

**Department of Legislative Services**  
Maryland General Assembly  
2021 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 929  
Appropriations

(Delegate Arikan)

---

**Teachers' Pension System – Vested Allowance – Break in Service**

---

This bill exempts specified former members of the Teachers' Pension System (TPS) from a requirement that they be separated from employment with a participating employer in order to receive a vested allowance after attaining normal retirement age. **The bill takes effect June 1, 2021.**

---

**Fiscal Summary**

**State Effect:** Since it is assumed that this bill applies in a limited number of cases, it has no material effect on State pension liabilities or contribution rates. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None.

---

**Analysis**

**Bill Summary:** The bill applies to an individual who:

- was a member of TPS at specified times and with specified employers between January 1980 and June 2005;
- is currently employed with the Baltimore City Public Schools in a position that is not eligible for membership in the State Retirement and Pension System (SRPS);
- has reached or exceeded normal retirement age in TPS; and
- upon being eligible for a vested allowance is not eligible for membership in SRPS.

The State Retirement Agency advises that it is aware of one individual who meets the bill's criteria.

**Current Law:** A vested allowance is an allowance that is not payable at the time of separation from employment with an employer that participates in SRPS but is deferred until the former member becomes eligible for immediate payment. Generally, individuals who separate from employment with a participating employment after vesting but before qualifying for retirement are eligible for a vested allowance when they reach retirement age.

Individuals who were members of SRPS on or before June 30, 2011, vest after 5 years of service and become eligible for a normal service retirement at age 62 or after 30 years of service regardless of age. Thus, if they separate from employment after 5 years but before qualifying for retirement, they are eligible for a vested benefit at age 62. To receive the vested benefit, the former member must be separated from employment with any participating employer.

---

### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** SB 680 (Senator Jennings) - Budget and Taxation.

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

**Fiscal Note History:** First Reader - February 17, 2021  
an/vlg

---

Analysis by: Michael C. Rubenstein

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510