

Decision Document

Current Compensation as Set in the 2018 Resolution

Salaries

Proposed Change: Compensation Commission to set annual salary for 2023-2026 term.

Current Salaries

Item 1A – Members

2022	\$50,330
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Item 1B – President/Speaker

2022	\$65,371
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Salary Options

	<u>No Increase</u>	<u>Maintain Salary at 62% of Median Household Income (2018 Level) – 4.5% Increase Over the Course of the Term</u>	<u>Adjust Salary by Average Consumer Price Index for 2019-2021 – 9.9% Increase Over the Course of the Term</u>
Single Increase for the Length of the Term			
Members	\$50,330	\$52,579	\$55,313
Presiding Officers	65,371	68,292	71,843
Equally Phased-in Over Term			
Members			
2023	\$50,330	\$50,892	\$51,576
2024	50,330	51,455	52,821
2025	50,330	52,017	54,067
2026	50,330	52,579	55,313
Presiding Officers			
2023	\$65,371	\$66,101	\$66,989
2024	65,371	66,832	68,607
2025	65,371	67,562	70,225
2026	65,371	68,292	71,843

Total Cost – Active and Retiree (\$)

	<u>No Increase</u>	<u>Maintain Salary at 62% of Median Household Income (2018 Level) – 4.5% Increase Over the Course of the Term</u>	<u>Adjust Salary by Average Consumer Price Index for 2019-2021 – 9.9% Increase Over the Course of the Term</u>
One-time Cost Per Year			
2023	\$0	\$801,169	\$1,629,343
2024	0	801,169	1,629,343
2025	0	801,169	1,629,343
2026	0	801,169	1,629,343
Total Term	\$0	\$3,204,676	\$6,517,373
Graduated Cost Per Year			
2023	\$0	\$200,292	\$407,336
2024	0	400,585	814,672
2025	0	600,877	1,222,088
2026	0	801,169	1,629,423
Total Term	\$0	\$2,002,923	\$4,073,518

Expenses

Item 2A

Lodging (In-state)

Vouchered lodging reimbursement in Annapolis is subject to limits specified by the U.S. General Services Administration (GSA) rate for Annapolis (currently \$101 per diem). If approved by the Presiding Officers, in-state lodging outside of Annapolis may be reimbursed at the appropriate local GSA rate.

Meals (In-state)

Reimbursed in accordance with standard State travel regulations (\$47 total in fiscal 2018); no meal receipts required.

Item 2B

Mileage (In-state)

Reimbursed in accordance with standard State travel regulations (54.5 cents per mile effective January 1, 2018).

Item 2C

In-district Travel \$750 annual payment.

Proposed Change: Absent any other proposal, a technical change needs to be made to clarify that the annual payment is payable for 2023-2026.

Item 2D

Out-of-state Travel Subject to the most current published federal General Services Administration (GSA) daily per diem rates for meals and lodging except that if the published conference rate exceeds the GSA rate, the Presiding Officers may approve the higher published conference rate.

Item 2E – Fringe Benefits – Current Legislators

Former legislators currently participating in the State health benefits program and current legislators who do not serve in the next term will be able to continue to participate in the program and remain eligible until they (1) decline to participate; (2) become eligible for health coverage through another employer; or (3) retire. For legislators joining the General Assembly on or after January 14, 2015, participation in the State health benefits program for former legislators will be aligned with that provided to former State employees.

In either case, departing legislators must pay full cost of the insurance plus a 2% administrative charge.

May participate in certain benefit programs available to State employees (*i.e.*, insurance programs, tax sheltered accounts, deferred compensation programs, credit union services, deductions for charitable contributions, workers’ compensation coverage, and payroll deductions relating to these programs). May not participate in the State’s unemployment insurance program or receive death benefits and paid leave.

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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<p>Vested Active or Vested Former Legislator</p>	<p>If there is no spouse and the member has designated multiple beneficiaries, then the beneficiaries share equally the lump-sum payment noted above.</p>
	<p>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. For members with no creditable service before January 14, 2015, payment to designated beneficiary begins at age 62 or actuarially reduced at age 55.</p>
	<p>If there is no spouse and the member has designated multiple beneficiaries, then the beneficiaries share equally the lump-sum payment noted above.</p>
<p>Retired Legislator</p>	<p>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. For members with no creditable service before January 14, 2015, payment to designated beneficiary begins at age 62 or actuarially reduced at age 55.</p>
	<p>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.</p>
<p>Children</p>	<p>If a member dies while in office, provides a lump-sum payment or survivor's allowance to children up to age 26 or to a disabled child regardless of age.</p>
<p>Beneficiaries</p>	<p>Broadens the definition of beneficiary in order to allow the designation of nonprofit organizations to receive a lump-sum death benefit.</p>

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: Clarify provisions pertaining to the 100% optional survivor allowance.

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

(Members with Creditable Service Before January 9, 2019)

Less Than Eight Years of Service A legislator who leaves office with less than 8 years of service may (1) withdraw member contributions; or (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 may not receive a benefit or allowance before the number of years purchased has elapsed. A legislator who resigns to become a State judge is entitled to a retirement allowance regardless of years of legislative service.

Proposed Change: Repeal obsolete provision regarding service earned before January 8, 1975, as no current member meet this criteria. (Section 20(b)(2)).

(Members with No Creditable Service Before January 9, 2019)

Less Than Eight Years of Service A legislator who leaves office with less than 8 years of service may (1) withdraw member contributions; or (2) 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.

Military Service Credit A member with at least 8 years of services is entitled to receive credit for military service of up to 3 years.

Proposed Change: Strike reference to particular Code of Maryland Regulations citation to avoid inaccurate references. (Section 22(d)).

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.