

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 164

(Delegate B. Barnes)(Chair, Joint Committee on
Pensions)

Appropriations

Budget and Taxation

Judges' Retirement System - Mandatory Retirement Age - Clarification of
Eligibility for Allowance

This bill clarifies that members of the Judges' Retirement System (JRS) are entitled to a normal retirement allowance if they reach mandatory retirement age before they accrue the five years of eligibility service required for vesting. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: None. The bill is clarifying in nature and reflects current practice.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A member of JRS is entitled to a normal retirement allowance if the member:

- is at least age 60 with at least five years of eligibility service at the time of retirement;
- resigns because of a disability at the recommendation of the medical board;
- retires by order of the Court of Appeals with at least five years of eligibility service;

- *retires by order of the Court of Appeals with fewer than five years of eligibility service, if the eligibility service equals the mandatory retirement age minus the member's age when the member first became a member; and*
- at age 60 if the former member terminated service before reaching age 60 and had at least five years of eligibility service at the time of termination.

Article IV, § 3 of the Maryland Constitution institutes mandatory retirement for all circuit, District, and appellate court judges at age 70.

Background: Prior to July 1, 2012, members of JRS vested immediately upon becoming a member. Chapter 485 of 2012 instituted a five-year vesting requirement for JRS members. With the addition of a vesting requirement, judges appointed to the bench after turning age 65 would not have been eligible for a retirement allowance because they would not have satisfied the vesting requirement before reaching mandatory retirement at age 70. Chapter 150 of 2015 sought to address this by allowing those members to receive a prorated benefit, but its language specified that JRS members were entitled to a benefit if they retired “by order of the Court of Appeals.” Since then, the State Retirement Agency (SRA) has become aware that JRS members who reach mandatory retirement age are not retired by order of the Court of Appeals but simply retire under the provisions of the Maryland Constitution.

SRA, therefore, requested that the Joint Committee on Pensions sponsor legislation to clarify the retirement eligibility of JRS members who reach mandatory retirement age before vesting, and the committee agreed to sponsor the legislation.

Additional Information

Prior Introductions: None.

Cross File: SB 176 (Senator Guzzone)(Chair, Joint Committee on Pensions) - Budget and Taxation.

Information Source(s): State Retirement Agency; Department of Legislative Services

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