

Expenses

Lodging (In-state)	Vouchered and tied to the General Services Administration (GSA) rate for Annapolis (currently \$101 per diem) or outside of Annapolis at the appropriate local GSA rate if approved by Presiding Officers.
Meals (In-state)	Nonvouchered and reimbursed in accordance with standard State travel regulations (\$47 total in fiscal 2018).
Mileage (In-state)	Reimbursed in accordance with standard State travel regulations (53.5 cents per mile effective January 1, 2017).
In-district travel	\$750 nonvouchered annual payment.
Out-of-state travel	Subject to the most current published federal GSA daily per diem rates for meals and lodging.

Proposed Change: for out-of-state travel add a provision that allows an exception to the GSA rate: The maximum amount of reimbursement available for actual expenses incurred for meals and lodging on any trip shall be determined by the joint action of the President of the Senate and the Speaker of the House of Delegates in connection with approval of each request, provided that in no event shall a member be reimbursed for meals and lodging expenses combined that exceed the most current published federal GSA daily per diem rates for meals and lodging **except that in the event that the published conference rate for lodgings exceeds the GSA rate the Presiding Officers may approve the published conference rate.**

Fringe Benefits – Current Legislators	With exception of participation in the State's unemployment insurance program, receiving death benefits, and paid leave, benefits are the same as State employees including cost-sharing provisions.
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Pension and Retirement Provisions

Item 3A

Participation	Mandatory enrollment.
Vesting	After 8 years of creditable service.
Member Contribution	7.0% of annual salary, up to 22 years and three months.
Retirement Allowance	3.0% of salary of active legislator for each year of service.
Maximum Allowance	66.67% of salary payable to an active legislator.
Cost-of-living Adjustment	Benefit recalculated based on salary increases for active legislators.

Eligibility

(Members with Creditable Service Before January 14, 2015)

Normal Retirement	Age 60 with at least 8 years of service.
Early Retirement	Age 50 with at least 8 years of service, actuarially reduced 6.0% for each year under age 60 (maximum reduction 60.0%).

(Members with No Creditable Service Before January 14, 2015)

Normal Retirement	Age 62 with at least 8 years of service.
Early Retirement	Age 55 with at least 8 years of service, actuarially reduced 6.0% for each year under age 62 (maximum reduction 42.0%).

Survivor's Allowance/Death Benefit

Nonvested, Active Legislator	Surviving spouse, or designated beneficiary if no surviving spouse, receives lump-sum payment of one year's salary, if any, plus return of member's contributions (with interest).
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Vested Active or
Former Legislator

If there is no spouse and the member has designated multiple beneficiaries, then the beneficiaries share equally the lump-sum payment noted above.

Surviving spouse, or designated beneficiary if no surviving spouse, may elect either the lump-sum payment noted above or a monthly benefit of 50.0% of allowance accrued at member's death. Payment to surviving spouse begins at member's death. Payment to designated beneficiary begins at age 60 or actuarially reduced at age 50.

Proposed Change: Align the age for a death benefit payment to designated beneficiary consistent with change made in 2014 Resolution for retirement age eligibility. Payment to designated beneficiary would begin at **age 62 years** or actuarially reduced **at age 55**.

If there is no spouse and the member has designated multiple beneficiaries, then the beneficiaries share equally the lump-sum payment noted above.

Retired Legislator

Surviving spouse, or designated beneficiary if no surviving spouse, receives a monthly benefit of 50.0% of allowance accrued at member's death. Payment to surviving spouse begins at member's death. Payment to designated beneficiary begins at age 60 or actuarially reduced at age 50.

Proposed Change: Align the age for a death benefit payment to designated beneficiary consistent with change made in 2014 Resolution for retirement age eligibility. Payment to designated beneficiary would begin at **age 62 years** or actuarially reduced **at age 55**.

If there is no spouse and the retiree has designated multiple beneficiaries, then the beneficiaries share equally the balance of the actuarial equivalent present value of the retiree's basic allowance computed at the time of retirement.

Basic Allowance

Provides maximum benefit to retiree based on creditable service. At the retiree's death, the spouse or designated beneficiary receives 50.0% of the retiree's benefit for life.

Optional Allowance

Provides reduced allowance to retiree. One hundred percent of benefit paid to spouse or designated beneficiary for life. Unless the beneficiary is the retiree's spouse or disabled child, a designated beneficiary may not be more than 10 years younger than the retiree.

Proposed Change: The current resolution provides a death benefit for minor children (under age 18) for a member who dies while serving as a legislator in the General Assembly. Align the age for a death benefit to recent legislation allowing payments up to age 26 and for disabled children regardless of age. Payment of benefits to each surviving child who has not attained the age of 26 and for disabled children regardless of age.

Proposed Change: The current resolution contains provisions that require a legislator to die contemporaneously with the legislator's spouse in order for a minor child (under age 18) to receive a death benefit. The other plans in the State Retirement and Pension System do not have these contemporaneous death provisions; these other plans instead provide that if a member does not have a surviving spouse, the death benefit may be paid to the children up to age 26 or to disabled children regardless of age. Remove the contemporaneous death provisions from the resolution and instead specify that if a legislator does not have a surviving spouse that the death benefit may be paid to children up to age 26 or disabled children regardless of age.

Proposed Change: Authorize the naming of a nonprofit organization as a beneficiary by a member to receive a lump-sum death benefit. No current provision.

Disability Benefit

If totally disabled, a vested member receives a normal retirement allowance regardless of age.

Less Than 8 Years of Service

A legislator who leaves office with less than 8 years of service may (1) withdraw member contributions; (2) pay member and State contributions to accumulate 8 years; or (3) transfer legislative service to another State system in which the member participates. A legislator who resigns to become a State judge is entitled to a retirement allowance regardless of years of legislative service.

Proposed Change: Discontinue, beginning with the implementation of the 2018 Resolution, the current provision that allows a legislator to purchase service credit in order to vest.

Proposed Change: If the commission wishes to continue the purchase of service credit in order to vest, align the provision to IRS guidelines, which would allow purchase only after 5 years of service and the purchase of only a maximum of 3 years.

Proposed Change: Confirm for those members who have already bought service credit, and if continued moving forward for those that do so in the future, the current practice that members are not eligible for retirement until after the same length of time as the service credit purchased, i.e., if a member would otherwise be eligible for retirement but has purchased 2 years in order to vest, he/she cannot retire for 2 years.

Proposed Change: The current resolution appears to allow the purchase of service credit even if a member is currently serving in the General Assembly. ***If the commission wishes to continue the purchase of service credit in order to vest, amend the resolution to clarify that only members of the Legislative Pension Plan who are no longer serving in the General Assembly may purchase service credit.***

Other

Proposed Change: Transfer of service credit into the Legislative Pension Plan. Under the current resolution, only members with less than 8 years of service (not vested in the Legislative Pension Plan) may transfer creditable service from the Legislative Pension Plan to a State system in which the member participates (the member must also transfer the member's accumulated contributions). There is no current provision to allow transfers into the Legislative Pension Plan from any other system or plan. ***If the commission wishes to allow the transfer of service credit into the Legislative Pension Plan, the commission should consider requiring the member to pay an amount (in addition to transferring the member's accumulated contributions) because the benefit multiplier in the Legislative Pension Plan is more generous than in all other systems. If the commission wishes to allow the transfer of service credit into the Legislative Pension Plan, the commission should consider whether to apply this only prospectively or also retroactively.***

Proposed Change: Allow Military Service Credit to be claimed in the Legislative Pension Plan. No provision under the current resolution. The 2010 General Assembly Compensation Commission Resolution did propose a military service credit option. That resolution was rejected in its entirety by the General Assembly, which did not consider the individual provisions within the resolution. The specific language in the 2010 Resolution allowed for up to 3 years of military service credit once a member was vested and also precluded the purchase of service credit to become vested. The provision also generally referred to that provision of the State Personnel and Pensions Article governing military service credit in the State system and include a provision specifying that an individual may not receive credit for specified military service if the individual receives credit for military service from another retirement system for which retirement benefits have been or will be received by the individual.

Military Credit (Language proposed in the 2010 Resolution).

(a) Subject to the provisions of Title 38 of the State Personnel and Pensions Article, a member is entitled to receive service credit for military service only on the attainment of 8 years of creditable service in the Legislative Pension Plan.

(b) Military service credit under this section may not exceed 3 years.

(c) A member may not purchase any service credit to attain the 8 years of creditable service required under subsection (a) of this section.

If the commission wishes to allow military service credit to be claimed in the Legislative Pension Plan, the commission should consider whether to apply this only prospectively or also retroactively.

Advise the General Assembly on whether the commission has concerns with allowing legislative service to be counted toward the amount of service that is needed to claim military service credit in other systems. In order to claim military service credit in other systems, employees need 10 years of service credit. Senate Bill 598 of 2017 would have allowed service credit earned as a legislator to be counted toward the attainment of 10 years of service if a former legislator later sought that service credit as a member of another system through State employment. The General Assembly held this legislation during the 2017 session in order to ask for the commission's advice on this legislation.

Item 3B – Fringe Benefits – Retired Legislators

May participate in benefit programs available to retired State employees (*i.e.*, deferred compensation programs and credit union services).

Former legislators receiving a retirement allowance who have creditable service before January 14, 2015, qualify for State health insurance benefits and a subsidy equal to one-sixteenth of the full State subsidy for each year of service.

Former legislators receiving a retirement allowance who have no creditable service before January 14, 2015, qualify for State health insurance benefits and a subsidy equal to one-twentieth of the full State subsidy for each year of service.

Item 4 – Forfeiture of Benefits

An individual who is a member or retiree of the plan will forfeit all legislative retirement benefits in the plan if the individual is convicted of a crime committed during the individual's term of office and the crime is (1) a felony; or (2) a serious misdemeanor relating to the individual's public duties as a legislator. The convicted member or retiree is entitled to a return of employee contributions, plus interest, less any benefits already paid to a retiree. The benefits will be restored if the conviction is overturned.

Proposed Change: Align in part, or in whole, the forfeiture provision for legislators with recently enacted legislation for Constitutional Officers (provisions that go into effect after January 9, 2019). Key differences between the current forfeiture provision and that which will go into effect for constitutional officers include:

Qualifying Crime: Current resolution forfeits benefits for a member or retiree if convicted of, or entering plea of nolo contendere to, any crime committed during a member's terms of office that is a felony or misdemeanor related to public duties and responsibilities or a crime of moral turpitude for which the penalty could include incarceration. Under Constitutional Officers statute, qualifying **crime is limited to conviction of, pleading guilty to, or entering a plea of nolo contendere to a felony in the course of fulfilling duties and responsibilities, committed through authority derived from the position of employment, and is done in an attempt to result in gain, profit, or advantage to that individual.**

Forfeiture Amount: Under the current resolution, 100% of benefits are forfeited. Under Constitutional Officer statute **the amount to be forfeited is determined by an order of the Circuit Court (see process below) based on criteria including the severity of the crime; monetary loss suffered as a result of the crime; degree of public trust placed in the officer; financial needs and resources of that officer; and spouse, children, and other dependents or former spouse and any other factors the court deems relevant.**

Innocent Parties: Current resolution applies forfeiture provision to member/retiree and their beneficiary. Under Constitutional Officers statute the provision includes:

- (1) the ability to allow a domestic relations order that provides some or all of the forfeited benefits to be paid to a spouse, former spouse, child, or other dependent based on a consideration of whether they were culpable or complicit in the commission of the qualifying crime; and**
- (2) that any existing domestic relations order is not adversely affected.**

Process: Current resolution is silent on process leaving it to the discretion of the State Retirement Agency to implement. Under Constitutional Officers, there is a clear process that requires, **upon conviction, the Attorney General or State's Attorney to file a complaint in circuit court to instigate forfeiture, provides for notice requirements, requires the court to make an order for forfeiture based on certain provisions including the amount to be forfeited and any allowance for beneficiaries, and requires the pension system Board of Trustees to adopt regulations to implement the provisions providing additional clarity.**

Table 2
Comparison of Proposed Changes to Legislative Pension Plan with the State Employees Plan

<u>Current Resolution</u>	<u>Proposal</u>	<u>State Employees Plan</u>	<u>Cost Estimate</u>
Age eligibility for death benefits for members with no creditable service prior to January 14, 2015, is 60 or actuarially reduced to 50	Align with other retirement age eligibility changes from 2014 to 62 or actuarially reduced to 55	No comparable provision	Potential savings
Age eligibility for minor children for death benefits of member serving in the General Assembly is 18	Increase eligibility to age 26 and allow disabled child to be eligible regardless of age	Eligible up to age 26 and disabled children are eligible regardless of age	Potential cost
Contemporaneous death provisions for minor children to receive death benefits	Remove contemporaneous death provisions and, instead, specify that if a legislator does not have a surviving spouse that the death benefit may be paid to children up to age 26 or disabled children regardless of age	No contemporaneous death provisions. If no surviving spouse, the death benefit may be paid to children up to age 26 or disabled children regardless of age	Likely neutral
No current provision	Allow the naming of a nonprofit organization as a beneficiary for a lump-sum death benefit	Allowed	Likely neutral
Allows the purchase of service credit up to that amount required to vest in the plan	Option 1. Disallow Option 2. Comply with Internal Revenue Service regulations Option 3 (can combine with Options 1 or 2). Clarify when a purchaser of service credit is able to retire	Not permitted	Potential savings (greater under Option 1 than Option 2)

<u>Current Resolution</u>	<u>Proposal</u>	<u>State Employees Plan</u>	<u>Cost Estimate</u>
	Option 4 (can combine with Options 2 and 3). Clarify that a purchaser of service credit cannot be an active member of the General Assembly		
Does not allow the transfer of service credit into the Legislative Pension Plan	Permit the transfer of service credit from another system into the Legislative Pension Plan	Does not allow the transfer of service credit into the Legislative Pension Plan but allows the transfers of service credit into most of the other plans in the system	Potential cost
Does not include any provision for credit for military service	Provide a credit for military service	Allows up to five years of service credit for military service	Potential cost
Forfeiture of benefits: Complete loss of benefits for member/retiree and beneficiaries based on conviction or plea of nolo contendere for felonies and misdemeanors related to public duties and responsibilities and certain crimes of moral turpitude	Align to recent legislation for forfeiture of benefits for constitutional officers that narrows the qualifying crime, allows for partial loss of benefits, allows for a benefit for innocent parties, and establishes a process for implementing forfeiture	No comparable provision	Potential cost

Source: Department of Legislative Services
