

**BOARD OF TRUSTEES FOR THE
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
MINUTES OF MEETING**

February 19, 2019

The Board of Trustees for the Maryland State Retirement and Pension System met in the Board Room of the SunTrust Building, 120 East Baltimore Street, 16th Floor Board Room, Baltimore, Maryland beginning at 11:55 a.m.

The Trustees present included:

Peter Franchot, Vice Chairman, Presiding	F. Patrick Hughes (via phone)
Eric Brotman (via phone)	Charles Johnson (via phone)
Jamaal Craddock	Theresa Lochte
David Hamilton	Richard Norman (via phone)
Linda Herman	Douglas Prouty
Sheila Hill	Michael Stafford, Jr.

Agency Staff members attending included: R. Dean Kenderdine, Executive Director/Board Secretary

Melody Countess	Angie Jenkins	Ken Reott
Patricia Fitzhugh	Van Lewis	David Rongione
Anne Gawthrop	Kim O’Keeffe	Janet Sirkis
Michael Golden	Andrew Palmer	Toni Voglino
Ira Greenstein	Harvey Raitzyk	

Assistant Attorneys General present included: Rachel Cohen, Jody Shaw and Kathleen Wherthey

Other attendees included: Justin Hayes and Tom Brennan

Consent Agenda On a motion made by Ms. Hill and seconded by Mr. Norman, the Board approved the consent agenda, which included:

- January 15, 2019 Open Meeting Board Minutes
- February 5, 2019 Administrative Committee Meeting Summary

2019 Legislative Bill Review Ms. Anne Gawthrop provided the Board of Trustees an overview of the 2019 pension related legislation introduced to the General Assembly to date. See *Attachment A*.

Ms. Gawthrop reported on the following bills that had been introduced since the February Administrative Committee meeting. Ms. Gawthrop requested that the Board vote on staff’s recommendations on the following bills:

House Bill 821	State Retirement and Pension System – Investment Management Fees	Oppose
House Bill 283 / Senate Bill 273	Correctional Officers’ Retirement System	Oppose
Senate Bill 454	Correctional Officers’ Retirement System – Retirement – Eligibility and Allowance	Oppose
Senate Bill 735	State Employees and Teachers – Cash Balance Plan	No Position

**BOARD OF TRUSTEES FOR THE
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
MINUTES OF MEETING**

February 19, 2019

Mr. Hamilton asked, regarding House Bill 821, how the amount of 45 basis points was determined as the fee cap amount.

Ms. Gawthrop responded that staff does not know how the cap amount was determined, but that the amount of .45% was much lower than what staff was initially led to believe it would be after meeting with the sponsor.

On a motion made by Mr. Hamilton and seconded by Mr. Stafford, the Board approved staff's recommendations regarding legislation. Ms. Hill voted against the recommendation regarding Senate Bill 454.

Certification of the
Retired
Employees'
Systems
Representative

Mr. Kenderdine certified to the Board that there is one eligible candidate, Sheila Hill, who met the requirements to be included on the ballot for the 2019 Retired Employees' Systems Trustee Election.

Mr. Kenderdine indicated that when a single candidate qualifies to be placed on the ballot, that candidate shall be considered nominated to serve as Trustee for his or her system and, upon the Board's certification, the candidate shall serve as trustee for the appropriate term. Ms. Hill would serve a new four-year term beginning August 1, 2019 through July 31, 2023.

On a motion made by Mr. Brotman and seconded by Ms. Lochte, the Board certified that Ms. Hill is deemed nominated to serve as a trustee for four years, beginning August 1, 2019.

Certification of the
Retired Teachers'
Systems
Representative

Mr. Kenderdine certified to the Board that there is one eligible candidate, Kenneth B. Haines, who met the requirements to be included on the ballot for the 2019 Retired Teachers' Systems Trustee Election.

Mr. Kenderdine indicated that when a single candidate qualifies to be placed on the ballot, that candidate shall be considered nominated to serve as Trustee for his or her system and, upon the Board's certification, the candidate shall serve as trustee for the appropriate term. Mr. Haines would serve a new four-year term beginning August 1, 2019 through July 31, 2023.

On a motion made by Mr. Prouty and seconded by Mr. Brotman, the Board certified that Mr. Haines is deemed nominated to serve as a trustee for four years, beginning August 1, 2019.

Recommendation
of the Investment
Committee
regarding changes
to the Investment
Policy Manual

The Board was provided with a red-lined version of the suggested changes to the Investment Policy Manual and the Investment Division Operations Manual, which were approved by the Investment Committee for recommendation to the Board of Trustees.

On a motion made by Mr. Hughes and seconded by Ms. Lochte, the Board of Trustees, approved the Investment Committee's recommendations for updating the Investment Policy Manual, as presented. Comptroller Franchot and Ms. Herman opposed.

**BOARD OF TRUSTEES FOR THE
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
MINUTES OF MEETING**

February 19, 2019

Executive
Director's Report

Mr. Kenderdine reminded the Board that the evaluation of the Executive Director was due to the Department of Budget and Management by March 1, 2019.

Mr. Kenderdine reminded the Board that Treasurer Kopp had issued an email calling for volunteers to serve on either of two Ad Hoc Committees.

The Ad Hoc Committee on Strategic Planning - The Trustee would work with the facilitator, Salisbury Beacon Institute, and staff in developing a new strategic plan. The Board has previously agreed that the development of this plan would be the method through which the recommendations coming out of the Board's recent Governance review would be addressed.

The Ad Hoc Committee for reviewing the Assumed Rate of Return - The Trustee would work with staff and the System's actuarial consultant as part of the forthcoming actuarial experience study to determine if the current assumed rate of 7.45% is appropriate.

Mr. Kenderdine reported that the agency's budget hearings are scheduled for February 22, 2019 at 1:00 p.m. in the Appropriations Committee for the House and on February 26, 2019 at 1:00 p.m. in the Budget & Taxation Committee hearing room for the Senate.

Mr. Kenderdine reminded the Board that Financial Disclosure forms are due to the State Ethics Commission by April 30, 2019. Mr. Kenderdine reported that there is a new on-line system for filing financial disclosures and that he is aware that some have encountered a few issues with it. If any Trustee encounters any problems using the on-line system, they should let him know and he will assist.

On a motion made by Mr. Prouty and seconded by Ms. Lochte, the Board voted to meet in a Closed Session, beginning at 12:04 p.m., in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16th Floor, for the purpose of:

1. reviewing the closed session Board minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function;
2. reviewing the Medical Board reports regarding individual participants' claims for disability retirement benefits, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records, and General Provisions Art., § 4-329 regarding the prohibition on disclosing medical and psychological information;

**BOARD OF TRUSTEES FOR THE
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
MINUTES OF MEETING**

February 19, 2019

3. reviewing staff's request for a remand of an individual participant's request for accidental disability retirement benefit, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records, and General Provisions Art., § 4-329 regarding the prohibition on disclosing medical and psychological information; and
4. reviewing a report regarding extraordinary salary increases, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records.

CLOSED SESSION

The Trustees present included:

Peter Franchot, Vice Chairman, Presiding
Eric Brotman (via phone)
Jamaal Craddock
David Hamilton
Linda Herman
Sheila Hill

F. Patrick Hughes (via phone)
Charles Johnson (via phone)
Theresa Lochte
Richard Norman (via phone)
Douglas Prouty
Michael Stafford, Jr.

Agency Staff members attending included: R. Dean Kenderdine, Executive Director/Board Secretary

Melody Countess
Patricia Fitzhugh
Anne Gawthrop
Michael Golden

Angie Jenkins
Van Lewis
Kim O'Keeffe
Harvey Raitzyk

Ken Reott
David Rongione
Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen, Jody Shaw and Kathleen Wherthey

Other attendees included: Justin Hayes and Tom Brennan.

On a motion made by Ms. Lochte and seconded by Ms. Herman, the Board returned to open session at 12:10 p.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16th Floor.

OPEN SESSION

During closed session, the Board of Trustees discussed and took action on the following matters:

Closed Session Minutes	The Board reviewed and approved the January 15, 2019 closed session minutes.
Medical Board Reports	The Board reviewed and adopted the medical board reports from January 17, January 23 and January 31, as well as February 6 and February 14, 2019.
Request to Remand a Participant's Request for Accidental Disability	The Board remanded the participant's request for accidental disability benefits to the Medical Board for an additional review of information and recommendation.

**BOARD OF TRUSTEES FOR THE
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
MINUTES OF MEETING**

February 19, 2019

Extraordinary Salary Increases The Board reviewed and approved the recommendations regarding the extraordinary salary increases, as presented.

Other Business Mr. Prouty addressed the Board with issues concerning Trumbull Property Fund's investment in the Baltimore Marriott Waterfront Hotel and the Board's September 20, 2018 letter to the company regarding labor disputes at that property. Mr. Prouty reported that the Board was notified by UNITE HERE that an unfair labor practice charge was filed by the hotel workers union with the National Labor Relations Board on November 7, 2018 alleging that a Baltimore Marriott Waterfront Hotel employee was fired in retaliation for being a leader of an organizing campaign. Mr. Prouty moved that the Board send a follow-up letter to UBS to request that they investigate and report to the Board regarding the alleged charge.

Mr. Hamilton opposed the motion commenting that it is not the Board's responsibility to police union labor disputes.

On a motion made by Mr. Prouty and duly seconded, by a vote of 7 to 5, the Board voted to send a follow-up letter to UBS Realty Investors LLC, to request that they investigate and report to the Board regarding the alleged Unfair Labor Practice at the Baltimore Marriott Waterfront Hotel. UBS should review and report any actions taken or planned to ensure that they are following their Responsible Contractor Policy and ensure that employees can make their decision about union representation without harassment.

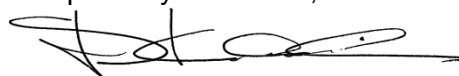
The Trustees in favor of the motion were: Comptroller Franchot, Ms. Hill, Mr. Johnson, Ms. Lochte, Mr. Norman, Mr. Prouty and Mr. Stafford. The Trustees in opposition of the motion were: Mr. Brotman, Mr. Craddock, Mr. Hamilton, Ms. Herman and Mr. Hughes.

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On recommendation of the Investment Committee, it was agreed that a letter would be sent to the General Assembly addressing the State's "reinvested savings" program which provides employer contributions above what has been statutorily or actuarially required. The letter will quantify the effect on the System's funded status that has resulted from the System not receiving the full additional contribution as originally provided in the 2011 pension reform legislation.

Adjournment There being no further business before the Board, on a motion made by Mr. Prouty and duly seconded, the meeting adjourned at 12:15 p.m.

Respectfully submitted,



R. Dean Kenderdine
Secretary to the Board

**BOARD OF TRUSTEES
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

***ADMINISTRATIVE COMMITTEE MEETING SUMMARY
FEBRUARY 5, 2019***

2019 Legislative
Review

**THIS MATTER WILL BE DISCUSSED OUTSIDE OF THE CONSENT AGENDA
IN OPEN SESSION.**

Ms. Anne Gawthrop provided the Committee an updated overview of the 2019 pension related legislation introduced to the General Assembly to date.

Member
Services Update

Mr. Raitzyk reported that the Member Services unit was unable to meet its performance goals for both the call abandonment rate and for the average call wait time for December 2018. The unit's call abandonment rate was 14.84% and the average speed of answer was 298 seconds.

Mr. Raitzyk reported that the increase was due to increased call volume, as well, as not being fully staffed. The unit currently has several vacancies for Retirement Benefits Specialist (RBS) positions and other RBS employees are on FMLA.

Mr. Nicole asked if the Agency is in the process of filling those vacant positions.

Mr. Raitzyk responded that the Agency is constantly in the recruitment process to fill vacant positions. However, in addition to the time that it takes to go through the process of hiring, there is an additional six months of training that an individual needs to have in order to work independently as a Retirement Benefits Specialist.

Mr. Nicole asked if the Agency thought about double-filling a PIN to be able to continuously have someone readily available and trained to fill a position that becomes vacant.

Treasurer Kopp responded that the amount of vacancies in the unit is not a new issue and asked if the Agency needs to have someone come in to give us new ideas on how to proceed in a new era.

Mr. Kenderdine responded that the Agency has been working closely with staff at the Department of Budget and Management, but the option of double-filling a PIN has not been suggested previously. Mr. Kenderdine further responded that he would be contacting DBM to discuss this option.

*****HIGHLIGHTED BILLS INDICATE BILLS ON WHICH STAFF IS RECOMMENDING AN ACTION BY THE BOARD*****

Legislative Update 2019 Session February 19, 2019

BOARD REQUESTED LEGISLATION

House Bill 62/Senate Bill 119 (Barnes/Griffith)

Employees' Pension System - Purchase of Eligibility Service Credit – Clarification

This Board requested legislation clarifies provisions regarding limitations on members of the EPS purchase of eligibility service credit for past employment. Specifically, it corrects an inadvertent erroneous reference within the statute that is counter to legislative intent.

- HB62 passed the House
- SB119 passed the Senate

House Bill 63/Senate Bill 306 (Barnes/Griffith)

State Retirement and Pension System - Maryland Pension Administration System - Member Contributions

This Board requested legislation requires participating employers in the System to submit member contributions and payroll data supporting the contributions at the same time.

- Hearing held in Appropriations – 1/29/19
- Hearing held in Budget and Tax – 2/14/19

House Bill 64/Senate Bill 120 (Barnes/Griffith)

State Retirement and Pension System - Designation of Beneficiary

This Board requested legislation authorizes a member of the System to designate a beneficiary either by submitting a notarized written designation to the Agency or electronically through Agency's secure access portal.

- HB64 passed the House
- SB120 passed the Senate

House Bill 265/Senate Bill 153 (Barnes/Griffith)

Alternate Contributory Pension Selection - Return to Employment

This Board requested legislation allows individuals who vest in the ACPS on or after July 1, 2011, to return to the ACPS if they terminate employment with a participating employer of the System and later return to work for a participating employer of the System, regardless of the length of their break in service. This bill codifies the existing practice of the Agency.

- Hearing held in Appropriations – 2/12/19
- Hearing held in Budget and Tax – 2/14/19

House Bill 266/Senate Bill 186 (Barnes/Griffith)

State Retirement and Pension System - Designated Beneficiary Change – Rescission

This Board requested legislation allows retirees of the System to rescind a request to change their designated beneficiary before the second monthly allowance is paid (instead of before the first allowance is paid). If a retiree rescinds the change of beneficiary under the bill, the benefit payment amount for the next payment is restored to the amount paid before the change in beneficiary.

- HB266 passed the House
- SB186 passed the Senate

House Bill 267/Senate Bill 179 (Barnes/Griffith)

Optional Retirement Program - Regulations

This Board requested legislation requires the Board to adopt and maintain a written plan document for the ORP, and it authorizes Board to adopt regulations it deems necessary to carry out its ORP responsibilities.

- HB267 passed the House
- SB179 passed the Senate

House Bill 860/Senate Bill 828 (Barnes/Griffith)

Employees', Teachers', and Correctional Officers' Systems - Active Members - Death Benefits

This Board requested legislation applies to an active member of the employees', teachers', or correctional officers' system who dies after reaching age 55 with 15 years of service or after accruing 25 years of service regardless of age. If, at the death of an active member described above, the member is survived by children under age 26 or disabled children at any age, but not a surviving spouse, the children shall receive the Option 2 benefit (100% joint and survivor benefit). As drafted, the bill requires the Board to make this payment and removes existing language that currently allows the surviving spouse to elect to receive this benefit. Additionally, requirements that the surviving spouse (and now children) be named as the member's sole beneficiary at the time of the member's death, have also been deleted. We believe those changes were inadvertent. Staff will work with the Committees to correct these issues in the legislation.

- Hearing scheduled in Appropriations – 2/28/19
- Hearing scheduled in Budget and Tax – 2/28/19

House Bill 821/Senate Bill 829 (Barnes/Griffith)

State Retirement and Pension System - Service Credit for Unused Sick Leave

This Board requested legislation preserves the unused sick leave for individuals who have been required to move from the ERS or EPS into the CORS through legislation over the past three years.

- Hearing scheduled in Appropriations – 2/28/19
- Hearing scheduled in Budget and Tax – 2/28/19

House Bill 862/Senate Bill 827 (Barnes/Griffith)

State Police Retirement System - Employment of Retirees - Clarifications

This Board requested legislation makes clarifying changes to the reemployment provisions in the State Police Retirement System.

- Hearing scheduled in Appropriations – 2/28/19
- Hearing scheduled in Budget and Tax – 2/28/19

House Bill 863/Senate Bill 486 (Barnes/Griffith)

State Retirement and Pension System - Workers' Compensation Offset

This Board requested legislation clarifies that, in the event that a retiree's ordinary disability benefit is converted to an accidental or special disability benefit, any offsets taken to a retiree's line of duty disability benefit due to a workers' compensation benefit awarded for the same injury shall commence on the date the disability benefit is converted.

- Hearing scheduled in Appropriations – 2/28/19
- Hearing held in Budget and Tax – 2/14/19

INVESTMENT RELATED BILLS

House Bill 75 (Grammer)

State Retirement and Pension System – Investment Management Fee Reporting

This proposed legislation requires the Board of Trustees to include in its annual reporting of investment management fees to the General Assembly (1) fixed fees; (2) performance fees; (3) fees that are formally invoiced; and (4) fees that are not formally invoiced.

- Hearing held in Appropriations – 2/5/19

Staff supported this bill with amendments. Investment Division staff reports that the Agency is currently reporting the information requested in this bill. However, the Investment Division staff pointed out we are currently not reporting the amount of carried interest paid to the System's investment managers each year. Therefore, we recommended amending this bill to remove the specific requirements it currently includes since that information is already being provided, and instead add the requirement that the Board report on carried interest. Staff has reached out to the sponsor to discuss this proposed amendment.

House Bill 821 (Barve)

State Retirement and Pension System - Investment Management Fees

This proposed legislation would cap external investment management fees in a fiscal year to .45% of the market value of the fund on the last day of the fiscal year. This cap would not apply to investment manager agreements entered into on or before June 30, 2109. The bill prohibits the Board from entering into agreements on or after July 1, 2019 with external management services that would pay fees for unrealized investment gains. House Bill 821 also requires the Board to begin reporting the amount of carried interest paid by the System, annually. Finally, the bill includes language that states it is the intent of the General Assembly that the Board shall utilize low-fee, passive investment strategies in the management of system assets, consistent with its fiduciary responsibilities.

- Hearing scheduled in Appropriations – 2/28/19

Staff recommends opposing this legislation. As drafted, provisions that address implementing a specified investment management fee cap and how it would be applied would not be administratively feasible for all investment management agreements to which the System is a party. Additionally, staff believes the bill should provide greater clarity with regard to the sponsor's intent when barring the Board from entering into agreements that would pay fees for unrealized investment gains. The bill also refers to "carried interest" as a fee. Typically, industry practice with regard to carried interest is to consider it as a share of profits among partners, and not a fee. It is unclear to staff as to whether the sponsor is aware of this distinction. While the sponsor's understanding of carried interest would not necessarily present an

issue for reporting purposes, it could create serious stress with regard to the asset classes that would be available to the Board for purposes of investing System assets. Limiting the asset classes available to the Board for investing purposes, ultimately, could create fiduciary issues inasmuch as the fund could be exposed to greater risk than necessary.

CORRECTIONAL OFFICERS' RETIREMENT SYSTEM

House Bill 29 (McCay)

Correctional Officers' Retirement System - Membership – Chaplains

This legislation would require employees of the Department of Public Safety and Correctional Services who are employed as prison chaplains in State correctional facilities, to become members of the CORS on July 1, 2019. All new employees in these positions would be members of the CORS.

- Hearing held in Appropriations – 1/29/19

The Board opposed this legislation based on advice from the System's tax counsel who expressed concern that prison chaplains would not meet the definition of qualified public safety officers under proposed IRS regulations addressing normal service retirement age. Individuals who meet this definition are eligible for a 20 year retirement, regardless of age. Currently correctional officers in the CORS meet the definition of qualified public safety officers. The sponsor contends the chaplains are trained as correctional officers, and therefore would be eligible for this benefit. Staff is working with the sponsor and the Department of Public Safety and Correctional Services to determine if prison chaplains are trained as correctional officers.

House Bill 283/Senate Bill 273 (Allegany County Delegation/Edwards)

Correctional Officers' Retirement System

This legislation would require employees of the Department of Public Safety and Correctional Services who are employed as office support staff, to become members of the CORS on July 1, 2019. All new employees in these positions would be members of the CORS.

- Hearing held in Appropriations – 2/12/19
- Hearing held in Budget and Tax – 2/14/19

Staff opposed this legislation because they believe office support staff would not meet the definition of a qualified public safety officer under proposed IRS regulations addressing normal service retirement age. Accordingly, under these proposed IRS regulations, these individuals would not be eligible for a 20 year retirement regardless of age.

**House Bill 1056/Senate Bill 636 (Queen Anne's County Delegation/Hershey)
Correctional Officers' Retirement System - Queen Anne's County**

This proposed legislation provides that if Queen Anne's County joins the CORS, membership in the CORS will be mandatory for individuals who are detention center officers for Queen Anne's County before and through the effective date of Queen Anne's County's participation in the CORS. The bill further provides that these employees shall receive all creditable and eligibility service earned prior to joining the CORS.

- Hearing scheduled in Appropriations – 2/28/19
- Hearing scheduled in Budget and Tax – 2/28/19

Staff recommends taking no position on this legislation.

Senate Bill 454 (Guzzone)

Correctional Officers' Retirement System - Retirement - Eligibility and Allowance

This proposed legislation applies to parole and probation officers who were required to move into the CORS through legislation enacted in 2017. This legislation would provide that any parole and probation officer who is not retired from the CORS and did not transfer their EPS or ERS service into the CORS in 2017, would be immediately vested in the CORS if their combined EPS/ERS and CORS service equaled at least 20 years of service. Additionally, the bill provides that the deficiency on any account for an parole and probation officer who did transfer service credit into the CORS, shall be removed from the member's account.

- Hearing scheduled in Budget and Tax – 2/28/19

Staff is recommending the Board oppose this legislation. This bill only addresses individuals who have not left membership or retired since 2017. As drafted, this bill begs the question as to what would happen to these individuals and their benefits. If someone left service but did not transfer prior to leaving, is the Board now required to immediately vest these individuals if their combined service equals 20 years? What if the individual has already received a refund of their accumulated contributions from the CORS? Moreover, if individuals did transfer their service and have retired with a deficiency, is the Board required to remove their deficiency and adjust their benefit? Parole and probation agents are only one of several groups that have been moved into the CORS in the past three years. Will the other groups not receive the same benefit.

MILITARY SERVICE BILLS

House Bill 430 (Cox)

State Retirement and Pension System – Disability Retirement - Alterations

This proposed legislation would allow any member of the several systems who is currently receiving a military retirement to claim up to five years of military service in the plan in which they are a member. Currently, members are prohibited from making a claim for military service if they are receiving a benefit from any other pension system for that same service.

- Hearing held in Appropriations – 2/12/19

Staff recommends taking no position on this legislation as it is a plan design and benefit determination matter.

House Bill 1133/Senate Bill 636 (Young/Peters)

Military Service Credit – Eligibility

This proposed legislation would allow any member of the CORS, LEOPS, or SPRS who is currently receiving a military retirement to claim up to five years of military service in the plan in which they are a member. Currently, members are prohibited from making a claim for military service if they are receiving a benefit from any other pension system for that same service.

- Hearing scheduled in Appropriations – 2/28/19
- Hearing scheduled in Budget and Tax – 2/28/19

Staff recommends taking no position on this legislation as it is a plan design and benefit determination matter.

MISCELLANEOUS BILLS

House Bill 94 (Rosenberg)

State Retirement and Pension System – Accidental Disability Application

This proposed legislation would allow one retiree who is currently receiving a service retirement allowance from the EPS to allow the member to apply for an accidental disability retirement. The bill provides that if the member is awarded an accidental disability it will begin on the first day of the month following the date the application was submitted.

- Hearing held in Appropriations – 2/5/19

Staff opposed this legislation. Allowing a retiree to unwind his benefit for an opportunity to receive a disability retirement years after the retiree's retirement date, will set a precedent for any other retiree to ask for the same opportunity. Additionally, allowing a retiree to apply for disability years after receiving a service retirement will make it extremely difficult for the medical board to access the medical condition of the retiree at the time of the injury.

House Bill 1299 (Jackson)

Law Enforcement Officers' Pension System - Benefits

This proposed legislation would increase the benefit multiplier in the LEOPS from 2% to 2.5%.

- No hearing scheduled in Appropriations

Staff recommends taking no position on this legislation as it is a plan design and benefit determination matter.

Senate Bill 735 (Serafini)

State Employees and Teachers – Cash Balance Plan

This proposed legislation would provide individuals employed by a participating employer of the EPS or TPS on or after July 1, 2020, with an election to join either the EPS/TPS or a cash balance. Individuals employed by a participating governmental unit in the System (regardless of start date) may not elect to participate in the cash balance plan. New employees of a participating employer hired on or after July 1, 2020 who would be eligible to elect to join the ORP, would also be eligible to elect to participate in the cash balance plan.

The Board is responsible for administering the plan.

Under the provisions of this bill, the employee contribution rate and employer contribution rate are 5%, each. Normal service retirement is age 62 with 10 years of service. Members of the cash balance plan will receive 5% compounded annually on their contributions (employee and employer). At retirement, a member may receive a lump sum benefit or an annuity with no survivor benefit, a 100% joint and survivor benefit, or a 50% joint and survivor benefit.

Local employers (school systems, libraries, and community colleges) shall pay 80% of the employer cost for their employees, while the State pays the remaining 20%.

- Hearing scheduled in Budget and Tax – 2/28/19

Staff recommends taking no position on this legislation as it is a plan design and benefit determination matter. However, staff would recommend submitting informational testimony to the Committees regarding any changes to the implementation of the cash balance plan that tax counsel for the System may recommend and the financial impact such a plan would have on the System.

Senate Bill 913 (Beidle)

State Retirement and Pension System - Administration - Retiree Information for Direct Mailings

This proposed legislation provides that retiree organizations may make up to two requests, annually, for assistance in performing direct mailings to retirees of the several systems who are members of the retiree organization. These two requests may be made at any time throughout the year. Current law limits the two requests to April and October each year.

- No hearing scheduled in Budget and Tax

Staff recommends taking no position on this legislation inasmuch as it will not be an administrative burden to implement.