

# HOUSE BILL 494

K4

11r2238

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By: **Delegate Aumann**

Introduced and read first time: February 7, 2011

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Vesting and Eligibility**

3 FOR the purpose of altering the eligibility requirements that certain members of the  
4 State Retirement and Pension System must meet in order to qualify for certain  
5 benefits; altering the number of years of service certain members of the State  
6 Retirement and Pension System must accrue to vest in certain retirement and  
7 pension systems of the State Retirement and Pension System; and generally  
8 relating to members of the State Retirement and Pension System vesting in the  
9 several systems of the State Retirement and Pension Systems.

10 BY repealing and reenacting, with amendments,  
11 Article – State Personnel and Pensions  
12 Section 23–401, 29–302(b), and 29–303(b)  
13 Annotated Code of Maryland  
14 (2009 Replacement Volume and 2010 Supplement)

15 BY repealing and reenacting, without amendments,  
16 Article – State Personnel and Pensions  
17 Section 29–302(a) and 29–303(a)  
18 Annotated Code of Maryland  
19 (2009 Replacement Volume and 2010 Supplement)

20 BY adding to  
21 Article – State Personnel and Pensions  
22 Section 29–302(b–1) and 29–303(b–1)  
23 Annotated Code of Maryland  
24 (2009 Replacement Volume and 2010 Supplement)

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – State Personnel and Pensions**

2 23–401.

3 (a) **(1) THIS SUBSECTION APPLIES TO A MEMBER WHO JOINS THE**  
 4 **EMPLOYEES’ PENSION SYSTEM OR TEACHERS’ PENSION SYSTEM ON OR**  
 5 **BEFORE JUNE 30, 2011.**

6 **(2) A member may retire with a normal service retirement allowance**  
 7 **if:**

8 **[(1)] (I) the member completes and submits a written application to**  
 9 **the Board of Trustees stating the date when the member desires to retire; and**

10 **[(2)] (II) on or before the date of retirement, the member:**

11 **[(i)] 1. has at least 30 years of eligibility service;**

12 **[(ii)] 2. has a combined total of at least 30 years of eligibility**  
 13 **service from the Employees’ Pension System, the Teachers’ Pension System, the**  
 14 **Employees’ Retirement System, or the Teachers’ Retirement System; or**

15 **[(iii)] 3. has attained the age and the years of eligibility**  
 16 **service as follows:**

Age		Years of Eligibility Service
62	with	5
63	with	4
64	with	3
65	or more with	2

23 **(B) (1) THIS SUBSECTION APPLIES TO A MEMBER WHO JOINS THE**  
 24 **EMPLOYEES’ PENSION SYSTEM OR TEACHERS’ PENSION SYSTEM ON OR AFTER**  
 25 **JULY 1, 2011.**

26 **(2) A MEMBER MAY RETIRE WITH A NORMAL SERVICE**  
 27 **RETIREMENT ALLOWANCE IF:**

28 **(I) THE MEMBER COMPLETES AND SUBMITS A WRITTEN**  
 29 **APPLICATION TO THE BOARD OF TRUSTEES STATING THE DATE WHEN THE**  
 30 **MEMBER DESIRES TO RETIRE; AND**

31 **(II) ON OR BEFORE THE DATE OF RETIREMENT, THE**  
 32 **MEMBER:**

- 1                   **1. HAS AT LEAST 30 YEARS OF ELIGIBILITY SERVICE;**
- 2                   **2. HAS A COMBINED TOTAL OF AT LEAST 30 YEARS**  
3 **OF ELIGIBILITY SERVICE FROM THE EMPLOYEES' PENSION SYSTEM, THE**  
4 **TEACHERS' PENSION SYSTEM, THE EMPLOYEES' RETIREMENT SYSTEM, OR THE**  
5 **TEACHERS' RETIREMENT SYSTEM; OR**
- 6                   **3. HAS ATTAINED THE AGE OF 62 AND 10 YEARS OF**  
7 **ELIGIBILITY SERVICE.**

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

12                   (1) 0.8% of the member's average final compensation that is not in  
13 excess of the Social Security integration level; and

14                   (2) 1.5% of the member's average final compensation that exceeds the  
15 Social Security integration level.

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

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

22                   (2) the greater of:

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

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

28                                   1. 0.8% of the member's average final compensation that  
29 is not in excess of the Social Security integration level; and

30                                   2. 1.5% of the member's average final compensation that  
31 exceeds the Social Security integration level.

32           **[(d) (E)]** Except as provided in subsection **[(e)] (F)** of this section, a member  
33 who is subject to the Alternate Contributory Pension Selection under Subtitle 2, Part

1 III of this title is entitled to receive a normal service retirement allowance that equals  
2 the sum of:

3 (1) the greater of:

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

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

9 1. 0.8% of the member's average final compensation that  
10 is not in excess of the Social Security integration level; and

11 2. 1.5% of the member's average final compensation that  
12 exceeds the Social Security integration level; and

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

15 **[(e)] (F)** (1) This subsection applies only to a member who has a  
16 combined total of 30 years of eligibility service as provided in subsection **[(a)(2)(ii)]**  
17 **(A)(2)(II)2 OR (B)(2)(II)2** of this section.

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

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

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

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

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

28 29–302.

29 (a) This section applies only to members of:

30 (1) the Correctional Officers' Retirement System;

31 (2) the Employees' Retirement System;

1 (3) the State Police Retirement System; and

2 (4) the Teachers' Retirement System.

3 (b) (1) **THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO WAS**  
4 **A MEMBER ON OR BEFORE JUNE 30, 2011.**

5 (2) A member may elect to receive a vested allowance if:

6 (i) the member is separated from employment other than by  
7 death or retirement; and

8 (ii) subject to paragraph [(2)] (3) of this subsection, the member  
9 has at least 5 years of eligibility service.

10 [(2)] (3) A former member of the State Police Retirement System  
11 who separated from employment on or before June 30, 1989, must have at least 15  
12 years of eligibility service to elect a vested allowance.

13 [(3)] (4) A member is deemed to have elected a vested allowance,  
14 unless the member requests the return of the accumulated contributions before  
15 membership ends.

16 (B-1) (1) **THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO**  
17 **BEGINS EMPLOYMENT WITH A PARTICIPATING EMPLOYER ON OR AFTER JULY 1,**  
18 **2011.**

19 (2) **A MEMBER MAY ELECT TO RECEIVE A VESTED ALLOWANCE IF:**

20 (I) **THE MEMBER IS SEPARATED FROM EMPLOYMENT**  
21 **OTHER THAN BY DEATH OR RETIREMENT; AND**

22 (II) **THE MEMBER HAS AT LEAST 10 YEARS OF ELIGIBILITY**  
23 **SERVICE.**

24 (3) **A MEMBER IS DEEMED TO HAVE ELECTED A VESTED**  
25 **ALLOWANCE, UNLESS THE MEMBER REQUESTS THE RETURN OF THE**  
26 **ACCUMULATED CONTRIBUTIONS BEFORE MEMBERSHIP ENDS.**

27 29-303.

28 (a) This section applies only to members of:

29 (1) the Employees' Pension System;

- 1           (2)    the Local Fire and Police System;
- 2           (3)    the Law Enforcement Officers' Pension System; or
- 3           (4)    the Teachers' Pension System.

4           (b)    **(1)    THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO WAS**  
5 **A MEMBER ON OR BEFORE JUNE 30, 2011.**

6           **(2)**    A member is eligible to receive a vested allowance if:

7                   **[(1)] (I)**    the member separated from employment other than by  
8 death or retirement; and

9                   **[(2)] (II)**   the member has at least 5 years of eligibility service.

10           **(B-1) (1)    THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO**  
11 **BEGINS EMPLOYMENT WITH A PARTICIPATING EMPLOYER ON OR AFTER JULY 1,**  
12 **2011.**

13                   **(2)**    **A MEMBER IS ELIGIBLE TO RECEIVE A VESTED ALLOWANCE**  
14 **IF:**

15                           **(I)**    **THE MEMBER SEPARATED FROM EMPLOYMENT OTHER**  
16 **THAN BY DEATH OR RETIREMENT; AND**

17                           **(II)**   **THE MEMBER HAS AT LEAST 10 YEARS OF ELIGIBILITY**  
18 **SERVICE.**

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