

**ADMINISTRATIVE COMMITTEE MINUTES
BOARD OF TRUSTEES
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

April 2, 2019

The Administrative Committee met at the SunTrust Building, 120 East Baltimore Street, 16th Floor, Board Room, Baltimore, Maryland, beginning at 9:34 a.m.

The Committee members present included:

Theresa Lochte, Acting Chairman (via phone)	Marc Nicole
Nancy K. Kopp (presiding)	Richard Norman
Sheila Hill	

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

CLOSED SESSION

On a motion made by Mr. Nicole and seconded by Ms. Hill, the Administrative Committee voted to meet in a Closed Session beginning at 9:35 a.m. in the Boardroom of the SunTrust Building at 120 East Baltimore Street, 16th Floor, for the purpose of:

- a) receiving the performance evaluation results of the Executive Director, pursuant General Provisions Art., § 3-305(b)(1)(i), to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of an appointee, employee, or official over whom it has jurisdiction.

The Committee members present included:

Theresa Lochte, Acting Chairman (via phone)	Marc Nicole
Nancy K. Kopp (presiding)	Richard Norman
Sheila Hill	

On a motion made by Ms. Hill and seconded by Mr. Nicole, the Administrative Committee returned to open session at 9:45 a.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16th Floor.

OPEN SESSION

The Committee members present included:

Theresa Lochte, Acting Chairman (via phone)	Marc Nicole
Nancy K. Kopp (presiding)	Richard Norman
Sheila Hill	

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

Melody Countess	Angie Jenkins	Ken Reott
Anne Gawthrop	Van Lewis	David Rongione
Michael Golden	Harvey Raitzyk	Janet Sirkis
Ira Greenstein		

Assistant Attorneys General present included: Rachel Cohen, Emily Spiering and Kathleen Wherthey

Other attendees included: Trooper Jason Hinish

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Administrative
Appeal of Capt.
Timothy
McDonald

Rebecca Smith, Esquire and Capt. Timothy McDonald appeared before the Administrative Committee, requesting that the Committee reject the Summary Decision of the Executive Director and grant Capt. McDonald's request to revoke his election to transfer service credit from one retirement system into the State Police Retirement System.

Ms. Smith argued that in September 1994, when Capt. McDonald submitted his completed Election to Transfer Service form, he was unaware that the transfer would be irrevocable. Ms. Smith argued that the Agency's form MSRA-37, Election to Transfer Service did not, at that time, specify that the election to transfer service is an irrevocable election. Ms. Smith also argued that the Agency's benefits handbook nor Title 37 of State Personnel and Pensions Art. ("SPP"), indicate that an election to transfer service is irrevocable. In addition, Ms. Smith indicated that Capt. McDonald did not complete form MSRA-26 "Request to Purchase Previous Service", which she argues Capt. McDonald was required to do in order for his service time to be transferred.

Ms. Emily Spiering, Assistant Attorney General, addressed the Committee on behalf of the Agency.

Ms. Spiering indicated that the Agency received a completed form MSRA-37 Election to Transfer Service from Capt. McDonald on or about September 2, 1994, and a second completed form on or about November 15, 1994. The Agency determined that Capt. McDonald had sixty-nine (69) months of eligible service to be transferred and \$10,879.64 in employee contributions, which were owed as part of his transfer from a non-contributory system into a contributory system.

Ms. Spiering argued that SPP § 37-203(c), which governs Capt. McDonald's transfer of service credit from the non-contributory Employees' Pension System to the State Police Retirement System, provides that "an individual who transfers service credit under this title *shall* receive service credit in the new system in the amount of service credit accumulated under the previous system." Ms. Spiering also argued that numerous provisions in SPP Title 24, governing the State Police Retirement System reflect the legislature's intent that the transferred service credit is irrevocable and must be considered for DROP eligibility purposes.

Ms. Spiering argued that applying a "plain-meaning" review of the governing statutes reveals that the irrevocability of an election to transfer service is inherent in the law. The Agency properly transferred Capt. McDonald's prior service credit consistent with his election in 1994, and that transfer is not revocable or reversible.

Trustee Richard Norman, for the record, advised the Committee that as the representative for the members of the State Police Retirement System, he would be recusing himself from the appeal.

Ms. Hill asked if the term "shall" could mean "will."

Ms. Spiering responded that the courts have held that the legislature generally intends the term "shall" to mean "must."

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Ms. Hill asked Capt. McDonald if his Personal Statement of Benefits (PSB) included the five (5) years of credit that had been transferred to his active account.

Capt. McDonald responded that his PSB did include the five (5) years, as well as a deficiency amount of approximately \$28,000, for that time. Capt. McDonald further responded that it is his understanding that unless he pays that deficiency amount by July, 2019, he would not be entitled to that transferred time and would be penalized.

Ms. Hill responded to Capt. McDonald, explaining that, it is her understanding from being a retiree herself, that while there would be no penalty for not paying the deficiency, at retirement, his monthly benefit allowance would not be as much as it would have been had he paid the deficiency amount in full.

The Committee discussed and voted on this appeal in closed session.

Minutes

On a motion made by Ms. Hill and seconded by Mr. Norman the Administrative Committee approved the March 5, 2019 open session meeting minutes.

Request for a
Waiver of the
One Year
Requirement to
Request a
Service Credit
Transfer

Mr. Ken Reott presented background information regarding the request of Harry Hopkins, III, for a waiver of the one-year requirement to request a service credit transfer and the Executive Director's recommendation that the Committee uphold his decision in this regard.

Mr. Reott reported that Mr. Hopkins' request was denied by the Executive Director because it was not received within the four (4) year deadline for a member to request a waiver.

Mr. Reott further reported that staff has contacted Mr. Hopkins and Mr. Hopkins indicated that he understood the law and has decided to submit an application to purchase the four (4) months of service.

On a motion made by Mr. Nicole and seconded by Mr. Norman, the Administrative Committee adopted the Executive Director's recommendation to deny Mr. Hopkins' request for a waiver to transfer service credit.

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 February 2019. The unit's call abandonment rate was 25.27% and the average speed of answer was 431 seconds. Mr. Raitzyk indicated that calls relating to refund questions, tax questions and 1099Rs were the main contributors to the increased call volume. He indicated that over 900 calls had been received the previous day alone.

Mr. Raitzyk reported on the actions staff has taken to help change the trend of missed performance goals. Mr. Raitzyk indicated that while during the last reporting period, there were vacancies in the member services unit, three (3) new counselors have been hired and April is the first month in which those new employees will begin answering phone calls. Mr. Raitzyk also indicated the Agency is working closely with the staff at the Department of Budget and Management ("DBM") to hire

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employees to fill the “double-pinned” positions discussed at the Committee’s previous meeting.

In addition, Mr. Raitzyk indicated that the Agency’s phone system has been changed to increase the number of calls allowed in the queue from ten (10) to twenty (20) twenty. The phone system also has a call-back feature, in which, if the caller leaves a phone number on an available recording feature, a staff member will return the call. Mr. Raitzyk also indicated that once the Member Portal goes “live” in September, the number of calls should decrease as a lot of the calls received are requests for income verification letters and other documents or information that will be accessible on the portal.

Mr. Nicole commented that that the Agency may also receive a spike in the volume of calls due to the current Medicare Part D legislation, depending on the outcome of the bill and implementation of those requirements

Mr. Raitzyk responded that Agency staff is working with DBM staff to ensure that both agencies are prepared for any outcome of that legislation.

Mr. Kenderdine commented that the possibility of the deadline being moved from May to December, for members to have to decide about retirement would be helpful to both agencies, and be much fairer to the members.

Ms. Hill asked how the Agency advertises vacant positions, and asked if vacant positions are put on the website or does staff attend job fairs like the one that Congressman Cummings conducts.

Mr. Raitzyk responded that he would need to confirm with DBM staff on what the process is, but that he knows that there are lists of eligible candidates that staff has been working from to schedule interviews and hire from.

Treasurer Kopp requested that Mr. Raitzyk look into this and report back to the Administrative Committee on the recruitment/hiring process, specifically concerning the congressman’s event.

Mr. Norman asked if the number of call-backs have increased for the member services unit.

Mr. Raitzyk responded that staff has called back over approximately 2,000 people for each of the months of January and February 2019.

Mr. Nicole asked how call-backs get reported on statistics.

Mr. Raitzyk responded that it depends on how long each caller stays on the line during the recording. If a caller hangs up during the recording, that would inflate the call abandonment rate.

Treasurer Kopp asked if there are questions being asked are generic enough that staff could prepare a FAQ sheet to post on the website.

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Mr. Raitzyk responded that the vast majority of the calls are so member-specific that they can't be addressed with a FAQ page on the website.

Ms. Lochte asked how many counselors were answering the 900 calls that came into the unit the day before.

Mr. Raitzyk responded that typically eight to ten counselors are answering calls on a daily basis.

2019 Legislative
Review

Ms. Anne Gawthrop provided the Committee an updated overview of the 2019 pension related legislation, to date. See Attachment A.

Ms. Gawthrop reported that all Board requested legislation are completed and four or five bills would pass that were not board requested.

Treasurer Kopp asked for an update on the bill sponsored by Delegate Barve.

Ms. Gawthrop responded that House Bill 821 – State Retirement and Pension System – Investment Management Fees passed with amendments and in a form acceptable to the Agency, but that Delegate Barve indicated that he would come back with additional legislation next session.

Treasurer Kopp acknowledged that the amendments to HB821 provided transparency in reporting the carried interest for the System. The Treasurer further directed staff to continue to meet with the primary sponsor of the bill to address the Board's concerns with the issues originally included in HB821, if the sponsor plans to reintroduce the legislation next session.

Mr. Nicole asked what was Tax Counsel's determination concerning House Bill 1383 – Correctional Officers' Retirement System – Membership – Maintenance Employees.

Ms. Gawthrop responded that staff never contacted tax counsel as the bill never made it out of the Rules Committee.

CLOSED SESSION

On a motion made by Mr. Nicole and seconded by Ms. Hill, the Administrative Committee voted to meet in a Closed Session beginning at 10:35 a.m. in the Boardroom of the SunTrust Building at 120 East Baltimore Street, 16th Floor, for the purpose of:

- a) Reviewing the closed session minutes from the March 5, 2019 Administrative Committee meeting, pursuant to General Provisions Art., Section 3-103(a)(1)(i), the exercise of an administrative function; and
- b) Discussing the administrative appeal of Timothy McDonald, pursuant to General Provisions Art., § 3-103(a)(1)(i), a quasi-judicial function.

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The Committee members present included:

Theresa Lochte, Acting Chairman (via phone)	Marc Nicole
Nancy K. Kopp (presiding)	Richard Norman
Sheila Hill	

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

Melody Countess	Van Lewis	David Rongione
Michael Golden	Harvey Raitzyk	Janet Sirkis
Angie Jenkins	Ken Reott	

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

On a motion made by Mr. Nicole and seconded by Mr. Nicole, the Administrative Committee returned to open session at 10:37 a.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16th Floor.

OPEN SESSION

The Committee members present included:

Theresa Lochte, Acting Chairman (via phone)	Marc Nicole
Nancy K. Kopp (presiding)	Richard Norman
Sheila Hill	

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

Melody Countess	Van Lewis	David Rongione
Michael Golden	Harvey Raitzyk	Janet Sirkis
Angie Jenkins	Ken Reott	

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

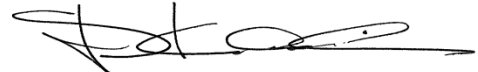
The Administrative Committee reported that during the closed session the Administrative Committee reviewed and decided on the following items:

Closed Session Minutes	The Committee approved the March 5, 2019 closed session minutes.
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Administrative Appeal of Timothy McDonald	The Committee reviewed and adopted the recommendation for summary decision for recommendation to the Board of Trustees.
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Adjournment	There being no further business before the Committee, on a motion made by Mr. Nicole and seconded by Mr. Norman, the meeting adjourned at 10:38 a.m.
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Respectfully submitted,



R. Dean Kenderdine,
Secretary to the Board

Legislative Update

2019 Session

April 2, 2019

BOARD REQUESTED LEGISLATION

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

Employees' and Teachers' Pension Systems - Benefits

As amended, 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. Additionally, amendments were added to exempt certain retirees who have reached normal service retirement age from a 45-day break in service when returning to work as a reemployed retiree.

- HB62 returned passed
- SB119 returned passed

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.

- HB63 voted favorable by Budget and Tax
- SB306 voted favorable by Appropriations

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 voted favorable by Budget and Tax
- SB120 voted favorable by Appropriations

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.

- HB265 voted favorable by Budget and Tax
- SB153 voted favorable by Appropriations

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 voted favorable by Budget and Tax
- SB186 voted favorable by Appropriations

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 voted favorable by Budget and Tax
- SB179 voted favorable by Appropriations

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

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

As amended, 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 50% of what the member's basic allowance would have been, had the member been retired. 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.

- HB860 voted favorable by Appropriations
- SB828 passed the Senate

House Bill 861/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.

- HB861 voted favorable by Budget and Tax
- SB829 voted favorable by Appropriations

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.

- HB862 passed the Senate
- SB827 voted favorable by Appropriations

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.

- HB863 voted favorable by Budget and Tax
- SB486 voted favorable by Appropriations

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.

- Voted unfavorable by Appropriations

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

As amended, this proposed legislation requires the Board to include in its annual reporting of investment management fees to the General Assembly the amount of carried interest paid to the System's investment managers each year.

- Voted favorable by Budget and Tax

As amended, staff recommends taking no position on this legislation.

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.

- HB1056 voted favorable by Budget and Tax
- SB636 voted favorable by Appropriations

Staff took no position on this legislation.

House Bill 1383 (Jackson)

Correctional Officers' Retirement System - Membership - Maintenance Employees

This legislation would require employees of the Department of Public Safety and Correctional Services who are employed as prison maintenance officers 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.

- No hearing scheduled in Appropriations

Staff will ask the System's tax counsel to determine if it believes prison maintenance offices would qualify as correctional officers under proposed IRS regulations addressing normal retirement age for public safety officers, including correctional officers. If tax counsel determines these individuals do not qualify, we recommend opposing this legislation inasmuch as they would not qualify for a 20 year retirement. However, if tax counsel determines they do qualify as correctional officers, we recommend taking no position as this would be an issue of plan design and benefit determination.

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 a parole and probation officer who did transfer service credit into the CORS, shall be removed from the member's account.

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

Staff opposed 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 also be included in this legislation?

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.

- Voted unfavorable by Appropriations

Staff took 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 held in Appropriations – 2/28/19
- Hearing held in Budget and Tax – 2/28/19

Staff took 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.

- Voted unfavorable by Appropriations

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

House Bill 1379 (Barnes)

Optional Retirement Program - Membership

This proposed legislation prohibits certain members of the EPS who satisfy certain requirements from participating in the ORP on or after February 1, 2015. Staff is aware of one individual who would be impacted by this legislation.

- Voted favorable by Budget and Tax

Staff recommended taking no position on this legislation. This bill addresses benefit eligibility. As drafted, it does not present any legal issue with IRS rulings regarding plan elections.

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 held in Budget and Tax – 2/28/19

Staff took no position on this legislation as it is a plan design and benefit determination matter. However, staff did submit 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.

- Hearing held in Appropriations – 3/23/19

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