

Chapter 577

(Senate Bill 1082)

AN ACT concerning

State Reformed Contributory Employees' and Teachers' Pension Systems – Prior Eligibility Service

FOR the purpose of authorizing a member of the State Reformed Contributory Employees' Pension System or the State Reformed Contributory Teachers' Pension System who meets certain requirements to combine certain prior eligibility service in the Employees' Pension System or the Teachers' Pension System with the member's current service; making certain clarifying changes; and generally relating to prior eligibility service for members of the State Reformed Contributory Employees' Pension System and the State Reformed Contributory Teachers' Pension System.

BY repealing and reenacting, with amendments,
Article – State Personnel and Pensions
Section 23–303.1
Annotated Code of Maryland
(2009 Replacement Volume and 2013 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – State Personnel and Pensions

23–303.1.

(a) This section applies to a member of the Employees' Pension System or Teachers' Pension System who has prior service in a part of the Employees' Pension System or Teachers' Pension System that is subject to a different rate of member contributions and benefit accrual.

(b) A member who is subject to the contributory pension benefit [or], Alternate Contributory Pension Selection, **OR REFORMED CONTRIBUTORY PENSION BENEFIT** is entitled to combine the member's prior eligibility service with the member's current service if the member:

(1) at the time of separation from employment, was entitled to a vested allowance from:

(i) the Employees' Pension System; or

(ii) the Teachers' Pension System;

(2) did not transfer to the Employees' Pension System or the Teachers' Pension System from the Employees' Retirement System or Teachers' Retirement System after April 1, 1998; and

(3) has completed 1 year of employment as a member [who is subject to the contributory pension benefit under Subtitle 2, Part II of this title] **OF THE PENSION BENEFIT OR SELECTION IN WHICH THE MEMBER IS EARNING SERVICE CREDIT AS AN ACTIVE MEMBER AT THE TIME THE PRIOR SERVICE CREDIT IS COMBINED WITH THE CURRENT SERVICE CREDIT.**

(c) A member who is subject to the noncontributory pension benefit is entitled to combine the member's prior eligibility service with the member's current service if the member did not transfer to the Employees' Pension System or Teachers' Pension System from the Employees' Retirement System or Teachers' Retirement System after April 1, 1998.

(d) (1) A member may combine the member's prior credit for eligibility service with the member's current service under this section if the member:

(i) completes a claim for the service credit and files it with the Board of Trustees on the form that the Board of Trustees provides at any time before retirement; and

(ii) deposits into the annuity savings fund the member contributions, if any, that would have been due if the member had earned the prior service in the same part of the Employees' Pension System or Teachers' Pension System in which the member is currently enrolled, plus regular interest on the contributions.

(2) When a member combines credit for eligibility service under this section, the member has no further rights in the prior system.

(3) Subject to § 414(h)(2) of the Internal Revenue Code, an individual's accumulated contributions in excess of the amount determined under paragraph (1) of this subsection shall be refunded on request.

(e) If a member withdrew the member's accumulated contributions after the prior separation from employment, the member shall:

(1) redeposit any of the amounts withdrawn with regular interest to the date of redeposit; or

(2) on retirement, the individual's retirement allowance shall be reduced by the actuarial equivalent of the accumulated contributions withdrawn with regular interest to the date of retirement.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2014.

Approved by the Governor, May 15, 2014.