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**By: Delegate Proctor (Chairman, Joint Committee on Pensions)**

Introduced and read first time: January 29, 1996

Assigned to: Appropriations

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 12, 1996

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CHAPTER \_\_\_\_

1 AN ACT concerning

2 **Optional Retirement Program - Contributions**

3 FOR the purpose of repealing provisions of law that provide for employee contributions  
4 to be made under the Optional Retirement Program; requiring certain employing  
5 institutions that authorize certain employees to participate in a supplemental  
6 retirement account to designate the companies that may offer the supplement  
7 retirement accounts and to administer the participation in the supplemental  
8 retirement account; authorizing certain contributions to a supplemental retirement  
9 account to be made in a certain manner; authorizing certain companies, with the  
10 approval or acquiescence of the relevant employing institution, to offer certain  
11 products in a certain manner; authorizing certain employees to continue making  
12 certain voluntary contributions in a certain manner for a certain period of time;  
13 providing for the applicability of this Act; and generally relating to contributions  
14 made on behalf of an employee participating in the Optional Retirement Program  
15 or a supplemental retirement account.

16 BY repealing and reenacting, with amendments,  
17 Article - State Personnel and Pensions  
18 Section 30-205 and 30-210  
19 Annotated Code of Maryland  
20 (1994 Volume and 1995 Supplement)

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

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1 **Article - State Personnel and Pensions**

2 30-205.

3 (a) Under the program, the State and the participating employees shall  
4 contribute, to the extent [authorized or] required, toward the purchase of annuity  
5 contracts.

6 (b) [(1) For employee contributions, a participating employee may elect to make  
7 contributions to no more than one designated company under the program for the same  
8 payroll period.

9 (2) For employer contributions, a] A participating employee may elect to  
10 make contributions to no more than two designated companies under the program for the  
11 same payroll period, if the Board of Trustees determines that the election of more than  
12 one designated company is administratively feasible.

13 (c) (1) On behalf of each participating employee, the State shall contribute  
14 7.25% of the participating employee's annual earnable compensation.

15 (2) If a participating employee's compensation is paid from special or  
16 federal funds or both, the State's contribution to the program shall be paid from those  
17 funds.

18 (d) [Contributions authorized or required by this section on behalf of each  
19 participating employee may be made by payroll deduction or by a reduction in salary in  
20 accordance with § 403(b) or § 414(h) of the Internal Revenue Code.

21 (e) The Central Payroll Bureau shall pay contributions to the appropriate  
22 designated company for the benefit of each participating employee.

23 30-210.

24 (A) With respect to a participating employee who is employed by an employing  
25 institution or an institution over which the employing institution has administrative  
26 authority, the employing institution shall administer the participating employee's  
27 enrollment, termination, or retirement UNDER THE PROGRAM.

28 (B) (1) IF AN EMPLOYING INSTITUTION AUTHORIZES ITS EMPLOYEES OR  
29 THE EMPLOYEES OF AN INSTITUTION OVER WHICH IT HAS ADMINISTRATIVE  
30 AUTHORITY TO PARTICIPATE IN A SUPPLEMENTAL RETIREMENT ACCOUNT, THE  
31 EMPLOYING INSTITUTION SHALL DESIGNATE THE COMPANIES THAT MAY OFFER  
32 SUPPLEMENTAL RETIREMENT ACCOUNTS TO THOSE EMPLOYEES AND SHALL  
33 ADMINISTER THE PARTICIPATION OF THOSE EMPLOYEES IN THE SUPPLEMENTAL  
34 RETIREMENT ACCOUNT.

35 (2) CONTRIBUTIONS AUTHORIZED UNDER THIS SUBSECTION TO A  
36 SUPPLEMENTAL RETIREMENT ACCOUNT ON BEHALF OF AN EMPLOYEE MAY BE  
37 MADE BY PAYROLL DEDUCTION OR BY A REDUCTION IN SALARY IN ACCORDANCE  
38 WITH § 403(B) OR § 414(H) OF THE INTERNAL REVENUE CODE.

39 SECTION 2. AND BE IT FURTHER ENACTED, That a company that is  
40 authorized by an employing institution to offer supplemental retirement products to State

1 employees as of June 30, 1996, may continue to offer those products on the same basis  
2 and to the same class of State employees as on June 30, 1996 with the approval or the  
3 acquiescence of the relevant employing institution and may offer any other products to  
4 any person with the approval of the relevant employing institution.

5         SECTION 3. AND BE IT FURTHER ENACTED, That an employee who is  
6 participating in the Optional Retirement Program on June 30, 1996 and has been making  
7 voluntary contributions to a company designated under the Optional Retirement Program  
8 may continue to make voluntary contributions to their existing retirement annuity  
9 accounts on or before December 31, 1996.

10         SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act is  
11 applicable to contributions made to supplemental retirement accounts on or after January  
12 1, 1997.

13         ~~SECTION 2. 5.~~ AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 July 1, 1996.