

HOUSE BILL 1211

K4

11r2421

By: **Delegates F. Turner and Serafini**
Introduced and read first time: February 17, 2011
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Employees' Pension System and Teachers' Pension System – Benefits –**
3 **Eligible Rollover Distributions**

4 FOR the purpose of providing that certain members of the Employees' Pension System
5 or the Teachers' Pension System may terminate their membership in the
6 Employees' Pension System or the Teachers' Pension System and elect to
7 receive certain eligible rollover distributions to be paid to certain eligible
8 retirement plans; providing for the calculation of the amount of a member's
9 eligible rollover distribution; providing that certain elections made by certain
10 members of the Employees' Pension System or the Teachers' Pension System
11 are one-time irrevocable elections; and generally relating to members of the
12 Employees' Pension System or the Teachers' Pension System electing to receive
13 eligible rollover distributions.

14 BY repealing and reenacting, with amendments,
15 Article – State Personnel and Pensions
16 Section 23–401
17 Annotated Code of Maryland
18 (2009 Replacement Volume and 2010 Supplement)

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

21 **Article – State Personnel and Pensions**

22 23–401.

23 (a) A member may retire with a normal service retirement allowance if:

24 (1) the member completes and submits a written application to the
25 Board of Trustees stating the date when the member desires to retire; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 (2) on or before the date of retirement, the member:

2 (i) has at least 30 years of eligibility service;

3 (ii) has a combined total of at least 30 years of eligibility service
4 from the Employees' Pension System, the Teachers' Pension System, the Employees'
5 Retirement System, or the Teachers' Retirement System; or

6 (iii) has attained the age and the years of eligibility service as
7 follows:

8	Age	Years of Eligibility
9		Service
10	62 with	5
11	63 with	4
12	64 with	3
13	65 or more with	2

14 (b) Except as provided in subsections (c), (d), [and] (e), **AND (F)** of this
15 section, on retirement under this section, a member is entitled to receive a normal
16 service retirement allowance that equals the number of years of the member's
17 creditable service multiplied by:

18 (1) 0.8% of the member's average final compensation that is not in
19 excess of the Social Security integration level; and

20 (2) 1.5% of the member's average final compensation that exceeds the
21 Social Security integration level.

22 (c) Except as provided in [subsection] **SUBSECTIONS (e) AND (F)** of this
23 section, on retirement under this section, a member who is subject to the contributory
24 pension benefit under Subtitle 2, Part II of this title is entitled to receive a normal
25 service retirement allowance that equals the sum of:

26 (1) the number of years of the member's creditable service on or after
27 July 1, 1998 multiplied by 1.4% of the member's average final compensation; and

28 (2) the greater of:

29 (i) the number of years of the member's creditable service on or
30 before June 30, 1998 multiplied by 1.2% of the member's average final compensation;
31 or

32 (ii) the number of years of the member's creditable service on or
33 before June 30, 1998 multiplied by:

1 1. 0.8% of the member's average final compensation that
2 is not in excess of the Social Security integration level; and

3 2. 1.5% of the member's average final compensation that
4 exceeds the Social Security integration level.

5 (d) Except as provided in [subsection] **SUBSECTIONS (e) AND (F)** of this
6 section, a member who is subject to the Alternate Contributory Pension Selection
7 under Subtitle 2, Part III of this title is entitled to receive a normal service retirement
8 allowance that equals the sum of:

9 (1) the greater of:

10 (i) the number of years of the member's creditable service on or
11 before June 30, 1998 multiplied by 1.2% of the member's average final compensation;
12 or

13 (ii) the number of years of the member's creditable service on or
14 before June 30, 1998 multiplied by:

15 1. 0.8% of the member's average final compensation that
16 is not in excess of the Social Security integration level; and

17 2. 1.5% of the member's average final compensation that
18 exceeds the Social Security integration level; and

19 (2) the number of years of the member's creditable service on or after
20 July 1, 1998 multiplied by 1.8% of the member's average final compensation.

21 (e) (1) This subsection applies only to a member who has a combined total
22 of 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

23 (2) A member is entitled to receive a normal service retirement
24 allowance that equals:

25 (i) an allowance based on the creditable service the member
26 earned in the Employees' Pension System;

27 (ii) an allowance based on the creditable service the member
28 earned in the Employees' Retirement System;

29 (iii) an allowance based on the creditable service the member
30 earned in the Teachers' Pension System; plus

31 (iv) an allowance based on the creditable service the member
32 earned in the Teachers' Retirement System.

1 **(F) (1) THIS SUBSECTION APPLIES ONLY TO A MEMBER WHO:**

2 **(I) HAS 15 YEARS OF ELIGIBILITY SERVICE IN THE**
3 **EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM; OR**

4 **(II) HAS A COMBINED TOTAL OF AT LEAST 15 YEARS OF**
5 **ELIGIBILITY SERVICE FROM THE EMPLOYEES' PENSION SYSTEM AND THE**
6 **TEACHERS' PENSION SYSTEM.**

7 **(2) A MEMBER DESCRIBED IN PARAGRAPH (1) OF THIS**
8 **SUBSECTION MAY TERMINATE MEMBERSHIP IN THE EMPLOYEES' PENSION**
9 **SYSTEM OR THE TEACHERS' PENSION SYSTEM AND ELECT TO RECEIVE AN**
10 **ELIGIBLE ROLLOVER DISTRIBUTION AS DEFINED IN § 21-601(D) OF THIS**
11 **ARTICLE TO BE PAID TO AN ELIGIBLE RETIREMENT PLAN AS A DIRECT**
12 **ROLLOVER UNDER TITLE 21, SUBTITLE 6 OF THIS ARTICLE.**

13 **(3) A MEMBER'S ELIGIBLE ROLLOVER DISTRIBUTION SHALL**
14 **EQUAL:**

15 **(I) MEMBER CONTRIBUTIONS, WITH REGULAR INTEREST,**
16 **FOR EACH YEAR OF ELIGIBILITY SERVICE; AND**

17 **(II) EMPLOYER CONTRIBUTIONS MADE BY THE STATE**
18 **EQUAL TO 7% OF THE MEMBER'S ANNUAL EARNABLE COMPENSATION, WITH**
19 **REGULAR INTEREST, FOR EACH YEAR OF ELIGIBILITY SERVICE.**

20 **(4) A MEMBER'S ELECTION TO TERMINATE MEMBERSHIP UNDER**
21 **THIS SUBSECTION IS A ONE-TIME IRREVOCABLE ELECTION.**

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 July 1, 2011.