
By: Delegate Poole

Introduced and read first time: February 9, 1996

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Pension Systems - Cost-of-Living Adjustment**

3 FOR the purpose of altering the method of calculating the cost-of-living adjustments for
4 retirement allowances of retirees of the Employees' Pension System, the Local Fire
5 and Police System, the Natural Resources Pension System, and the Teachers'
6 Pension System; altering the method of calculating the maximum rate of the
7 cost-of-living adjustment; and generally relating to cost-of-living adjustments for
8 retirees of the Employees' Pension System, the Local Fire and Police System, the
9 Natural Resources Pension System, and the Teachers' Pension System.

10 BY repealing and reenacting, without amendments,

11 Article - State Personnel and Pensions

12 Section 29-404

13 Annotated Code of Maryland

14 (1994 Volume and 1995 Supplement)

15 BY repealing and reenacting, with amendments,

16 Article - State Personnel and Pensions

17 Section 29-406

18 Annotated Code of Maryland

19 (1994 Volume and 1995 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article - State Personnel and Pensions**

23 29-404.

24 (a) Except as provided in subsection (b) of this section, this Part II of this subtitle
25 applies only to an allowance received by a former member, retiree, or surviving
26 beneficiary of a deceased member, former member, or retiree of:

27 (1) the Employees' Pension System;

28 (2) the Local Fire and Police System;

29 (3) the Natural Resources Pension System; or

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1 (4) the Teachers' Pension System.

2 (b) This Part II of this subtitle does not apply to an allowance that is subject to
3 adjustment under Part III, Part IV, or Part V of this subtitle.

4 29-406.

5 (a) Subject to subsection (c) of this section, the cost-of-living adjustment made
6 under this Part II equals the [initial] allowance PAID AS OF JUNE 30 OF THE PREVIOUS
7 FISCAL YEAR multiplied by a fraction that has:

8 (1) as its numerator, the amount obtained by subtracting the Consumer
9 Price Index for the calendar year ending December 31 of the preceding fiscal year from
10 the base year Consumer Price Index described in subsection (b) of this section; and

11 (2) as its denominator, the base year Consumer Price Index described in
12 subsection (b) of this section.

13 (b) The base year Consumer Price Index referred to in subsection (a) of this
14 section equals the later of:

15 (1) the Consumer Price Index for the calendar year ending December 31 of
16 the fiscal year that preceded the last adjustment; or

17 (2) (i) for a retiree, the Consumer Price Index for the calendar year
18 ending December 31 of the fiscal year in which the retiree was last employed as a
19 member; or

20 (ii) for a former member who elected a vested allowance in accordance
21 with § 29-303 of this article, the Consumer Price Index for the calendar year ending
22 December 31 of the fiscal year in which the former member became 62 years old.

23 (c) The cost-of-living adjustment under this section may not exceed 3% of the
24 [initial] allowance PAID AS OF JUNE 30 OF THE PREVIOUS FISCAL YEAR.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 July 1, 1996.