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

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2000

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CHAPTER 396

1 AN ACT concerning

2 **Employees' and Teachers' Pension Systems - Contributory Pension Benefit**

3 FOR the purpose of providing that on the return of accumulated contributions of  
4 certain former members of the Employees' Pension System or the Teachers'  
5 Pension System who are entitled to certain contributory pension benefits, the  
6 former members are not entitled to further benefits on account of membership  
7 in the systems, except under certain circumstances; providing for membership  
8 in the Employees' Pension System or the Teachers' Pension System to continue  
9 for a certain period of time after separation from employment under certain  
10 circumstances; providing for certain members of the Employees' Pension System  
11 or the Teachers' Pension System to receive eligibility service credit for certain  
12 prior service under certain circumstances; requiring certain members of the  
13 Employees' Pension System or the Teachers' Pension System to redeposit certain  
14 withdrawn member contributions plus interest or receive a certain reduction in  
15 the member's retirement allowance; providing for the purchase of service credit  
16 in the Employees' Pension System or the Teachers' Pension System under  
17 certain circumstances; providing for technical changes to provisions of law  
18 relating to disability retirement and cost-of-living adjustments; and generally  
19 relating to the contributory pension benefit under the Employees' Pension  
20 System and the Teachers' Pension System.

21 BY repealing and reenacting, with amendments,  
22 Article - State Personnel and Pensions  
23 Section 23-214, 29-104, 29-303, and 29-425  
24 Annotated Code of Maryland  
25 (1997 Replacement Volume and 1999 Supplement)

26 BY adding to

1 Article - State Personnel and Pensions  
2 Section 23-303.1, 23-306.2, and 23-306.3  
3 Annotated Code of Maryland  
4 (1997 Replacement Volume and 1999 Supplement)

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

7 **Article - State Personnel and Pensions**

8 23-214.

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

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

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

17 23-303.1.

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

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

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

26 (I) THE EMPLOYEES' PENSION SYSTEM; OR

27 (II) THE TEACHERS' PENSION SYSTEM;

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

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

1           ~~(4)~~    (3)    HAS COMPLETED 1 YEAR OF EMPLOYMENT AS A MEMBER WHO  
2 IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II  
3 OF THIS TITLE.

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

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

11       (D)    IF A MEMBER WITHDREW THE MEMBER'S ACCUMULATED  
12 CONTRIBUTIONS AFTER THE PRIOR SEPARATION FROM EMPLOYMENT, THE MEMBER  
13 SHALL:

14           (1)    REDEPOSIT ANY OF THE AMOUNTS WITHDRAWN WITH REGULAR  
15 INTEREST TO THE DATE OF REDEPOSIT; OR

16           (2)    ON RETIREMENT, THE INDIVIDUAL'S RETIREMENT ALLOWANCE  
17 SHALL BE REDUCED BY THE ACTUARIAL EQUIVALENT OF THE ACCUMULATED  
18 CONTRIBUTIONS WITHDRAWN WITH REGULAR INTEREST TO THE DATE OF  
19 RETIREMENT.

20 23-306.2.

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

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

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

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

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

37       (C)    (1)    EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A  
38 MEMBER MAY PURCHASE SERVICE CREDIT FOR A PERIOD OF EMPLOYMENT AS A

1 MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM IF  
2 THE MEMBER:

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

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

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

11 23-306.3.

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

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

18 (1) SEPARATED FROM EMPLOYMENT ON OR BEFORE JUNE 30, 1998;

19 (2) WAS NOT ENTITLED TO A VESTED ALLOWANCE FROM THE  
20 EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM AT THE TIME OF  
21 THE SEPARATION FROM EMPLOYMENT;

22 (3) BECOMES A MEMBER WHO IS SUBJECT TO THE CONTRIBUTORY  
23 PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE ON OR BEFORE JUNE  
24 30, 2003;

25 (4) COMPLETES 1 YEAR OF EMPLOYMENT AS A MEMBER WHO IS  
26 SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF  
27 THIS TITLE;

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

31 (6) APPLIES FOR THE PRIOR ELIGIBILITY SERVICE CREDIT BY  
32 COMPLETING A CLAIM FOR THE SERVICE CREDIT AND FILING IT WITH THE BOARD OF  
33 TRUSTEES ON THE FORM THAT THE BOARD OF TRUSTEES PROVIDES.

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

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

4 (D) IF A MEMBER WITHDREW THE MEMBER'S ACCUMULATED  
5 CONTRIBUTIONS AFTER THE PRIOR SEPARATION FROM EMPLOYMENT, THE MEMBER  
6 SHALL:

7 (1) REDEPOSIT ANY OF THE AMOUNTS WITHDRAWN WITH REGULAR  
8 INTEREST TO THE DATE OF REDEPOSIT; OR

9 (2) ON RETIREMENT, THE INDIVIDUAL'S RETIREMENT ALLOWANCE  
10 SHALL BE REDUCED BY THE ACTUARIAL EQUIVALENT OF THE ACCUMULATED  
11 CONTRIBUTIONS WITHDRAWN WITH REGULAR INTEREST TO THE DATE OF  
12 RETIREMENT.

13 29-104.

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

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

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

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

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

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

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

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

14           [(3)]   (4)    If the Board of Trustees accepts a disability retirement  
15 application under this subsection and grants a disability retirement allowance, the  
16 retirement allowance begins as of the first day of the month after the Board of  
17 Trustees receives the application.

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

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

23 29-303.

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

25           (1)    the Employees' Pension System;

26           (2)    the Local Fire and Police System;

27           (3)    the Law Enforcement Officers' Pension System; or

28           (4)    the Teachers' Pension System.

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

30           (1)    the member separated from employment other than by death or  
31 retirement; and

32           (2)    the member has at least 5 years of eligibility service.

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

35           (1)    is a deferred allowance that begins at normal retirement age;

1           (2)       is computed as a normal service retirement allowance on the basis of  
2 the member's average final compensation and eligibility service at separation from  
3 employment; and

4           (3)       may be paid in one of the optional forms of allowances under §  
5 21-403 of this article.

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

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

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

16           (2)       equals the reduced allowance computed under § 23-402 of this  
17 article.

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

21           (i)       is a deferred allowance that begins at normal retirement age;

22           (ii)       is computed on the basis of the member's average final  
23 compensation and eligibility service at separation from employment;

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

26                       1.       0.8% of the member's average final compensation that is  
27 not in excess of the Social Security integration level; and

28                       2.       1.5% of the member's average final compensation that  
29 exceeds the Social Security integration level; and

30           (iv)       may be paid in one of the optional forms of allowances under §  
31 21-403 of this article.

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

1 (i) begins on the first day of the month following the member's  
2 55th birthday; and

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

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

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

13 (II) WHEN ACCUMULATED CONTRIBUTIONS ARE RETURNED TO A  
14 FORMER MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION  
15 SYSTEM WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER TITLE  
16 23, SUBTITLE 2, PART II OF THIS ARTICLE, THE FORMER MEMBER IS NOT ENTITLED  
17 TO FURTHER BENEFITS ON ACCOUNT OF THE FORMER MEMBER'S PREVIOUS  
18 MEMBERSHIP UNLESS THE FORMER MEMBER PURCHASES THE SERVICE CREDIT  
19 UNDER § 23-306.2 OF THIS ARTICLE.

20 29-425.

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

25 (1) is subject to the contributory pension benefit under Title 23, Subtitle  
26 2, Part II of this article; or

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

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

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

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

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

