mortality	85% / 15% Male / Female
<i>Legislative Plan Option Factors and Annuity Values</i>	5.85%	3.20%	3.20%	<i>RP 2014 Combined Annuitant Mortality</i>	<i>RP 2014 Disabled Annuitant Mortality, Set Forward 1 / 3 Years for Males / Females</i>	<i>75% / 25% Male / Female</i>

[.04 Legislative Pension Plan.

For a member of the Legislative Pension Plan, the Retirement Agency shall apply the annuity factors and values provided by the System’s actuary applicable to the Legislative Pension Plan.]

.04 Option and Annuity Factors on or after January 1, 2022.

- A. This regulation applies to an effective date of retirement on or after January 1, 2022.*
- B. Employee option factors and annuity values which are established by the System’s actuary and are based on the actuarial assumptions adopted by the Board of Trustees as set forth in §I of this regulation shall be applicable to the Employees’ Pension System and Employees’ Retirement System.*
- C. Judicial option factors and annuity values which are established by the System’s actuary and based on the actuarial assumptions as set forth in §I of this regulation shall be applicable to the Judges’ Retirement System.*
- D. Legislator option factors and annuity values which are established by the System’s actuary and based on the actuarial assumptions as set forth in §I of this regulation shall be applicable to the Legislative Pension Plan.*
- E. Public safety option factors and annuity values which are established by the System’s actuary and based on the actuarial assumptions adopted by the Board of Trustees as set forth in §I of this regulation shall be applicable to the Correctional Officers’ Retirement System, Law Enforcement Officers’ Pension System, Local Fire and Police System, and State Police Retirement System.*
- F. Teacher option factors and annuity values which are established by the System’s actuary and based on the actuarial assumptions as set forth in §I of this regulation shall be applicable to the Teachers’ Pension System and Teachers’ Retirement System.*
- G. For mortality and disabled mortality table assumptions, the base table rates (with scaling) are projected from the year 2010 using the MP-2018 generational mortality projection scales and birth year based on age in 2023.*
- H. Upon request, the Retirement Agency shall make the option factors and annuity values established by the System’s actuary available to a participant.*
- I. Actuarial Assumptions.*

	<i>Interest Rate</i>	<i>Pre-reform COLA Rate</i>	<i>Post-reform COLA Rate</i>	<i>Mortality</i>	<i>Disabled Mortality</i>	<i>Unisex Mix</i>
<i>Employee Option Factors and Annuity Values</i>	5.85%	2.19%	1.42%	<i>PubG-2010 Healthy Mortality (for General Employees), sex distinct, with rates scaled by 111% for males and 109% for females</i>	<i>PubG-2010 Disabled Mortality (for General Employees), sex distinct, with rates scaled by 134% for males and 99% for females</i>	50% / 50% Male / Female
<i>Judicial Option Factors and Annuity Values</i>	5.85%	3.10%	3.10%	<i>PubG-2010 Healthy Above Median Mortality (for General Employees), sex distinct, with rates scaled by 97% for males and 99% for females</i>	<i>PubG-2010 Healthy Above Median Mortality (for General Employees), sex distinct, with rates scaled by 97% for males and 99% for females</i>	75% / 25% Male / Female
<i>Legislator Option Factors and Annuity Values</i>	5.85%	3.10%	3.10%	<i>PubG-2010 Healthy Mortality (for General Employees), sex distinct, with rates scaled by 111% for males and 109% for females</i>	<i>PubG-2010 Disabled Mortality (for General Employees), sex distinct, with rates scaled by 134% for males and 99% for females</i>	75% / 25% Male / Female
<i>Public Safety Option Factors and Annuity Values</i>	5.85%	2.60%	1.42%	<i>PubS-2010 Healthy Mortality (for Safety Employees), sex distinct, with rates scaled by 108% for males and 103% for females</i>	<i>PubS-2010 Disabled Mortality (for Safety Employees), sex distinct, with rates scaled by 122% for males and 121% for females</i>	85% / 15% Male / Female
<i>Teacher Option Factors and Annuity Values</i>	5.85%	2.19%	1.42%	<i>PubT-2010 Healthy Mortality (for Teachers), sex distinct, with rates scaled by 105% for</i>	<i>PubT-2010 Disabled Mortality (for Teachers), sex distinct, with rates scaled by 105% for</i>	25% / 75% Male / Female

				<i>males and 110% for females</i>	<i>males and 113% for females</i>	
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.05 Determining a Member's or Beneficiary's Age.

A. (Text unchanged)

B. If the effective date of retirement is 6 months or more [from] *after* the previous birth date of the member, former member, or designated beneficiary, the Retirement Agency shall increase the age of the member, former member, or designated beneficiary to the next full year.

C. For the recalculation of an allowance payable under State Personnel and Pensions Article, §21-403(b), (c), (e), or (f), Annotated Code of Maryland (Options 2, 3, 5, or 6), to determine the applicable option factor, the Retirement Agency shall use:

(1) The option factors and annuity values described under Regulation [.02 or .03] *.02, .03 or .04* of this chapter which are applicable to the retiree as of the effective date of retirement; and

(2) (Text unchanged)