

SENATE BILL 357

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CF HB 333

By: **Senator Jones–Rodwell (Chair, Joint Committee on Pensions)**

Introduced and read first time: February 3, 2011

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: March 8, 2011

CHAPTER _____

1 AN ACT concerning

2 **State Retirement and Pension System – Administration – Simplification**

3 FOR the purpose of clarifying that certain employees of the Baltimore Metropolitan
4 Council may participate in the State Employee and Retiree Health and Welfare
5 Benefits Program; clarifying that the definition of “Social Security integration
6 level” for purposes of calculating certain State Retirement and Pension System
7 benefits only applies to certain members of the several systems who are eligible
8 to receive certain benefits; clarifying that the State is required to pay a certain
9 amount of the cost of special death benefits for members of the State Police
10 Retirement System; clarifying that certain retirees of withdrawn participating
11 governmental units of the State Retirement and Pension System are subject to a
12 certain break in service before becoming reemployed by the same withdrawn
13 participating governmental unit; clarifying that a certain death benefit may not
14 be paid for certain members of the Law Enforcement Officers’ Pension System if
15 a certain other death benefit is also payable; and generally relating to
16 simplifying the administration of the State Retirement and Pension System.

17 BY repealing and reenacting, with amendments,
18 Article – State Personnel and Pensions
19 Section 2–511, 20–101(nn), 21–307(e), 22–406(d), 23–407(d), 25–403(h),
20 26–403(f), and 29–202
21 Annotated Code of Maryland
22 (2009 Replacement Volume and 2010 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 **Article – State Personnel and Pensions**

4 2–511.

5 (a) This section applies to employees of:

6 (1) the Maryland Environmental Service;

7 (2) the Northeast Maryland Waste Disposal Authority; and

8 (3) the Baltimore Metropolitan Council [who were employees of the
9 Baltimore Regional Council of Governments on June 30, 1992].

10 (b) Subject to the regulations adopted under § 2–503 of this subtitle, an
11 employee or, while receiving an allowance under the Employees’ Retirement System of
12 the State of Maryland or the Employees’ Pension System of the State of Maryland, an
13 employee’s surviving spouse:

14 (1) may enroll and participate in the health insurance or other benefit
15 options established under the Program; and

16 (2) except as provided in subsection (d) of this section, is subject to the
17 same terms and conditions as those provided under § 2–507 of this subtitle.

18 (c) While receiving an allowance under the Employees’ Retirement System of
19 the State of Maryland or the Employees’ Pension System of the State of Maryland, a
20 former employee or a former employee’s surviving spouse or dependent child:

21 (1) may enroll and participate in the health insurance benefit options
22 established under the Program; and

23 (2) except as provided in subsection (d) of this section, is subject to the
24 same terms and conditions as those provided under § 2–508 of this subtitle, with the
25 employee’s service with the Maryland Environmental Service, Northeast Maryland
26 Waste Disposal Authority, and the Baltimore Metropolitan Council being included as
27 part of the employee’s State service.

28 (d) For each participant under this section, the Maryland Environmental
29 Service, the Northeast Maryland Waste Disposal Authority, and the Baltimore
30 Metropolitan Council or any successor agency, shall pay to the State the respective
31 employer share of the cost of the Program based on the State subsidy allowed under
32 this subtitle.

33 20–101.

1 (nn) “Social Security integration level” means, with respect to the calendar
2 year in which a member retires or otherwise separates from employment, the average
3 yearly amount of earnings for which old age and survivors benefits would be provided
4 under Title II of the federal Social Security Act for an employee [65 years old] **WHO IS**
5 **ELIGIBLE TO RECEIVE FULL OLD AGE AND SURVIVORS BENEFITS PROVIDED**
6 **UNDER TITLE II OF THE FEDERAL SOCIAL SECURITY ACT** in that calendar year
7 that is:

8 (1) computed as though for each previous year yearly earnings are at
9 least equal to the maximum amount of yearly earnings subject to tax under the
10 Federal Insurance Contributions Act; and

11 (2) rounded to the next lower multiple of \$100.

12 21–307.

13 (e) (1) For a member of the State Police Retirement System, the State
14 shall pay the **FULL** cost of special death benefits under [~~§ 29–204(a)(2)(i)2~~] **§ 29–204**
15 of this article[, including the normal contribution rate and the accrued liability rate,
16 up to the current contribution rate for employers for federal old age, survivors, and
17 disability insurance.

18 (2) Except as provided in paragraph (3) of this subsection, the
19 members shall pay the cost of the special death benefits that exceeds the current rate
20 for federal old age, survivors, and disability insurance.

21 (3) The State shall pay the full costs of each special death benefit
22 applicable to each member whose death arises out of or in the course of actual
23 performance of duty].

24 22–406.

25 (d) An individual who is rehired under this section may not be rehired within
26 45 days of the date the individual retired if:

27 (1) the individual’s current employer is a participating employer other
28 than the State and is the same participating employer that employed the individual at
29 the time of the individual’s last separation from employment with a participating
30 employer before the individual commenced receiving a service retirement allowance;
31 [or]

32 (2) (I) **AT THE TIME OF RETIREMENT, THE INDIVIDUAL WAS A**
33 **MEMBER OF THE EMPLOYEES’ RETIREMENT SYSTEM AS AN EMPLOYEE OF A**
34 **WITHDRAWN GOVERNMENTAL UNIT; AND**

1 **(II) THE INDIVIDUAL'S CURRENT EMPLOYER IS THE SAME**
2 **WITHDRAWN GOVERNMENTAL UNIT THAT EMPLOYED THE INDIVIDUAL AT THE**
3 **TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH A**
4 **WITHDRAWN GOVERNMENTAL UNIT BEFORE THE INDIVIDUAL COMMENCED**
5 **RECEIVING A SERVICE RETIREMENT ALLOWANCE; OR**

6 **[(2)](3)** the individual's current employer is any unit of State
7 government and the individual's employer at the time of the individual's last
8 separation from employment with the State before the individual commenced
9 receiving a service retirement allowance was also a unit of State government.

10 23-407.

11 (d) An individual who is rehired under this section may not be rehired within
12 45 days of the date the individual retired if:

13 (1) the individual's current employer is a participating employer other
14 than the State and is the same participating employer that employed the individual at
15 the time of the individual's last separation from employment with a participating
16 employer before the individual commenced receiving a service retirement allowance;
17 **[or]**

18 **(2) (I) AT THE TIME OF RETIREMENT, THE INDIVIDUAL WAS A**
19 **MEMBER OF THE EMPLOYEES' PENSION SYSTEM AS AN EMPLOYEE OF A**
20 **WITHDRAWN GOVERNMENTAL UNIT; AND**

21 **(II) THE INDIVIDUAL'S CURRENT EMPLOYER IS THE SAME**
22 **WITHDRAWN GOVERNMENTAL UNIT THAT EMPLOYED THE INDIVIDUAL AT THE**
23 **TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH A**
24 **WITHDRAWN GOVERNMENTAL UNIT BEFORE THE INDIVIDUAL COMMENCED**
25 **RECEIVING A SERVICE RETIREMENT ALLOWANCE; OR**

26 **[(2)](3)** the individual's current employer is any unit of State
27 government and the individual's employer at the time of the individual's last
28 separation from employment with the State before the individual commenced
29 receiving a service retirement allowance was also a unit of State government.

30 25-403.

31 (h) An individual who is rehired under this section may not be rehired within
32 45 days of the date the individual retired if:

33 (1) the individual's current employer is a participating employer other
34 than the State and is the same participating employer that employed the individual at
35 the time of the individual's last separation from employment with a participating

1 employer before the individual commenced receiving a service retirement allowance;
2 [or]

3 **(2) (I) AT THE TIME OF RETIREMENT, THE INDIVIDUAL WAS A**
4 **MEMBER OF THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM AS AN**
5 **EMPLOYEE OF A WITHDRAWN GOVERNMENTAL UNIT; AND**

6 **(II) THE INDIVIDUAL'S CURRENT EMPLOYER IS THE SAME**
7 **WITHDRAWN GOVERNMENTAL UNIT THAT EMPLOYED THE INDIVIDUAL AT THE**
8 **TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH A**
9 **WITHDRAWN GOVERNMENTAL UNIT BEFORE THE INDIVIDUAL COMMENCED**
10 **RECEIVING A SERVICE RETIREMENT ALLOWANCE; OR**

11 **[(2)](3)** the individual's current employer is any unit of State
12 government and the individual's employer at the time of the individual's last
13 separation from employment with the State before the individual commenced
14 receiving a service retirement allowance was also a unit of State government.

15 26–403.

16 (f) An individual who is rehired under this section may not be rehired within
17 45 days of the date the individual retired if:

18 (1) the individual's current employer is a participating employer other
19 than the State and is the same participating employer that employed the individual at
20 the time of the individual's last separation from employment with a participating
21 employer before the individual commenced receiving a service retirement allowance;
22 [or]

23 **(2) (I) AT THE TIME OF RETIREMENT, THE INDIVIDUAL WAS A**
24 **MEMBER OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM AS AN**
25 **EMPLOYEE OF A WITHDRAWN GOVERNMENTAL UNIT; AND**

26 **(II) THE INDIVIDUAL'S CURRENT EMPLOYER IS THE SAME**
27 **WITHDRAWN GOVERNMENTAL UNIT THAT EMPLOYED THE INDIVIDUAL AT THE**
28 **TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH A**
29 **WITHDRAWN GOVERNMENTAL UNIT BEFORE THE INDIVIDUAL COMMENCED**
30 **RECEIVING A SERVICE RETIREMENT ALLOWANCE; OR**

31 **[(2)](3)** the individual's current employer is any unit of State
32 government and the individual's employer at the time of the individual's last
33 separation from employment with the State before the individual commenced
34 receiving a service retirement allowance was also a unit of State government.

35 29–202.

1 (a) (1) When the Board of Trustees receives proof of death of an individual
2 who died while employed as a member, the Board of Trustees shall pay to the
3 designated beneficiary or, if there is no designated beneficiary, to the member's estate
4 the amounts specified in this subsection.

5 (2) Subject to paragraph (1) of this subsection, the Board of Trustees
6 shall pay the member's accumulated contributions.

7 (3) Subject to paragraph (1) of this subsection, the Board of Trustees
8 shall pay an amount equal to the member's annual earnable compensation at death if
9 the member dies in the course of the performance of duty or the member has at least 1
10 year of eligibility service.

11 (b) (1) A death benefit under this section may not be paid for the death of
12 a member of the State Police Retirement System if a special death benefit under §
13 29–204 of this subtitle is payable or has been paid for that death.

14 (2) A death benefit under this section may not be paid for the death of
15 a member of the Correctional Officers' Retirement System if a special death benefit
16 under § 29–204.1 of this subtitle is payable or has been paid for that death.

17 (3) A death benefit under this section may not be paid for the death of
18 a member of the Employees' Retirement System, Employees' Pension System,
19 Teachers' Retirement System, or Teachers' Pension System if a special death benefit
20 under § 29–204.2 of this subtitle is payable or has been paid for that death.

21 **(4) A DEATH BENEFIT UNDER THIS SECTION MAY NOT BE PAID**
22 **FOR THE DEATH OF A MEMBER OF THE LAW ENFORCEMENT OFFICERS'**
23 **PENSION SYSTEM IF A SPECIAL DEATH BENEFIT UNDER § 29–203 OF THIS**
24 **SUBTITLE IS PAYABLE OR HAS BEEN PAID FOR THAT DEATH.**

25 (c) The Board of Trustees may provide the death benefit as group life
26 insurance if the Board of Trustees finds that the designated beneficiaries would
27 receive a more favorable tax treatment of the death benefit.

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