

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

April 26, 2011

The Board of Trustees for the State Retirement and Pension System of Maryland met in the Boardroom of the SunTrust Building, 120 East Baltimore Street, Baltimore, Maryland, beginning at 9:10 a.m.

The Trustees present included:

Nancy K. Kopp, Chairman	Peter Franchot, Vice-Chairman	David Blitzstein	William Brown
T. Eloise Foster	James Harkins	Sheila Hill	F. Patrick Hughes
Major Morris Krome	Theresa Lochte	Robert Schaefer	Harold Zirkin
Thurman Zollicoffer, Jr.	R. Dean Kenderdine, Secretary		

Agency Staff members attending included:

Anne Budowski	Robert Burd	Margaret Bury	Melody Countess	Brian Feilinger
Michael Golden	Dennis Krysiak	A. Melissa Moye	Howard Pleines	Kenneth Reott
Janet Sirkis	Patrice Sowah	Michael Thompson	Toni Voglino	Victoria Willard

Assistant Attorneys General present included:

Deborah Bacharach	Rachel Cohen	John Kuchno	Melissa Warren
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Also attended by: John Kenney, Phillip Anthony, Michael Rubenstein, Amber Teitt, Howard Freedlander, Elaine M. DiAiso, and Alan Brody (The Gazette).

- Minutes 1. On a motion made by Ms. Hill and duly seconded, the Board approved the minutes of the March 15, 2011 open session meeting.
- Administrative Committee Report 2. Mr. James Harkins, Chairman of the Administrative Committee, reported on the regular meeting held on April 5, 2011.

Mr. Harkins reported that for the election of a retired Employees' Systems representative to the Board, only Mr. John Douglass had satisfied all the requirements to be included on the ballot. Therefore, as the sole candidate to qualify to be placed on the ballot, the Administrative Committee recommends Mr. Douglass' nomination to continue to serve on the board.

On motion made by Mr. Harkins and duly seconded, the Board certified that Mr. Douglass is deemed nominated to serve as a trustee for four years, beginning August 1, 2011.

Mr. Harkins reported that two individuals qualified to be placed on the ballot to serve as the retired trustee for the Teacher Systems. Ms. Theresa Lochte and Ms. Elaine M. DiAiso will be placed on the ballot for voting to begin May 23, 2011 and continue through June 17, 2011.

Mr. Harkins reported that Trustee William Brown has announced his retirement from the Montgomery County School System and as a result Mr. Brown will be required to resign as Trustee. It will be necessary to have a special election to replace Mr. Brown as Trustee as pension law does not permit a trustee elected while employed to continue if he retires unless he is in the final year of his four year term. The Agency is working on a schedule for this election and will present it to the June meeting of the Administrative Committee. Mr. Brown may remain on the Board until the newly elected trustee is seated.

Major Krome, joined by the other Trustees, congratulated, thanked and

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acknowledged Mr. Brown for his dedicated service as a Trustee on the Board.

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Mr. Harkins reported that the Communications staff continues to work with Towson University on developing several short videos for the Agency. Staff is scheduled to review the first cut of this video production to critique it and suggest changes.

Mr. Harkins reported that the Communication staff is working on reviewing, and when necessary, upgrading about 119 letters used throughout the Retirement Agency. He noted that 54 were used by Member Services and are, for the most part, very good and user friendly. Little change is needed. However, for many of the remaining letters, there is need to improve the text and style of the correspondence.

Mr. Harkins reported that the Communications staff will develop and implement a plan to communicate the recent pension reforms to both active and retired members. The newsletter (the Mentor) will be issued to active members explaining the reforms – both those that affect current employees and what changes there will be for future employees. In July, the retiree newsletter (News and Notes) will provide information on the reforms, noting that current retirees are not affected. The Agency will also place a message on the telephone system (IVR) so that current retirees will know that their benefits are not affected by the reforms.

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Mr. Harkins reported on the performance of the Member Services Unit, noting that the Agency continues to miss its goals on the call abandonment rate and the average call wait time for February. These results continue to reflect the high volume of retirement estimates and finals, tax questions, and lower number of staff to respond to calls, due to vacancies and temporary reassignment of staff.

Mr. Harkins reported the abandonment percentage for February was 14.87% and the average speed of answer was 5:31, both over the Agency goals. He noted that 24% of calls in February were related to questions on the retirees' 1099R statement or the increase to federal withholding in the January checks. The Agency received 11,214 calls in February, and staff answered 9,546. An additional 1,037 were called back to those who left messages.

Mr. Harkins reported that even with the greater time in responding to calls, 99.2% of the membership that responded to the monthly survey indicated they were satisfied with the services provided.

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Mr. Harkins reported that staff has been working on preparations to put pension reforms in place by July 1, 2011 as it was anticipated that legislation would be enacted to be effective as of that date. The Administrative Committee was updated on the expedited work that is needed with the MPAS system.

Mr. Harkins reported that Mr. Greenstein has been working to conclude a "time and materials" contract with the MPAS developer, HP State and Local Enterprises. The estimated cost of the contract – utilizing a 10% premium

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over normal rates, which is deemed reasonable by staff - ranges from \$3.5 million to \$4.5 million. The contract is a "not-to-exceed" contract with the expected costs to be closer to the \$3.5 million dollar amount than the higher end of this range. Most of the work is to be completed by July 1, 2011, but the contract will extend until December 31, 2011. Mr. Greenstein noted that in-house staff did not have the skills or time required to accomplish this project in the time allotted. It is necessary to outsource this work.

Mr. Harkins reported that Mr. Howard Pleines provided the Board with a written legislative summary (Attachment A of these minutes).

Mr. Harkins reported that the Administrative Committee heard the appeal of Ms. Arlene K. Prud'homme. She requested that she be permitted to rescind her retirement because of faulty information she received related to health insurance and which led her to retire. Ms. Prud'homme stated that she worked for the Baltimore City Public Schools as a School Psychologist, participating in the Teachers' Pension System for 17 years as a part-time employee. Because of her husband's illness, she decided to work two days per week, the consequence of which would be the loss of her health insurance. She was advised by her employer that she could retire and not lose subsidized health insurance, and then be eligible to return to work as a retired employee.

Mr. Harkins reported that Ms. Prud'homme was present at the Administrative Committee meeting and he acknowledged her as being present at the Board meeting.

Mr. Harkins reported that:

- Ms. Prud'homme indicated she relied on the information provided by her employer when she retired effective July 1, 2009. It was shortly after that time (more than a month after her retirement was effective) that she was advised that City health benefits were based on creditable service, and she did not have sufficient service to qualify for subsidized health insurance.
- Ms. Prud'homme stated that both she and her husband attended several meetings with City employees, who they believed spoke for both the City and the Retirement Agency. At each of these meetings, Ms. Prud'homme states that she was advised that she was entitled to subsidized health insurance. Ms. Prud'homme stated that that is why she decided to retire and elect a reduced benefit under Option 3, thus providing her husband with subsidized health benefits if he survived her.
- Ms. Prud'homme stated she has attempted to correct this matter since shortly after her retirement, both with the City and the Retirement Agency. In order to correct the hardship that the health insurance error has caused her and her husband, she asked that the Board interpret pension law to allow her to rescind her retirement.
- Mr. John Kuchno represented the Retirement Agency. He stated that while Ms. Prud'homme presented a very sympathetic case, her request did not pertain to the Retirement Agency since it was not a pension issue. Her problems are related to incorrect information provided by Baltimore City School System employees about a City benefit, subsidized health insurance. Her appeal should be made to the City, and not to the

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Retirement Agency.

- Mr. Kuchno emphasized that pension law provides that a member may rescind her retirement prior to payment of the first allowance. The Board may not interpret pension law to permit members who suffer unjust hardships, as in this case, to rescind their retirement. The law is clear that the election of a retirement option is not revocable following the date that the first monthly allowance became due, and for Ms. Prud'homme that date was August 1, 2009.
- Therefore, Mr. Kuchno asked that the Administrative Committee accept Mr. Kenderdine's request to issue a summary decision and deny Ms. Prud'homme's request rescind her retirement. The issue of the cost of Ms. Prud'homme's retiree health insurance should be resolved with Baltimore City, and not through rescinding her retirement.

Mr. Harkins reported that the Administrative Committee voted to deny Ms. Prud'homme's appeal and presented its recommendation to the Board.

On a motion made by Mr. Harkins and seconded by Ms. Hill the Board voted to issue a summary decision and deny Ms. Prud'homme's request to rescind her retirement.

It was further recommended by the Board that the Executive Director send a letter to the chief executive officer of the Baltimore City School Public School System, the Mayor of the City of Baltimore, and the Baltimore City Employee Benefits Division asking that BCPS carefully consider the circumstances in this case and take appropriate action to resolve the acknowledged mistake that brought about Ms. Prud'homme's premature retirement.

Mr. Harkins reported that the Administrative Committee reviewed the Board Performance Self Evaluation Discussion Guide. This is the same guide as has been used by the Board for previous self-evaluation.

On motion made by Mr. Harkins and seconded by Ms. Lochte, the Board approved the Discussion Guide to be used for the Board Performance Evaluation to be conducted this summer.

- GRS 3. Ms. Amy Williams, Gabriel, Roeder, Smith & Company (GRS), was present to address any questions regarding the MSRPS Experience Study July 1, 2006 – June 30, 2010 which had been presented and discussed at the Board meeting of March 15, 2011. Mr. Brian Murphy participated via telephone.

Treasurer Kopp summarized the discussion as follows:

1. To consider the actuary's assumption change recommendations and decide on adopting those changes now or at a later date, and;
2. To discuss the benefits and necessity of reconvening the Board's System Ad Hoc Committee on Funding Methodology.

The Trustees engaged in a lengthy discussion.

Treasurer Kopp and Major Krome cited three considerations in expressing their support of retaining the current actuarial assumptions. These included:

- The current assumed rate of return of 7.75% is considered by both

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- the System's actuary and general investment consultant as being reasonable;
- ▶ Significant pension reforms are being enacted in Maryland and time should be taken in order to assess their impact on the System's funded status;
- ▶ The global economy is recovering from an unprecedented downturn and time should also be taken to better assess the direction in which the economy will be moving in the coming year.

On a motion made by Mr. Hughes and seconded by Mr. Brown, the Board voted to keep the current actuarial assumptions with the intent to review them again in one year's time. Comptroller Franchot, Mr. Blitzstein, and Ms. Hill opposed.

The Board agreed that the System Funding Ad Hoc committee should reconvene to review how the newly adopted Pension Reform law will affect system funding with present as well as the alternative actuarial assumptions, with special emphasis on the Law Enforcement and State Police systems.

It was also noted that the Sustainability Commission is scheduled to meet on Monday, May 23, 2011.

Executive
Director's
Report

4. Mr. R. Dean Kenderdine reported on recent Agency developments.

Mr. Kenderdine reported that the Agency is currently, through the Maryland Medical Society, MedChi, recruiting for doctors to expand the number of medical board.

Mr. Kenderdine reported that the annual Board Education Session is scheduled for Tuesday, May 17, 2011 and will be held in the Miller Senate Office Building in Annapolis.

Mr. Kenderdine reported, and extended an invitation to the Trustees, that on Wednesday, May 18th the Agency will have an Employee Appreciation Ice Cream Social. The program will be preceded by a training program that will be conducted by Mr. Milton Hunt.

Treasurer Kopp and Mr. Kenderdine recognized Howard Freedlander and his years of dedicated service to the System as Treasurer Kopp's designee to the Board's Administrative Committee. Mr. Freedlander is retiring at the end of April. The Board extended their congratulations to Mr. Freedlander and presented him with a Board resolution as formal recognition of his service.

On a motion made by Mr. Brown and seconded by Mr. Zollicoffer, the Board ratified the April 5, 2011 decision to delegate the interview process to the Public Advisor Candidate Review Committee with a view to changing the Board policy to conform with this practice.

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- Medical Board 5. On a motion made by Mr. Brown and seconded by Major Krome, the Board
 And of Trustees accepted all the reports of the Medical Board in connection with
 Supplemental applications of members for ordinary, accidental and special disability
 Medical Board retirement allowances. The Medical Board's conclusions were reached after
 Reports its review of the documentation in the file.

CLOSED SESSION

The Board met in a Closed Session in the Boardroom of the SunTrust Building at 120 East Baltimore Street:

1. to approve the closed session minutes, pursuant to State Government Article §10-503(a)(1)(i), the exercise of an administrative function, and;
2. to discuss the Executive Director's evaluation, State Government Article §10-508(a)(1), personnel matters.

The Trustees present included:

Nancy K. Kopp, Chairman	Peter Franchot, Vice-Chairman	David Blitzstein	William Brown
T. Eloise Foster	James Harkins	Sheila Hill	F. Patrick Hughes
Major Morris Krome	Theresa Lochte	Robert Schaefer	Harold Zirkin
Thurman Zollicoffer, Jr.	R. Dean Kenderdine, Secretary		

Agency Staff members attending included:

Anne Budowski	Robert Burd	Margaret Bury	Melody Countess	Brian Feilinger
Michael Golden	Dennis Krysiak	A. Melissa Moye	Howard Pleines	Janet Sirkis
Patrice Sowah	Michael Thompson	Toni Voglino	Victoria Willard	

Assistant Attorneys General present included:

Deborah Bacharach	Rachel Cohen	John Kuchno	Melissa Warren
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Also attended by: John Kenney

The Board ended its closed session and returned to regular session to complete the agenda.

REGULAR SESSION

The Board reported that during the closed session the Board approved the closed session minutes.

REGULAR SESSION – APPEALS AND HEARINGS

- Brenda B. Brown 6. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Ms. Brenda B. Brown for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Ms. Brenda B. Brown was notified of the hearing but did not attend. Ms. Jill Leiner, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Closed Session.

- Kim T. Marks 7. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Ms. Kim T. Marks for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

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Ms. Rhonda Framm, Esq. appeared before the Board with her client, Kim T. Marks, to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Jill Leiner, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Closed Session.

- Linda F. Sligh 8. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Ms. Linda F. Sligh for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Ms. Linda F. Sligh participated via telephone to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Jill Leiner, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Closed Session.

- Robert E. McAteer 9. The Board considered the recommendation of the Administrative Law Judge in connection with the claim of Mr. Robert E. McAteer for ACCIDENTAL DISABILITY retirement benefits. The Administrative Law Judge's report, a report by the Medical Board, and all related documents submitted by the parties were presented.

Mr. Robert E. McAteer's attorney, Mr. John Coyle, sent written notification that they would not be in attendance (and in fact did not attend) to oppose the Agency's position and the Administrative Law Judge's recommendation. Ms. Jill Leiner, attorney for the Agency, addressed the Board and argued that the Board should adopt the Administrative Law Judge's recommendations. Following discussion, the Board deferred further consideration to Closed Session.

CLOSED SESSION – APPEALS AND HEARINGS

The Board met in a Closed Session in the Boardroom of the SunTrust Building at 120 East Baltimore Street for the purpose of:

1. to discuss the disability appeals pursuant to State Government Section 10-503(a)(1)(iii), the exercise of a quasi-judicial function.

The Trustees present included:

Nancy K. Kopp, Chairman	David Blitzstein	William Brown	James Harkins
Sheila Hill	F. Patrick Hughes	Major Morris Krome	Theresa Lochte
Harold Zirkin	Thurman Zollicoffer, Jr.		

Agency Staff members attending included:

Margaret Bury Patrice Sowah Janet Sirkis

Assistant Attorneys General attending: Deborah Bacharach and Rachel Cohen.

The Board ended its closed session and returned to regular session to complete the agenda.

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REGULAR SESSION

The Board reported that during the closed session the Board reviewed and decided on the following disability appeals:

- Brenda B. Brown 10. The Board voted to **ACCEPT** the Administrative Law Judge's Proposed Decision and **DENY** Brenda B. Brown's request for accidental disability benefits.
- Kim T. Marks 11. The Board voted to **ACCEPT** the Administrative Law Judge's Proposed Decision and **DENY** Kim T. Marks' request for accidental disability benefits.
- Linda F. Sligh 12. The Board voted to **ACCEPT** the Administrative Law Judge's Proposed Decision and **DENY** Linda F. Sligh's request for accidental disability benefits.
- Robert E. McAteer 13. The Board voted to **ACCEPT** the Administrative Law Judge's Proposed Decision and **DENY** Robert E. McAteer's request for accidental disability benefits.
- Adjournment 14. There being no further business before the Board, the meeting adjourned.

Respectfully submitted,



R. Dean Kenderdine
Secretary to the Board

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ATTACHMENT A - PENSION LEGISLATION - 2011 SESSION

PASSED (expected to be signed by Governor)

HB72/SB87

Budget Reconciliation and Financing Act of 2011, Speaker, by Request of the Administration/ Budget Reconciliation and Financing Act of 2011, President, by Request of the Administration

The information below reflects the primary reforms for the various member systems within the Maryland State Retirement and Pension System. A more detailed chart will be available on the Agency's website.

All current members of Employees' Pension System and Teachers' Pension System who are in the Alternate Contributory Pension Selection (including governmental units), have their employee contribution increased to 7% of pay for service on and after July 1, 2011, and retain the 1.8% benefit multiplier.

- ▶ New hires in the EPS and TPS contribute at 7% to receive a 1.5% benefit multiplier.
- ▶ Eligibility for full service retirement for EPS and TPS members enrolled on and after July 1, 2011 is Rule of 90 - age and service must equal 90 – or age 65 with at least ten years of eligibility service.
- ▶ Early service retirement is age 60 with at least 15 years of eligibility service (maximum reduction is 30%).
- ▶ Average Final Compensation for benefit calculations goes from the average of three to five highest years for new members enrolled on or after July 1 2011 for all systems, except the Judges' Retirement System (JRS) and Legislative Pension Plan (LPP).
- ▶ Vesting for new members enrolled on or after July 1, 2011 goes to 10 years from 5 years for all systems, except JRS and LPP
- ▶ New members of the State Police Retirement System enrolled on or after July 1, 2011, will be eligible for service retirement at age 50 or 25 years of service (up from 22 years of service).
- ▶ Cost-of-living Adjustments (COLAs) for all current active members (for service earned on and after July 1, 2011) as well as new members enrolled on or after July 1, 2011 will be capped at 2.5% when the System earns its assumed rate of return (currently 7.75%) or capped at 1% in years when the interest assumption is not met. This revised COLA cap does not apply to the Employees' Retirement System, Teachers' Retirement System, JRS, or LPP. It does apply to members of the Employees' Non-Contributory and Contributory Pension Systems.
- ▶ Law Enforcement Officers' Pension System member contributions increases from 4% to 6% in FY2012, and then to 7% in FY2013 (applies to current and new members, including participating governmental units).
- ▶ DROP continues for the SPRS and LEOPS with interest at 6% compounded monthly for current members, but decreases to 4% compounded annually for new accounts established on or after July 1, 2011. (For the SPRS, DROP period is extended to 29 years of membership service in order to retain maximum four year participation).

Funding:

Directs \$120M from employer contributions in FY2012 and \$120M from reform savings in FY2013 to the General Fund, and caps the savings reinvestment of reform savings in the System at \$300M per year.

HB176

State Retirement and Pension System - Reemployment of Retirees – Exemptions [Chapter 106]

Permits retirees to work for the employer from which they retired after being retired five complete calendar years following their retirement date without an earnings limitation (current law is nine full years). Biggest effect would be on state employees.

HB249/SB199

State Retirement and Pension System - Direct Mailings by Retiree Organizations - Repeal of Sunset Provision

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Removes the sunset provision (June 30, 2011) on permitting the Retirement Agency to coordinate a direct mailing to recent retirees for the Maryland Retired School Personnel Association in April and October of each year. Amendments (1) permit other retiree organizations to request mailings, but these groups are not added until after June 30, 2012; (2) requires Board to review and approve information to be mailed to retirees.

HB333/SB357

State Retirement and Pension System - Administration – Simplification, (Board Requested)

Places several Board requested proposals into a pension simplification act as has been done in prior years. Those proposals are: to update the definition of Social Security Integration Level; to eliminate obsolete references to social security data pertaining to payment of State Police death benefits; to clarify that the 45 day break between retirement and reemployment applies to withdrawn municipalities; and, to correct an oversight that members of the Law Enforcement Officer's Pension System receive either a death benefit or special death benefit.

HB335/SB356

State Retirement and Pension System - Military Service Credit – Eligibility (Board Requested) [SB356 – Chapter 59]

Requires members to accrue ten years of credit while employed as a member of a state system to apply for military service credit that occurred prior to enrollment. Current law requires ten years of creditable service, which includes other military credit, purchases, and unused sick leave credit. Board requested to eliminate potential abuse.

HB338/SB359

State Retirement and Pension System - Unclaimed Money - Former Members, Retirees, and Beneficiaries, (Board Requested) [SB359 – Chapter 60]

Permits the Retirement Agency to place names and last employer on Agency web site in order to expand and improve efforts to contact former members who are entitled to a refund or a vested benefit.

HB634/SB403

State Retirement and Pension System - Reemployment Earnings Offset – Retiree Health Care Premiums (Board Requested) [HB634 - Chapter 136]

Permits the Retirement Agency to limit the reduction of a retirement allowance that results from earning more salary after retirement than permitted due to the earnings limitation so that deductions for health insurance may be taken from the monthly retirement allowance. The amount deducted for health insurance is to be carried over for recovery in future years. Amendment: amended to include local government retirees as well as state retirees.

HB727/SB799

State Retirement and Pension System - Retirees and Beneficiaries of Retirees – Annual Retirement Allowance Adjustments

Codifies the solution for dealing with a negative COLA approved by the General Assembly in 2010. When the consumer price index produces a negative COLA, a "zero" COLA is to be applied. The negative COLA then is carried over and applied against the positive COLA to be paid for the following year. If there would be two negative years, the total negative amount would be carried over to be applied against the next positive year or years.

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HB899

Division of Parole and Probation - Warrant Apprehension Unit - Powers and Pension System

Establishes a Warrant Apprehension Unit within Parole & Probation who have police powers. Amendment: amended to eliminate language that would have transferred employees of this Unit to the Law Enforcement Officers' Pension System.

HB1088/SB358

Audit Responsibilities - State Department of Education, Maryland Higher Education Commission, and State Retirement Agency (Board Requested)

Shifts the responsibility for auditing boards of educations, libraries and community colleges (LEAs) from the State Retirement Agency to the Maryland State Department of Education (boards and libraries) and the Maryland Higher Education Commission (community colleges) to recover duplicate payments, if any, of teacher employer contributions if the LEAs received both state and federal funds for these contributions.

HB1168

Employees' Retirement and Pension Systems - Reemployment of Retirees - Health Care Practitioners

Eliminates the sunset provision in current law that as of June 30, 2011 would have reapplied the earnings limitation to health care providers who work contractually for the Maryland Department of Health and Mental Hygiene. These contractual workers would continue to be exempt from the earnings limitation. [Hearing in Senate Budget & Taxation April 6 at 1:00 p.m.]

HB1312/SB947

State Retirement and Pension System - Vested Retirement Allowance -Members and Former Members (Board Requested)

Provides that members and former members who are eligible to begin receiving their vested benefit may receive that benefit beginning the month following the receipt of an application for the vested benefit (ends retroactive payments to normal retirement age). Amendments: amended to clarify that those former members who attain normal retirement age on or before June 30, 2011 are not affected by this proposal (legal requirement).

DID NOT PASS

HB119

Town of Sykesville Employees - Participation in the Employees' Retirement System – Creditable Service

Permits the Town of Sykesville to grant at least 75% of prior service credits to its employees when the Town elects to participate in the Employees' Pension System. Amendments (1) requires percentage of prior service granted to be divisible by 5; (2) percentage granted to be added to pension law the year after Sykesville enters system. (held by Senate on final day of session).

HB303

State Retirement and Pension System - Employee Contribution Rate

Increases the employee contributions on and after July 1, 2011 for the following systems: Employees' and Teachers' Pension Systems - 5% to 7%; Correctional officers' Retirement System - 5% to 7%; Law Enforcement Officers' Pension System - 4% to 7%; and, Judges' Retirement System - 6% to 7%.

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HB305

State Retirement and Pension System - Vesting and Eligibility

Alters the eligibility requirement to retire based on age from the Employees' and Teachers' Pension Systems for individuals who become members on or after July 1, 2011 from age 62 with 5 years of eligibility: 63 with 4 year: 64 with 2 years: and 65 or older with 2 years to age 62 with 15 years of eligibility service. Also alters vesting requirements from 5 to 15 years of eligibility for individuals who become members on or after July 1, 2011.

HB334/SB360

State Retirement and Pension System - Completing and Submitting an Application for Service Retirement (Board Requested)

Permits employer to file for either a disability or service retirement for an incapacitated member after consulting with the Retirement Agency to determine which benefit would be in the best interest of the member. Issue to be referred to summer study. Delegates and Senators are concerned with legal aspects of permitting a department head to file for any pension benefits.

HB429

Video Lottery Terminal Revenues - School Construction and Pensions Delegates Simmons and Kramer

Creates an Educational Trust Fund to receive revenues from the video games of which 50% is to be used to go toward payment of the State's contributions to the Teachers' Retirement System and the Teacher' Pension System (up to \$50 million).

HB494

State Retirement and Pension System - Vesting and Eligibility

Alters the eligibility requirement to retire from the Employees' and Teachers' Pension Systems for individuals who become members on or after July 1, 2011 from age 62 with 5 years of eligibility: 63 with 4 year: 64 with 3 years: and 65 or older with 2 years to age 62 with 10 years of eligibility service. Also alters vesting requirements from 5 to 10 years of eligibility for individuals who become members on or after July 1, 2011.

HB515

State Retirement and Pension System - Military Service Credit – Reservists

Permits members of the System who are eligible to attain military service credits to receive credit for membership in a Reserve Unit of the Armed Forces to receive credit the same as is currently granted for service in the Maryland National Guard.

HB633/SB481

Pensions - Designation of Beneficiary - Powers of Attorney (Board Requested)

Exempts the System from provisions in the Estate & Trusts Article pertaining to acceptance of Powers of Attorney. The exemption ensures that appropriate protection is provided to the membership related to preparing Powers of Attorney in which an agent may change beneficiary designations and/or the right to self-gift. Retirement Agency is to bring issue back in 2012 with possible change to language on POA documents. Issue may be referred to summer study.

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HB843

State Retirement and Pension System - Optional Retirement Program - Membership and Participation

Provides all members of the Employees' and Teachers' Pension Systems the option to participate in the Optional Retirement Program (ORP) on and after July 1, 2011. Currently the ORP is only available to certain employees of the University System of Maryland, Morgan University, St. Mary's College, the state's system of community colleges, and the Maryland Higher Education Commission. If enacted, it is believed that this proposal would be in violation of the IRS Code which only permits educational employees to participate in the ORP.

HB866

Employees' Retirement System - Purchase of Service Credit - Former Members

Permits former members of the Employees' Retirement System to purchase service on or after September 1, 1971 if employed by the State as an assistant attorney general who did not enroll in the ERS, and on or after May 1, 1976 enrolled in the ERS and on or before January 1, 1982 ended state employment. For service prior to September 1, 1973, the former member must pay the employee and employer contributions plus 4% interest; for service on or after September 1, 1973, the former member must pay the employee contribution plus 4%. The purchase must occur before December 31, 2011 when the bill would sunset.

HB951/SB540

State Retirement and Pension System - Optional Allowances and Designated Beneficiaries - Changes to Elections

Permits individuals who retired on or before June 30, 2005 to change options from Option 2 to Option 3, and Option 5 to Option 6 and change the designated beneficiary. The recalculation would be based on the reserves at the time of recalculation. This proposal would sunset as of December 31, 2011 (violated federal regulations).

HB1061

State Retirement and Pension System - Local Educators and Librarians - Local Employer Contributions

Proposes an amendment to the Maryland Constitution to prohibit the Maryland General Assembly from passing legislation that would require local governments to pay the employer contributions for members of the teacher systems. If passed by three-fifths of each house, the proposal would go before the electorate November 12, 2012.

HB1155

Pension Reform Act of 2011

This proposal has three distinct parts: (1) discontinues the state's Prescription Drug benefit for retirees as of FY2013 for those who are Medicare eligible. (2) Prohibits the Chief Investment Officer of the Maryland State Retirement and Pension system from selecting outside managers to manage assets of the System after July 1, 2011, except for real estate; the fixed income and equity investment are to be indexed. (3) Places all future state employee and teacher members in the Optional Retirement Program as of July 1, 2011, and gives participating governmental units the option to enroll in the ORP. Governmental units that enter the System on or after July 1, 2011 would participate in the ORP only.

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HB1170

State Retirement and Health Benefits Reporting Transparency Act

Requires the Board to expand investment reporting of asset returns to a quarterly basis that would be submitted to the Governor, the General Assembly and major media organizations. The preparation and distribution of each report may not cost more than \$5,000.

HB1211

Employees' Pension System and Teachers' Pension System - Benefits - Eligible Rollover Distributions

Permits a member of the Employees' or Teachers' Pension System who has at least 15 years of eligibility service to terminate membership and accept a rollover distribution that equals the member's contributions with regular interest and a state contribution of 7% of annual earnable compensation with regular interest. This would be a one-time irrevocable election, and no future pension benefits would be earned while employed after accepting the distribution.

HB1251

State Police Retirement System - Special Disability Retirement Allowance - Forfeiture

Provides that if a member or former member of the State Police Retirement System is convicted of a criminal offense, as defined in the proposal, and that occurred while employed by the State Police, a special disability benefit can be forfeited or an application for special disability could be suspended. If later the individual is found innocent, or the charges are dropped, the benefit would be renewed, or the disability application process would be reset.

Senate Budget & Taxation to send letter to State Police and SLEOLA to work out agreement on this proposal for 2012. Proposal may also be assigned to summer study.

HB1289

State Retirement and Pension System - State Employees and Teachers - Benefits

Establishes the State Employees' and Teachers' Integrated Pension System as of July 1, 2011 for members of the Employees' and Teachers' Pension System (excluding employees of participating governmental units) to require a 3% employee contribution and a 1% benefit multiplier from July 1, 2011. Also establishes the Integrated Pension System Savings Plan (defined contribution plan) as of July 1, 2011 that matches member contributions 100% up to 3%, and 50% between 3 and 5%. Members would have the option to borrow from the savings plan. At retirement they would be able to take a lump sum payment or an annuity (maximum, 100% survivor, or 50% survivor). Would be administered by the Retirement System Board of Trustees.

HB1290

State Employees' and Teachers' Retirement Savings Plan

Establishes the State Employees' and Teachers' Retirement Saving Plan as of July 1, 2011 (excluding participating governmental units) and ends membership in the Employees' and Teachers' Pension Systems. Members will begin contributions at 3% and increase by 0.25% each year as of July 1, until reaching 10% (may freeze contribution at any time; increases as of July 1, only). Employers would pay 3% if employee elects no contribution or contributes up to 6%, and 25% of excess over 6% up to maximum 10%. Members would have the option to borrow from the savings plan. At retirement they would be able to take a lump sum payment or an annuity (maximum, 100% survivor, or 50% survivor). Would be administered by the Supplemental System Board of Trustees. Local employers (boards of education, libraries, and community colleges) would share the employer costs for their teacher members beginning July 1, 2016. The local share would increase from 20% of cost to 100% by FY2021.

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HB1294

Deficit Reduction Financing Act of 2011

As it pertains to the State Personnel and Pensions Article, requires the state and each local employer to pay a pro rata share of the administrative and operational expenses of the Board of Trustees and the State Retirement Agency based on the number of members of the several systems employed by the state or each local employer compared to the total membership. Payments of these costs would be quarterly.

HB1317

State Employees and Teachers - Cash Balance Plan

Ends membership in the Employees' and Teachers' Pension System as of June 30, 2011 for state employees and teacher members (participating governmental employees are excluded) and places them in the Cash Balance Plan as of July 1, 2011. Members contribute 5% of annual salary and the employer contributes 5%. Members may retire at age 62 with at least 10 years of service. At retirement they would be able to take a lump sum payment or an annuity (maximum, 100% survivor, or 50% survivor).

The benefit earned while members of the Employees and Teachers' Pension System is retained unless the member has less than 5 years. In such case the member may seek a refund or convert it to the Cash Balance Plan.

Local employers (boards of education, libraries, and community colleges) would share the employer costs for their teacher members beginning July 1, 2016. The local share would increase from 20% of cost to 100% by FY2021.

HB1318

State Retirement and Pension System - Board of Trustees and Investment Committee - Membership

Removes all elected members of the Board of Trustees and the representative of the participating municipalities and replaces them with trustees to be appointed by the Governor with the consent and approval of the Senate. Newly appointed trustees are to be experienced in investments and/or finance. Membership remains at 14.

HB1326

State Retirement and Pension System - Investments - Independent Investment Advisory Firms

Eliminates the Chief Investment Officer and the Division of Investments and replaces them with independent investment advisory firms hired by the Board of Trustees who are to recommend asset allocation, fees and commissions to be charged, and the criteria for the termination of advisory firms.

HB1344

State Retirement and Pension System - Guaranteed Retirement Income Plan and Retirement Savings Plan

Ends membership in the Employees' and Teachers' Pension System as of May 31, 2011 for state employees and teacher members (participating governmental employees are excluded) and places them in either a guaranteed retirement income plan or a retirement savings plan under the State Retirement and Pension System, administered by the Board of Trustees.

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SB6

Optional Retirement Program - State and Participating Governmental Unit Employees – Participation

Places all future state employees currently eligible for participation in any members system within the Maryland State Retirement and Pension System and future teacher members in the Optional Retirement Program (ORP), and makes membership optional for those participating governmental units that elect to participate. Currently the ORP is only available to certain employees of the University System of Maryland, Morgan University, St. Mary's College, the state's system of community colleges, and the Maryland Higher Education Commission. If enacted, this proposal would be in violation of the IRS Code which only permits educational employees to participate in the ORP.

SB628

State Health and Retirement Benefits - Public Employees and Retirees

For State retirees, alters eligibility for health benefits based on date of retirement, age and service. Requires employers covered under the teacher systems to share employer costs with the state beginning with FY2013.

There is established the Sustainability Pension Selection. Employees' and Teachers' Pension System members, excluding employees of participating governmental units, who are members as of July 1, 2011 and employed on July 1, 2012, may elect one of four options: Stable Benefit Selection, Stable Member Contribution Rate Selection, Reduced Member Contribution Rate Selection, and Cash Balance Selection. The election must be made to become effective July 1, 2012, and is irrevocable. For members on or after July 1, 2012, the election must be made at employment, but the Stable Benefit Selection would not be an option.

Stable Benefit: requires an 8% employee contribution; retirement eligibility is age 62 with ten years of eligibility service or age/service total must equal 92; early retirement is age 57 with 20 years eligibility service; benefit multiplier remains at 1.8% per year; and, cost-of-living adjustments are capped at 3% provided the System achieves its annual investment interest assumption (currently 7.75%), or 1% in the years the interest assumption is not reached.

Stable Member Contribution Rate: requires a 5% employee contribution; retirement eligibility is age 62 with ten years of eligibility service or age/service total must equal 92; early retirement is age 57 with 20 years eligibility service; benefit multiplier after 6/30/12 is 1.6% per year; and, cost-of-living adjustments are capped at 3% provided the System achieves its annual investment interest assumption (currently 7.75%), or 1% in the years the interest assumption is not reached.

Reduced Member Contribution Rate: requires a 3% employee contribution; retirement eligibility is age 62 with ten years of eligibility service or age/service total must equal 92; early retirement is age 57 with 20 years eligibility service; benefit multiplier after 6/30/12 is 1.4% per year; and, cost-of-living adjustments are capped at 3% provided the System achieves its annual investment interest assumption (currently 7.75%), or 1% in the years the interest assumption is not reached.

Cash Balance: requires a 5% employee contribution with a 10% employer contribution accruing interest at 5% compounded annually; retirement eligibility is age 62 with ten years of eligibility service or age/service total must equal 92; early retirement is age 57 with 20 years eligibility service; determination of "an allowance" would be established by the Board of Trustees. Cost-of-living adjustments appears unclear, but may be capped at 3% provided the System achieves its annual investment interest assumption (currently 7.75%), or 1% in the years the interest assumption is not reached.

For members of the Employees' and Teachers' Pension Systems who were members on or before July 1,

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2006, eligibility for retirement remains 30 years of eligibility service or age 62 with 5 years of eligibility service; early service retirement remains age 55 with 15 years of eligibility service (applies to participating governmental units).

Vesting: For the Employees' and Teachers' Retirement Systems, the Employees' and Teachers' Pension Systems, the Correctional Officers' Retirement System, the State Police Retirement System, the Law Enforcement Officers' Pension System, and the Local Fire and Police System eligibility to vest remains 5 years if the member has 5 years of eligibility service on or before June 30, 2011. Otherwise, the eligibility requirement becomes 15 years (applies to participating governmental units).

It appears that members who are eligible for an unlimited compounding cost of living adjustment must retire on or before June 30, 2012 in order to receive that form of COLA during retirement. However it is unclear as to what COLA would be payable to those who are eligible for this unlimited COLA if they do not retire by June 30, 2012.

DROP: For members of the State Police Retirement System and the Law Enforcement Officers' Pension System who participate in the Deferred Retirement Option Program, the interest earned while in DROP is reduced from 6% to 4%.

SB629

Teachers' Retirement and Pension Systems - Local Employer Contributions

Alters the payment of teacher employer contributions for members of the Teachers' Retirement & Pension Systems by establishing a median annual salary for eligible employees of all boards of education, all libraries and all community colleges (except the Baltimore City Community College) and requiring that the counties pay that portion of the total employer contribution that is in excess of the median salaries for the eligible "teacher" membership in that county. The median annual salary would be calculated by the State Department of Education for teacher members and librarians, and the Maryland Higher Education Commission for community colleges.

SB735

State Retirement and Pension System - Optional Retirement Program - New Employees

Places all future state employees (except the Governor) currently eligible for participation in the various member systems within the Maryland State Retirement and Pension System and future teacher members in the Optional Retirement Program (ORP) under IRS Code Sections 401(a) and 403(b), and makes membership optional for those participating governmental units that elect to participate. Currently the ORP is only available to certain employees of the University System of Maryland, Morgan University, St. Mary's College, the state's system of community colleges, and the Maryland Higher Education Commission. This proposal attempts to include all employees by referencing 401(a) plans, but would still create problems with the IRS be attempting to meld new coverage into the existing ORP currently open only to educators.

SB844

State Retirement and Pension System - Transfer of Service Credit

Permits a member of the Employees' Pension System who had 16 or more years of service with the Maryland Transportation Authority while a member of the Law Enforcement Officers' Pension System to transfer this service to the Employees' Pension System even though there was a break in employment (transfer provisions currently require that there is no break). Member must request the transfer prior to December 31, 2011, when the bill would sunset.

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SB984

Budget Reconciliation and Balancing Act

Requires current members of the ACPS (state and local government employees and teacher members) to elect to retain the current 5% employee contribution and have future benefits from July 1, 2011 calculate based on a benefit multiplier of 1.5%, or increase the employee contribution to 7% and retain the current 1.8% benefit multiplier.

For all new hires from July 1, 2011 (state and all local government employees - includes agencies that were in the NCPS and CPS - and teacher members), there is a Reformed Contributory Pension Benefit that requires a 7% employee contribution. The benefit multiplier is set at 1.5% for all service. Members vest in ten years. Full service retirement is age 65 with at least ten years; early service retirement is age 60 with at least fifteen years (maximum reduction is 30%). The average final compensation is the average of the five highest consecutive years. COLAs are capped at 3% unless the System does not earn its assumed rate of return (currently 7.75%), and then it is capped at 1%.

Funding: Beginning July 1, 2011, each county is to pay 50% of the pension costs for the members of the Teachers' Systems who are eligible employees of boards of education, libraries, and community colleges (except Baltimore City Community College, which is state institution). Payment is to be made by each county to the Retirement Agency within 30 days of receiving billing. If payment is not paid promptly, a 10% penalty can be applied. If necessary a set off against funds due the county can be taken through the Comptroller's Office.