

SENATE BILL 93

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K4

2001 Regular Session
1r1048

By: **Senator Kasemeyer (Chairman, Joint Committee on Pensions)**

Introduced and read first time: January 15, 2001

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Teachers' Pension System - Purchase of Service Credit**

3 FOR the purpose of allowing certain members of the Teachers' Pension System to
4 purchase certain service credit; altering the amount that certain members of the
5 Teachers' Pension System shall pay to the Board of Trustees of the State
6 Retirement and Pension System when purchasing certain service credit; and
7 generally relating to purchase of service credit by certain members of the
8 Teachers' Pension System.

9 BY repealing and reenacting, with amendments,
10 Article - State Personnel and Pensions
11 Section 23-308
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 2000 Supplement)

14 BY adding to
15 Article - State Personnel and Pensions
16 Section 23-308.2
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 2000 Supplement)

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

21 **Article - State Personnel and Pensions**

22 23-308.

23 (a) In the year of retirement, a member of the Teachers' Pension System may
24 purchase credit for eligibility service [of up to 10 years] for periods of employment
25 described in subsection (g) of this section for which the member is not otherwise
26 entitled to service credit.

27 (b) [To] EXCEPT AS PROVIDED IN § 23-308.2 OF THIS SUBTITLE, TO purchase
28 service credit under this section, a member must:

1 (1) complete and file a claim for the service credit with the Board of
2 Trustees on the form that the Board of Trustees provides; and

3 (2) pay to the Board of Trustees an amount equal to the annuity reserve
4 and pension reserve required to fund the additional allowance.

5 (c) A member may pay the amount required by subsection (b) of this section:

6 (1) on an installment basis by contributing at least 2% of earnable
7 compensation per year; or

8 (2) by transferring, on written request to the Board of Trustees, any
9 prior contributions to a voluntary retirement benefit, less any costs of administering
10 that benefit.

11 (d) A member who transfers contributions under subsection (c)(2) of this
12 section may not transfer contributions qualifying under § 403(b) of the Internal
13 Revenue Code.

14 (e) A member who elects to make payments under subsection (c) of this section
15 and who retires before completing the payments required to purchase this service
16 credit:

17 (1) is entitled to receive the service credit purchased before the date of
18 retirement; or

19 (2) may pay at the time of retirement the amount necessary to receive
20 full credit.

21 (f) The surviving spouse of a member who elects to make payments under
22 subsection (c) of this section may pay for the appropriate final adjustment if:

23 (1) the member dies while actively employed as a member; and

24 (2) the deceased member's service qualifies for a death benefit under §
25 29-206 of this article.

26 (g) A member may only purchase service credit under this section for
27 employment:

28 (1) with an out-of-state public school;

29 (2) with the federal government;

30 (3) with a nonpublic school;

31 (4) with a political subdivision;

32 (5) as a postsecondary teacher;

33 (6) with the State;

1 (7) with a public school as a teacher; or

2 (8) as a Baltimore City teacher on or before December 31, 1970, on
3 verified leave of absence of not more than 2 years that is similar in all respects to
4 leaves of absence approved by the Board of Trustees.

5 (H) THE TOTAL AMOUNT OF SERVICE CREDIT IN THE TEACHERS' RETIREMENT
6 SYSTEM OR TEACHERS' PENSION SYSTEM THAT A MEMBER MAY PURCHASE UNDER
7 THIS SECTION AND § 23-308.2 OF THIS SUBTITLE MAY NOT EXCEED 10 YEARS.

8 23-308.2.

9 (A) FOR PERIODS OF EMPLOYMENT AS A MEMBER OF THE TEACHERS'
10 RETIREMENT SYSTEM OR THE TEACHERS' PENSION SYSTEM FOR WHICH THE
11 MEMBER IS NOT OTHERWISE ENTITLED TO SERVICE CREDIT, A MEMBER OF THE
12 TEACHERS' PENSION SYSTEM MAY PURCHASE CREDIT FOR ELIGIBILITY SERVICE AS
13 PROVIDED IN THIS SECTION.

14 (B) THE TOTAL AMOUNT OF SERVICE CREDIT IN THE TEACHERS' RETIREMENT
15 SYSTEM OR TEACHERS' PENSION SYSTEM THAT A MEMBER MAY PURCHASE UNDER
16 THIS SECTION AND § 23-308 OF THIS SUBTITLE MAY NOT EXCEED 10 YEARS.

17 (C) A MEMBER WHO PURCHASES SERVICE CREDIT UNDER THIS SECTION MAY
18 NOT PURCHASE SERVICE CREDIT FOR ANY PERIOD OF EMPLOYMENT DURING WHICH
19 THE MEMBER PARTICIPATED IN THE OPTIONAL RETIREMENT PROGRAM.

20 (D) TO PURCHASE SERVICE CREDIT UNDER THIS SECTION, A MEMBER MUST:

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

24 (2) PAY TO THE BOARD OF TRUSTEES AN AMOUNT EQUAL TO ONE-HALF
25 OF THE ANNUITY RESERVE AND ONE-HALF OF THE PENSION RESERVE REQUIRED TO
26 FUND THE ADDITIONAL ALLOWANCE.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 July 1, 2001.