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

Introduced and read first time: February 3, 2000

Assigned to: Appropriations

A BILL ENTITLED

AN ACT concerning

Employees' and Teachers' Pension Systems - Contributory Pension Benefit

FOR the purpose of providing that on the return of accumulated contributions of certain former members of the Employees' Pension System or the Teachers' Pension System who are entitled to certain contributory pension benefits, the former members are not entitled to further benefits on account of membership in the systems, except under certain circumstances; providing for membership in the Employees' Pension System or the Teachers' Pension System to continue for a certain period of time after separation from employment under certain circumstances; providing for certain members of the Employees' Pension System or the Teachers' Pension System to receive eligibility service credit for certain prior service under certain circumstances; providing for the purchase of service credit in the Employees' Pension System or the Teachers' Pension System under certain circumstances; providing for technical changes to provisions of law relating to disability retirement and cost-of-living adjustments; and generally relating to the contributory pension benefit under the Employees' Pension System and the Teachers' Pension System.

BY repealing and reenacting, with amendments,
Article - State Personnel and Pensions
Section 23-214, 29-104, 29-303, and 29-425
Annotated Code of Maryland
(1997 Replacement Volume and 1999 Supplement)

BY adding to
Article - State Personnel and Pensions
Section 23-303.1, 23-306.2, and 23-306.3
Annotated Code of Maryland
(1997 Replacement Volume and 1999 Supplement)

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

Article - State Personnel and Pensions

23-214.

(A) [Membership] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, MEMBERSHIP ends on separation from employment.

(B) IF A MEMBER IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER PART II OF THIS SUBTITLE, MEMBERSHIP ENDS IF THE MEMBER:

- (1) IS SEPARATED FROM EMPLOYMENT FOR MORE THAN 4 YEARS;
- (2) WITHDRAWS THE MEMBER'S ACCUMULATED CONTRIBUTIONS;
- (3) BECOMES A RETIREE; OR
- (4) DIES.

23-303.1.

(A) THIS SECTION APPLIES ONLY TO A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE.

(B) A MEMBER IS ENTITLED TO THE ELIGIBILITY SERVICE TO WHICH THE MEMBER WAS ENTITLED BEFORE THE SEPARATION FROM EMPLOYMENT IF THE MEMBER:

(1) AT THE TIME OF SEPARATION FROM EMPLOYMENT, WAS ENTITLED TO A VESTED ALLOWANCE FROM:

- (I) THE EMPLOYEES' PENSION SYSTEM; OR
- (II) THE TEACHERS' PENSION SYSTEM;

(2) HAS NOT WITHDRAWN THE MEMBER'S ACCUMULATED CONTRIBUTIONS;

(3) DID NOT TRANSFER TO THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM OR TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998; AND

(4) HAS COMPLETED 1 YEAR OF EMPLOYMENT AS A MEMBER WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE.

(C) (1) A MEMBER MAY RECEIVE CREDIT FOR ELIGIBILITY SERVICE UNDER THIS SECTION BY COMPLETING A CLAIM FOR THE SERVICE CREDIT AND FILING IT WITH THE BOARD OF TRUSTEES ON THE FORM THAT THE BOARD OF TRUSTEES PROVIDES AT ANY TIME BEFORE RETIREMENT.

(2) WHEN A MEMBER RECEIVES CREDIT FOR ELIGIBILITY SERVICE UNDER SUBSECTION (B) OF THIS SECTION FROM ANOTHER SYSTEM, THE MEMBER HAS NO FURTHER RIGHTS IN THE OTHER SYSTEM.

23-306.2.

(A) A MEMBER WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE MAY PURCHASE SERVICE CREDIT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION FOR PERIODS OF EMPLOYMENT DESCRIBED IN SUBSECTION (C) OF THIS SECTION FOR WHICH THE MEMBER IS NOT OTHERWISE ENTITLED.

(B) (1) A MEMBER WHO PURCHASES SERVICE CREDIT UNDER THIS SECTION SHALL:

(I) COMPLETE A CLAIM FOR THE SERVICE CREDIT AND FILE IT WITH THE BOARD OF TRUSTEES ON A FORM THAT THE BOARD OF TRUSTEES PROVIDES; AND

(II) PAY TO THE BOARD OF TRUSTEES IN A SINGLE PAYMENT THE MEMBER CONTRIBUTIONS THE MEMBER WOULD HAVE MADE FOR THE PERIOD OF EMPLOYMENT FOR WHICH SERVICE CREDIT IS BEING PURCHASED PLUS REGULAR INTEREST TO THE DATE OF PAYMENT.

(2) A MEMBER MAY PAY FOR SERVICE CREDIT PURCHASED UNDER THIS SECTION AT ANY TIME BEFORE RETIREMENT.

(C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A MEMBER MAY PURCHASE SERVICE CREDIT FOR A PERIOD OF EMPLOYMENT AS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM IF THE MEMBER:

(I) HAS WITHDRAWN THE MEMBER'S ACCUMULATED CONTRIBUTIONS AFTER A PRIOR TERMINATION OF MEMBERSHIP; AND

(II) WAS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE WHEN THE MEMBER PREVIOUSLY TERMINATED MEMBERSHIP IN THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM.

(2) A MEMBER MAY NOT PURCHASE ELIGIBILITY SERVICE CREDIT THAT EXCEEDS THE MEMBER'S CREDITABLE SERVICE CREDIT.

23-306.3.

(A) THIS SECTION APPLIES TO A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE.

(B) A MEMBER IS ENTITLED TO THE ELIGIBILITY SERVICE TO WHICH THE MEMBER WAS ENTITLED BEFORE THE SEPARATION FROM EMPLOYMENT IF THE MEMBER:

- (1) SEPARATED FROM EMPLOYMENT ON OR BEFORE JUNE 30, 1998;
- (2) WAS NOT ENTITLED TO A VESTED ALLOWANCE FROM THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM AT THE TIME OF THE SEPARATION FROM EMPLOYMENT;
- (3) BECOMES A MEMBER WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE ON OR BEFORE JUNE 30, 2003;
- (4) COMPLETES 1 YEAR OF EMPLOYMENT AS A MEMBER WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE;
- (5) DID NOT TRANSFER TO THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM OR THE TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998; AND
- (6) APPLIES FOR THE PRIOR ELIGIBILITY SERVICE CREDIT BY COMPLETING A CLAIM FOR THE SERVICE CREDIT AND FILING IT WITH THE BOARD OF TRUSTEES ON THE FORM THAT THE BOARD OF TRUSTEES PROVIDES.

(C) (1) A MEMBER SHALL RECEIVE ELIGIBILITY SERVICE CREDIT UNDER THIS SECTION BY COMPLETING A CLAIM FOR THE SERVICE CREDIT AND FILING IT WITH THE BOARD OF TRUSTEES ON THE FORM THAT THE BOARD OF TRUSTEES PROVIDES AT ANY TIME BEFORE RETIREMENT.

(2) WHEN A MEMBER RECEIVES CREDIT FOR ELIGIBILITY SERVICE UNDER SUBSECTION (B) OF THIS SECTION FROM ANOTHER SYSTEM, THE MEMBER HAS NO FURTHER RIGHTS IN THE OTHER SYSTEM.

29-104.

(a) Except as provided in subsection (c) of this section and subject to subsection (d) of this section, an application for disability retirement must be submitted before the date membership ends.

(b) (1) (I) This subsection applies only to an application for an ordinary or accidental disability retirement allowance under the Employees' Pension System, Local Fire and Police System, Law Enforcement Officers' Pension System, or the Teachers' Pension System.

(II) THIS SUBSECTION DOES NOT APPLY TO A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER TITLE 23, SUBTITLE 2, PART II OF THIS ARTICLE.

(2) For the purpose of submitting an application for disability, membership continues for 3 years after paid employment ends.

(c) (1) Except as provided in [paragraph (2)] PARAGRAPHS (2) AND (3) of this subsection, the Board of Trustees may accept an application for ordinary, accidental, or special disability retirement from a former member within 36 months after the month membership ended if the former member proves to the satisfaction of the medical board that failure to submit an application while a member was attributable solely to physical or mental incapacity during the filing period.

(2) The Board of Trustees may accept an application for ordinary or accidental disability retirement from a former member of the Teachers' Retirement System within 12 months after the month membership ended if the former member of the Teachers' Retirement System proves to the satisfaction of the medical board that failure to submit an application while a member of the Teachers' Retirement System was attributable solely to physical or mental incapacity during the filing period.

(3) (I) THIS PARAGRAPH ONLY APPLIES TO A FORMER MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER TITLE 23, SUBTITLE 2, PART II OF THIS ARTICLE.

(II) THE BOARD OF TRUSTEES MAY ACCEPT AN APPLICATION FOR ORDINARY OR ACCIDENTAL DISABILITY RETIREMENT FROM A FORMER MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM WITHIN 24 MONTHS AFTER THE MONTH MEMBERSHIP ENDED IF THE FORMER MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM PROVES TO THE SATISFACTION OF THE MEDICAL BOARD THAT FAILURE TO SUBMIT AN APPLICATION WHILE A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM WAS ATTRIBUTABLE SOLELY TO PHYSICAL OR MENTAL INCAPACITY DURING THE FILING PERIOD.

[(3)] (4) If the Board of Trustees accepts a disability retirement application under this subsection and grants a disability retirement allowance, the retirement allowance begins as of the first day of the month after the Board of Trustees receives the application.

(d) (1) This subsection does not apply to an application for special disability under the State Police Retirement System.

(2) The Board of Trustees may not accept an application for accidental disability filed by a member or former member more than 5 years after the date of the claimed accident.

29-303.

(a) This section applies only to members of:

(1) the Employees' Pension System;

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

(b) A member is eligible to receive a vested allowance if:

- (1) the member separated from employment other than by death or retirement; and
- (2) the member has at least 5 years of eligibility service.

(c) Except as provided in subsections (e) and (f) of this section, a vested allowance:

- (1) is a deferred allowance that begins at normal retirement age;
- (2) is computed as a normal service retirement allowance on the basis of the member's average final compensation and eligibility service at separation from employment; and
- (3) may be paid in one of the optional forms of allowances under § 21-403 of this article.

(d) If a member of the Employees' Pension System or the Teachers' Pension System separated from employment on or before June 30, 1990, unused sick leave reported by the member's employer at the time of separation from employment is creditable service for computing the vested allowance.

(e) Except as provided in subsection (f) of this section, a former member of the Employees' Pension System or the Teachers' Pension System who has separated from employment before the age of 55 with at least 15 years of eligibility service is eligible to receive a vested allowance that:

- (1) begins on the first day of the month following the member's 55th birthday; and
- (2) equals the reduced allowance computed under § 23-402 of this article.

(f) (1) The vested allowance of a former member of the Employees' Pension System or the Teachers' Pension System who separates from employment on or before June 30, 1998:

- (i) is a deferred allowance that begins at normal retirement age;
- (ii) is computed on the basis of the member's average final compensation and eligibility service at separation from employment;

(iii) shall equal the number of years of the member's creditable service multiplied by:

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

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

(iv) may be paid in one of the optional forms of allowances under § 21-403 of this article.

(2) A former member of the Employees' Pension System or the Teachers' Pension System who has separated from employment on or before June 30, 1998 and before the age of 55 with at least 15 years of eligibility service is eligible to receive a vested allowance that:

(i) begins on the first day of the month following the member's 55th birthday; and

(ii) equals the allowance under paragraph (1) of this subsection, reduced by 0.5% for each month that the member's early retirement date precedes the date the member will be 62 years old.

(g) (1) If a former member who elected a vested allowance requests the return of accumulated contributions before payment of the vested allowance begins, the Board of Trustees shall return the accumulated contributions to the former member.

(2) (I) [When] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, WHEN the former member is eligible to begin receiving a vested allowance, the former member shall receive a pension only.

(II) WHEN ACCUMULATED CONTRIBUTIONS ARE RETURNED TO A FORMER MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER TITLE 23, SUBTITLE 2, PART II OF THIS ARTICLE, THE FORMER MEMBER IS NOT ENTITLED TO FURTHER BENEFITS ON ACCOUNT OF THE FORMER MEMBER'S PREVIOUS MEMBERSHIP UNLESS THE FORMER MEMBER PURCHASES THE SERVICE CREDIT UNDER § 23-306.2 OF THIS ARTICLE.

29-425.

(a) This Part VI of this subtitle applies on or after July 1, 1998 only to an allowance received by a former member, retiree, or surviving beneficiary of a deceased member, former member, or retiree of the Employees' Pension System or the Teachers' Pension System [who:

(1) is subject to the contributory pension benefit under Title 23, Subtitle 2, Part II of this article; or

(2) transferred from the Employees' Retirement System or the Teachers' Retirement System to the Employees' Pension System or the Teachers' Pension System after April 1, 1998].

(b) This Part VI of this subtitle does not apply if the member, former member, or retiree was an employee of:

(1) a participating governmental unit that has not elected the contributory pension benefit of its employees under § 31-116 of this article; or

(2) a former participating governmental unit that has withdrawn BEFORE JULY 1, 1998, while a member.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2000.